





Other matters

Ref	Rating	Matter	Our recommendation	Status
<p>2. FY18 Final Management Letter</p>		<p>KMP declarations not completed</p> <p>KMP declarations have not been obtained from ICE directors, except for one director.</p> <p>Implication</p> <p>Lack of KMP declarations reduces ICE's ability to identify related party relationships and transactions. Related party relationships and transactions may exist which should be disclosed but are not.</p>	<p>We recommend that a quality control process should be implemented to ensure KMP declarations are completed by all directors.</p>	<p>Management Comment:</p> <p>KMP declarations were provided to and requested from the two Directors and the Company Secretary. Two of the KMP's returned their declarations and the third was never returned. Finance made several unsuccessful attempts to communicate with the Director to seek the return of the KMP declarations.</p> <p>Noting that the Company is progressing towards wind up, improved communication with the KMP's will be implemented to provide greater emphases on the importance of the KMP declarations in the process of preparing the financial statements.</p>

Appendix B

Our rating definitions for internal control deficiencies

We assess internal control deficiencies on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
Significant deficiency 	<p>A significant deficiency is a deficiency, or combination of deficiencies, in internal control that requires immediate remedial action.</p> <p>Also, we increase the rating from a deficiency to a significant deficiency based on:</p> <ul style="list-style-type: none"> the risk of material misstatement in the financial statements the risk to reputation the significance of non-compliance with policies and applicable laws and regulations the potential to cause financial loss including fraud, or where management has not taken appropriate timely action to resolve the deficiency. 	This requires immediate management action to resolve.
Deficiency 	<p>A deficiency arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.</p>	We expect management action will be taken in a timely manner to resolve deficiencies.
Other matter 	<p>An other matter is expected to improve the efficiency and/or effectiveness of internal controls, but does not constitute a deficiency in internal controls. If an other matter is not resolved, we do not consider that it will result in a misstatement in the financial statements or non-compliance with legislative requirements.</p>	Our recommendation may be implemented at management's discretion.

Your ref:
Our ref: 2018-4192

21 December 2018

Greg Chemello
Chairperson
Ipswich City Enterprises Investments Pty Ltd
PO Box 191
IPSWICH QLD 4305

Dear Mr Chemello,

Final Management Report for Ipswich City Enterprises Investments Pty Ltd (ICEI)

We have completed our 2018 financial audit for Ipswich City Enterprises Investments (ICEI). I issued an unmodified audit opinion, with two emphases of matter on your financial statements.

The purpose of this letter is to provide you with details on audit matters and other important information related to the audited financial statements.

Reporting on issues

Issues and other matters formally reported to management and an update on actions taken by management to resolve these issues is included as Appendix A to this letter. We acknowledge that the recommendations have not all been implemented as the entity is in the process of winding up. We continue to report these for your information and consideration for any future controlled entities. Our rating definitions for internal control deficiencies is shown in Appendix B.

Report to parliament

Each year we report the results of all financial audits and significant issues to parliament.

Consistent with previous years, we intend to include the results of our audit of ICEI in a report to parliament. This report is prepared in accordance with the *Auditor General Act 2009*.

Audit fee

The final audit fee for this year is \$7 500 exclusive of GST (2017: \$3 200). This fee is more than the \$3 000 estimated in our external audit plan, due to additional work performed to address identified risks.

We would like to thank you and your staff for their engagement in the audit.

If you have any questions about this letter or would like to discuss any matters regarding our audit service, please contact me on 3149 6041 or Megan Manuel on 3149 6122.

Yours sincerely




Patrick Flemming
Sector Director

Appendix A


Issues formally reported to management

This table provides you with a summary of issues that we have formally reported to management.

New internal control deficiencies reported since our final management letter dated 12 December 2017

Ref	Rating	Issue	Our recommendation	Status
1. Re-raised in FY18 final from original issue in FY17 final management letter		<p>Bank reconciliations not reviewed</p> <p>ICEI maintained two bank accounts and prepared a monthly bank reconciliation for each account. We noted that the July 2017 to November 2017 bank reconciliations were not signed by the preparing officer and there was no evidence that the bank reconciliations were reviewed. The December 2017 to June 2018 bank reconciliations were signed by the preparing officer and reviewed by an independent officer in a timely manner.</p> <p>Implication</p> <p>Lack of formal and/or timely independent review may result in inappropriate transactions not being detected and appropriately dealt with in a timely manner.</p>	It is recommended that the preparing officer sign all bank reconciliation statements and an independent officer formally review and sign within a timely period.	<p>Management Comment:</p> <p>Agreed. This issue was raised as part of the 2016-2017 Audit and corrective steps were taken and implemented to address the timely review and sign-off of bank reconciliations. As noted in the Audit Observation the bank reconciliations from December 2017 were reviewed and signed.</p> <p>Status: Resolved.</p>




Other matters

Ref	Rating	Matter	Our recommendation	Status update from management
2. FY18 final management letter		<p>KMP declarations not completed</p> <p>KMP declarations have not been obtained from ICEI directors, except for one director.</p> <p>Implication</p> <p>Lack of KMP declarations reduces ICEI's ability to identify related party relationships and transactions. Related party relationships and transactions may exist which should be disclosed but are not.</p>	<p>We recommend that a quality control process should be implemented to ensure KMP declarations are completed by all directors.</p>	<p>Management Comment:</p> <p>KMP declarations were provided to and requested from the two Directors. One of the KMP's returned their declaration, the other was never returned. Finance made several unsuccessful attempts to communicate with the Director to seek the return of the KMP declarations.</p> <p>Noting that the Company is progressing towards wind up, improved communication with the KMP's will be implemented to provide greater emphases on the importance of the KMP declarations in the process of preparing the financial statements.</p>

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Our rating definitions for internal control deficiencies

We assess internal control deficiencies on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
Significant deficiency 	<p>A significant deficiency is a deficiency, or combination of deficiencies, in internal control that requires immediate remedial action.</p> <p>Also, we increase the rating from a deficiency to a significant deficiency based on:</p> <ul style="list-style-type: none"> • the risk of material misstatement in the financial statements • the risk to reputation • the significance of non-compliance with policies and applicable laws and regulations • the potential to cause financial loss including fraud, or • where management has not taken appropriate timely action to resolve the deficiency. 	This requires immediate management action to resolve.
Deficiency 	<p>A deficiency arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.</p>	We expect management action will be taken in a timely manner to resolve deficiencies.
Other matter 	<p>An other matter is expected to improve the efficiency and/or effectiveness of internal controls, but does not constitute a deficiency in internal controls. If an other matter is not resolved, we do not consider that it will result in a misstatement in the financial statements or non-compliance with legislative requirements.</p>	Our recommendation may be implemented at management's discretion.

Your ref:
Our ref: 2018-4330

21 December 2018

Paul Tully
Former Chairperson
Ipswich Motorsport Park Pty Ltd
C/o - Ipswich City Council
PO Box 191
IPSWICH QLD 4305

Dear Mr Tully,

Final Management Report for Ipswich Motorsport Park Pty Ltd

We have completed our 2018 financial audit for Ipswich Motorsport Park Pty Ltd (IMP). I issued an unmodified audit opinion, with two emphases of matter on your financial statements.

The purpose of this letter is to provide you with details on audit matters and other important information related to the audited financial statements.

Reporting on issues

Issues and other matters formally reported to management and an update on actions taken by management to resolve these issues is included as Appendix A to this letter. We acknowledge that recommendations have not all been implemented as the entity has now been wound up. We continue to report these for your information and consideration for any future controlled entities. Our rating definitions for internal control deficiencies is shown in Appendix B.

Report to parliament

Each year we report the results of all financial audits and significant issues to parliament.

Consistent with previous years, we intend to include the results of our audit of IMP in a report to parliament. This report is prepared in accordance with the *Auditor General Act 2009*.

Audit fee

The final audit fee for this year is \$8 500 exclusive of GST (2017: \$9 500). This fee is consistent with the original estimate advised in our external audit plan.

We would like to thank you and your staff for their engagement in the audit.

If you have any questions about this letter or would like to discuss any matters regarding our audit service, please contact me on 3149 6041 or Megan Manuel on 3149 6122.

Yours sincerely



Patrick Flemming
Sector Director


cc: Mr G Chemello, Interim Administrator, Ipswich City Council

Appendix A

Issues formally reported to management

This table provides you with a summary of issues that we have formally reported to management.

New internal control deficiencies reported since our final management letter dated 12 December 2017

Ref	Rating	Issue	Our recommendation	Status
1. Re-raised in FY18 final from original issue in FY17 final management Letter		<p>Bank reconciliations not reviewed</p> <p>IMP maintain two bank accounts and prepare a monthly bank reconciliation for each account. We note that the July 2017 to November 2017 bank reconciliations were not signed by the preparing officer and there was no evidence that the bank reconciliations were reviewed. The December 2017 to June 2018 bank reconciliations were signed by the preparing officer and reviewed by an independent reviewing officer in a timely manner.</p> <p>Implication</p> <p>Lack of formal and/or timely independent review may result in inappropriate transactions not being detected and appropriately dealt with in a timely manner.</p>	It is recommended that the preparing officer sign all bank reconciliation statements and an independent officer formally review and sign within a timely period.	<p>Management Comment:</p> <p>Agreed.</p> <p>This issue was raised as part of the 2016-2017 Audit and corrective steps were taken and implemented to address the timely review and sign-off of bank reconciliations. As noted in the Audit Observation the bank reconciliations from December 2017 were reviewed and signed.</p> <p>Status: Resolved.</p>

2. FY18
Final
Management
Letter



Bank signatory – one only for primary account

Audit review of the Commonwealth Bank Account Authorities as at 20 July 2018 noted that IMP transactional account had only one authorised signatory appointed against an account with a method of operating requiring two authorised officers to sign.

Implication

Lack of segregation of duties related to bank account signatories increases the risk for misappropriation of funds.

Ensure that the number of signatories authorised for company bank accounts complies with the bank's method of operation of each account with a minimum of two authorised bank signatories. Periodic reviews over bank signatories should be performed with specific action taken when the company becomes aware that an authorised signatory ceases to be a director of the company.






Management Comment:

The single account signatory is acknowledged, however it is noted that the Method of Operation remained as two to sign. In this instance the single remaining signatory is not able to authorise transactions or execute changes on the account until a second signatory is added.


In this circumstance the bank would require confirmation via a Board resolution, of the addition of the second signatory. It is further noted that the Company has now been deregistered.

Status: Recommendations not implemented prior to wind up of company.

Previously reported internal control deficiencies – final management letter issued 12 December 2017

Ref	Rating	Issue	Status update
1. FY17 Final Management Letter		Board minutes not signed We noted that only the board minutes for March and June 2017 were signed.	Status: Resolved.
2. FY17 Final Management Letter		No budget produced The Board has not prepared an annual budget for Ipswich Motorsport Park Pty Ltd (IMP) since its inception on 7 March 2016.	Status: Unresolved. Recommendations not implemented prior to wind up of company.
3. FY17 Final Management Letter		Awarding of contract for final design workshop of Queensland Raceway We reviewed the procurement process and noted that insufficient documentation could be provided to demonstrate that the conduct of the process (going to market / evaluation / interactions / awarding) was in accordance with IMP Procurement Policy for achieving value for money, open and effective competition and ethical behaviour and fair dealing.	Status: Unresolved. Recommendations not implemented prior to wind up of company.
4. FY17 Final Management Letter		Directors approved their own expenditure Officers of IMP approved their own travel costs to Bathurst that occurred at the time of the races at Bathurst. The former IMP GM and one of the two Directors approved the expenditure.	Status: Unresolved. Recommendations not implemented prior to wind up of company.
5. FY17 Final Management Letter		Use of former GM expenditure blanket approval post their departure The former General Manager, had a delegated authority of \$25 000 to incur expenditure as per the 26 May 2016 board minutes. The General Manager provided blanket expenditure approval on 27 January 2017 for certain repetitive IMP expenditure (e.g. monthly costs for fit-out, furniture, IT support, rent, office support). This removed the need to obtain his approval in the future for this expenditure. This blanket authority continued to be used by IMP to authorise this type of expenditure post the General Manager's termination date with IMP on 1 March 2017.	Status: Unresolved. Recommendations not implemented prior to wind up of company.




Previously reported other matters – final management letter issued 12 December 2017

Ref	Rating	Matter	Status update
6. FY17 Final Management Letter		<p>Non-Compliance with the Corporations Act</p> <p>Section 205B (1) of the Corporations Act 2001 requires that "A company must lodge with ASIC a notice of the personal details of a director or secretary within 28 days after they are appointed. The notice must be in the prescribed form." We noted two instances of non-compliance with the 28-day period between when a director was appointed and notification to ASIC.</p>	<p>Status: Resolved.</p>

Appendix B

Our rating definitions for internal control deficiencies

We assess internal control deficiencies on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
Significant deficiency 	<p>A significant deficiency is a deficiency, or combination of deficiencies, in internal control that requires immediate remedial action.</p> <p>Also, we increase the rating from a deficiency to a significant deficiency based on:</p> <ul style="list-style-type: none"> • the risk of material misstatement in the financial statements • the risk to reputation • the significance of non-compliance with policies and applicable laws and regulations • the potential to cause financial loss including fraud, or • where management has not taken appropriate timely action to resolve the deficiency. 	This requires immediate management action to resolve.
Deficiency 	<p>A deficiency arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.</p>	We expect management action will be taken in a timely manner to resolve deficiencies.
Other matter 	<p>An other matter is expected to improve the efficiency and/or effectiveness of internal controls, but does not constitute a deficiency in internal controls. If an other matter is not resolved, we do not consider that it will result in a misstatement in the financial statements or non-compliance with legislative requirements.</p>	Our recommendation may be implemented at management's discretion.

Your ref:
Our ref: 2018-4240

19 December 2018

Dr I Lupton
President
Ipswich Arts Foundation
PO Box 191
IPSWICH QLD 4305

Dear Dr Lupton,

Final Management Report for Ipswich Arts Foundation (IAF)

We have completed our 2018 financial audit for Ipswich Arts Foundation (IAF). I issued an unmodified audit opinion, with two emphases of matter on your financial statements.

The purpose of this letter is to provide you with details on audit matters and other important information related to the audited financial statements.

Reporting on issues

Issues and other matters formally reported to management and an update on actions taken by management to resolve these issues is included as Appendix A to this letter. Our rating definitions for internal control deficiencies is shown in Appendix B.

Report to parliament

Each year we report the results of all financial audits and significant issues to parliament.

This year we intend to include the results of our audit of IAF in a report to parliament. In this report, we will comment the results of our audit of your financial report and any significant internal control issues we identified. This report is prepared in accordance with the *Auditor General Act 2009*.

Audit fee

The final audit fee for this year is \$7 000 exclusive of GST (2017: \$6 500). This fee is more than the \$5 600 estimated in our external audit plan, due to the issues identified during the audit.

We would like to thank you and your staff for their engagement in the audit.

If you have any questions about this letter or would like to discuss any matters regarding our audit service, please contact me on 3149 6041 or Megan Manuel on 3149 6122.

Yours sincerely



Patrick Flemming
Sector Director

cc. Mr M Beckmann, Honorary Treasurer, Ipswich Arts Foundation
Mr G Chemello, Interim Administrator, Ipswich City Council

Appendix A

Issues formally reported to management

This table provides you with a summary of issues that we have formally reported to management.

Significant deficiencies in internal control identified during 2017-18

Ref	Issue	Our recommendation	Status
1.	<p>Governance over Ipswich Arts Foundation and Ipswich Arts Foundation Trust</p> <p>The governance framework for Ipswich Arts Foundation (IAF) and Ipswich Arts Foundation Trust (IAFT) is confusing and ineffective.</p> <p><u>Structure and Oversight</u></p> <p>Both IAFT and IAF are controlled by Ipswich City Council.</p> <p>The current agreements in place include:</p> <ul style="list-style-type: none"> Ipswich Arts Foundation Deed of Trust, dated 27 February 2003 Memorandum of Understanding between Ipswich City Council and Ipswich Arts Foundation, dated 30 July 2003 Ipswich Arts Foundation Constitution, dated 9 February 2007 Ipswich Arts Foundation Trust Management Deed, dated 29 October 2009. <p>The Ipswich Arts Foundation receives a management fee for administering IAFT, however, IAF is not the Trustee of the Ipswich Arts Foundation Trust. IAF is not a beneficiary of IAFT either. IAFT currently has two independent trustees.</p> <p><u>Inter-group Transactions</u></p> <p>The parent entity, Ipswich City Council contributes annual operating revenue to IAF of \$50 000. However, only \$38 000 of this contribution is recognised in the IAF's ledger. The remaining \$12 000 is recognised in IAFT's ledger. IAFT then pays \$1 000 a month (\$12 000 per annum) to IAF to cover operating costs. Consequently, it appears as though this contribution/management fee is going backwards and forwards between the two entities. We are unsure what this is achieving.</p>	<p>As a new company has been created to take over the Trustee role for Ipswich Arts Foundation Trust, it is now an opportune time to work out the roles and responsibilities of each entity.</p>	<p>Management Comments:</p> <p>At its ordinary meeting on 30 January 2018, Council approved the registration of a company incorporated under the Corporations Act 2001 (Cth) which is limited by guarantee. The Company, named IA Foundation Ltd, will assume the role of sole Trustee of the IAF Trust and the Foundation will be wound up. This transition, scheduled to take place in early 2019 will bring to an end the governance arrangements between the IAF and the IAF Trust. From this point the roles and responsibilities will be fulfilled by the IAF Trust only.</p> <p>Status: Management undertaking corrective action</p> <p>Responsible Officer: Director, Ipswich Art Gallery</p> <p>Implementation Date: April 2019</p>

The annual contribution from Ipswich City Council to IAF is currently double the IAF's operating expenses. The Memorandum of Understanding between Ipswich City Council and IAF states that the contribution is to be reviewed annually by Council and the Foundation based on the performance achieved against milestones as recorded in the Foundation's Strategic and Operational Plan. This strategic and operational plan does not exist.

IAF provided a further one-off annual contribution of to IAFT of \$7 000. Ipswich City Council also provide a \$10 000 annual donation to IAFT.

We also noted that the Ipswich Art Gallery Director (an employee of Ipswich City Council) has both an Ipswich City Council corporate card and an Ipswich Arts Foundation Trust debit card. Our testing of Council corporate card transactions identified a number of transactions that have been incurred by council that appear to relate to other entities in the group. For instance:

- purchase of artwork -no guidelines in place whether the purchase should be IAFT or council
- dining with bequest donors
- lunch for Friends of the Gallery field trip – IAF records the revenue for the trip
- equipment hire for the IAF annual fundraising dinner.

In addition, the Trustees of IAFT approved for IAFT to auspice a Gordon Darling Foundation grant where the Ipswich Art Gallery Director travelled to Victoria for two weeks. We are unsure how this aligns with the objectives of IAFT.

Investment Strategy

IAF has \$76 000 in cash and IAFT over \$646 000 in cash in their respective bank accounts, which appears excessive. Neither IAF nor IAFT currently have an investment strategy in place.

Implication

Confusing governance arrangements in place can lead to ineffective management of entities.

2.

Non-compliance with governance documents



Throughout the 2017-18 financial year, the Ipswich Arts Foundation (IAF) has not complied with the following sections of its constitution dated 9 February 2007:

- section 18 – Membership of the Foundation Board:
 - s18(a) – IAF have not met the minimum quota of 5 corporate or community representatives as directors. Since August 2017, there have only been 4 corporate/community representatives.
 - s18(b) – executive members must include the Chief Operating Officer, Economic and Community Development of the council. While Council does not have this exact titled role currently, Council does have a Chief Operating Officer, Arts, Social Development and Community Engagement.
 - s18(b) – board members must attend 50% of meetings. Mayor Antonioli attended only one foundation board meeting all financial year. The Mayor was only charged by the Crime and Corruption Commission in May 2018 – he had missed the two meetings held prior to this.
- section 24 – the board will review annually the benefits and applicable fees for the annual subscription program. Evidence of review could not be located in the foundation board minutes.

The Ipswich Arts Foundation and Ipswich City Council have in place a Memorandum of Understanding, dated 30 July 2013. Under the Key Roles and Relationships section, the IAF will maintain a current 3-year strategic plan with annual review. Both the strategic and operational plan are to be approved by Council for the relevant financial year of operation. IAF currently does not have a current strategic or operational plan.

Implication

Non-compliance with both the Constitution and the Memorandum of Understanding.

While audit understands the intention to wind up the Ipswich Arts Foundation and amalgamate its functions with the Ipswich Arts Foundation Trust, both the constitution and memorandum of understanding should have been amended to reflect the current position to ensure compliance.

Management Comments:

At its ordinary meeting on 30 January 2018, Council approved the registration of a company incorporated under the Corporations Act 2001 (Cth) which is limited by guarantee. The Company, named IA Foundation Ltd, will assume the role of sole Trustee of the IAF Trust and the Foundation will be wound up. This transition is scheduled to take place in early 2019.

Status: Management undertaking corrective action

Responsible Officer: Director, Ipswich Art Gallery

Implementation Date: April 2019

Deficiencies in internal control identified during 2017-18

Ref	Issue	Our recommendation	Status update
3.	<p>Non-compliance with requirements for creation of new company</p> <p>The Minister was not advised on the establishment of the new company IA Foundation Ltd.</p> <p>Under section 33 of the <i>Auditor-General Act 2009</i>, your Minister must advise the Auditor-General of any public sector entities established or abolished within the Local Government portfolio.</p> <p>Implication</p> <p>Non-compliance with the requirements prescribed by s.33 of the <i>Auditor-General Act 2009</i>.</p>	<p>Necessary arrangements need to be put in place to enable the Minister to provide the Auditor-General with the relevant advice in terms of section 33 of the Act.</p> <p>This will apply also when Ipswich Arts Foundation is wound up.</p>	<p>Management Comments:</p> <p>Management was not aware of the requirement under Section 33 of the Auditor-General Act 2009. The necessary arrangements will be put in place to provide the Auditor-General with the relevant advice in terms of section 33 of the Act.</p> <p>Status: Management undertaking corrective action</p> <p>Responsible Officer: Director, Ipswich Art Gallery</p> <p>Implementation Date: April 2019</p>




Previously reported financial reporting issues – final management letter issued 7 December 2017

Ref	Issue	Status
1. FY17	<p>Related Party Improvements for 2018/19</p> <p><i>Rating: High</i></p> <p>The Directors of Ipswich Arts Foundation and the Trustees of the Ipswich Arts Foundation Trust are key management personnel for related party purposes.</p> <p>AASB 124 <i>Related Party Disclosures</i> requires disclosure of transactions between related parties of the Foundation and the Trust. This disclosure includes any entities related to the key management personal and close family members and their entities. To assist with this identification process, key management personnel are to be completed and sign declaration forms.</p> <p>All identified related parties and transactions are to be disclosed in the related party note in the financial statements.</p>	Resolved

Appendix B




Our rating definitions for internal control deficiencies

We assess internal control deficiencies on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
Significant deficiency 	<p>A significant deficiency is a deficiency, or combination of deficiencies, in internal control that requires immediate remedial action.</p> <p>Also, we increase the rating from a deficiency to a significant deficiency based on:</p> <ul style="list-style-type: none"> the risk of material misstatement in the financial statements the risk to reputation the significance of non-compliance with policies and applicable laws and regulations the potential to cause financial loss including fraud, or where management has not taken appropriate timely action to resolve the deficiency. 	This requires immediate management action to resolve.
Deficiency 	<p>A deficiency arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.</p>	We expect management action will be taken in a timely manner to resolve deficiencies.
Other matter 	<p>An other matter is expected to improve the efficiency and/or effectiveness of internal controls, but does not constitute a deficiency in internal controls. If an other matter is not resolved, we do not consider that it will result in a misstatement in the financial statements or non-compliance with legislative requirements.</p>	Our recommendation may be implemented at management's discretion.

Our risk rating definitions for financial reporting issues

We assess financial reporting issues on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
High 	We assess that there is a high likelihood of this causing a material misstatement in one or more components (transactions, balances and disclosures) of the financial statements, or there is the potential for financial loss including fraud.	This requires immediate management action to resolve.
Medium 	We assess that there is a medium likelihood of this causing a material misstatement in one or more components of the financial statements	We expect management action will be taken in a timely manner to resolve deficiencies.
Low 	We assess that there is a low likelihood of this causing a material misstatement in one or more components of the financial statements.	Our recommendation may be implemented at management's discretion.

Your ref:
Our ref: 2018-4290

19 December 2018

Mr P Casos
Trustee
Ipswich Arts Foundation Trust
PO Box 191
IPSWICH QLD 4305

Dear Mr Casos,

Final Management Report for Ipswich Arts Foundation Trust (IAFT)

We have completed our 2018 financial audit for Ipswich Arts Foundation Trust (IAFT). I issued an unmodified audit opinion, with an emphasis of matter on your financial statements.

The purpose of this letter is to provide you with details on audit matters and other important information related to the audited financial statements.

Reporting on issues

Issues and other matters formally reported to management and an update on actions taken by management to resolve these issues is included as Appendix A to this letter. Our rating definitions for internal control deficiencies is shown in Appendix B.

Report to parliament

Each year we report the results of all financial audits and significant issues to parliament.

This year we intend to include the results of our audit of IAFT in a report to parliament. In this report, we will comment the results of our audit of your financial report and any significant internal control issues we identified. This report is prepared in accordance with the *Auditor General Act 2009*.

Audit fee

The final audit fee for this year is \$7 500 exclusive of GST (2017: \$4 000). This fee is more than the \$6 100 estimated in our external audit plan, due to the issues identified during the audit.

We would like to thank you and your staff for their engagement in the audit.

If you have any questions about this letter or would like to discuss any matters regarding our audit service, please contact me on 3149 6041 or Megan Manuel on 3149 6122.

Yours sincerely



Patrick Flemming
Sector Director

cc. Mr M Beckmann, Honorary Treasurer, Ipswich Arts Foundation Trust
Mr G Chemello, Interim Administrator, Ipswich City Council

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backwards and forwards between the two entities. We are unsure what this is achieving.

The annual contribution from Ipswich City Council to IAF is currently double the IAF's operating expenses. The Memorandum of Understanding between Ipswich City Council and IAF states that the contribution is to be reviewed annually by Council and the Foundation based on the performance achieved against milestones as recorded in the Foundation's Strategic and Operational Plan. This strategic and operational plan does not exist.

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We also noted that the Ipswich Art Gallery Director (an employee of Ipswich City Council) has both an Ipswich City Council corporate card and an Ipswich Arts Foundation Trust debit card. Our testing of Council corporate card transactions identified a number of transactions that have been incurred by council that appear to relate to other entities in the group. For instance:

- purchase of artwork – no guidelines in place whether the purchase should be IAFT or council
- dining with bequest donors
- lunch for Friends of the Gallery field trip – IAF records the trip revenue
- equipment hire for the IAF annual fundraising dinner.

In addition, the Trustees of IAFT approved for IAFT to auspice a Gordon Darling Foundation grant where the Ipswich Art Gallery Director travelled to Victoria for two weeks. We are unsure how this aligns with the objectives of IAFT.

Investment Strategy

IAF has \$76 000 in cash and IAFT over \$646 000 in cash in their respective bank accounts, which appears excessive. Neither IAF nor IAFT currently have an investment strategy in place.

Implication

Confusing governance arrangements in place can lead to ineffective management of entities.

2.

Deficiencies in purchased artwork

Our review of purchased artworks noted the following:

1. Billing information on four of 13 invoices included the Ipswich Art Gallery Director's private home address. While the current procedure manual allows for artwork to be purchased in the Gallery Director's name, the policy is silent for delivery of artwork to a private address.
2. All purchases of artwork over \$2 000 must be approved by both Trustees. One purchase was approved by the Trustees after the purchase had occurred.
3. Ipswich Arts Foundation Trust has provided a copy of a blank pre-populated invoice to four suppliers for five artwork purchases. All these purchased artworks are below the \$2 000 threshold for Trustee approval. Audit is unsure why the Trust would be purchasing artwork from suppliers who do not have their own invoicing system.
4. A private purchase on eBay was completed which was paid using the Trust's debit card. Audit noted this payment was reimbursed by the Ipswich Art Gallery Director. Using personal names to purchase artwork for IAFT can lead to these errors occurring.

Implication

IAFT is unnecessarily exposed to fraud and error due to poor internal control practices.

We recommend that:

- The procedure manual be updated to require delivery of all artwork to Ipswich Arts Foundation's delivery address.
- The procedure manual be updated to remove the allowance for the Ipswich Art Gallery Director to purchase artwork in their own name rather than IAFT. All invoices should be addressed to the Ipswich Arts Foundation Trust.
- All future artwork purchases be approved prior to the artwork being acquired and that artwork is only acquired from reputable retailers.


Management Comments:

1. Most auction houses will not accept a business name and or address for a registered bidder. In these cases the Trust must provide a personal name and address in order to bid on artwork the Trust. The collection and shipping of purchased artwork is managed separately to the process of paying the artwork. Artworks are shipped to the Gallery, not to the Gallery Director's private address. The procedure manual will be updated to state that artworks are to be shipped to the Foundation's delivery address.

The procedure manual will not be updated to remove the allowance for the Gallery Director to purchase artwork under his/her own name as this would preclude the Trust from effectively achieving its objectives.


2. This is incorrect. All purchases over \$3,000 were given prior approval by the Trustees.
3. The Trust sometimes acquires artworks and heritage items from individuals who are not in business as commercial dealers. These individuals will often require assistance with developing an invoice. The individual personally signs the invoice prior to submitting it to the Trust. The Trust will continue to acquire artworks from private individuals as this is necessary to fulfil its objectives.




			<p>4. This mistake was caused by the EBAY website pre-populating the purchase page with the card details of the previous purchase. As soon as the mistake was recognised, a full reimbursement was provided.</p> <p>Status: Management undertaking corrective action Responsible Officer: Director, Ipswich Art Gallery Implementation Date: December 2018</p>
<p>3.</p> 	<p>Compliance with the CGP Guide</p> <p>The Ipswich Arts Foundation Trust (IAFT) offers donors a tax deductible donation for all artwork approved under the Federal Government's Cultural Gifts Program (CGP).</p> <p>The Cultural Gifts Program has issued a set of guidelines to follow and forms to complete for all artwork donated through this program.</p> <p>We noted areas of non-compliance with the Cultural Gifts Program Guide:</p> <ul style="list-style-type: none"> • Institution determines that the gift conforms with its collection policy and formally accepts the gifts into its permanent collection – IAFT do not accept the artwork into the Ipswich City Council collection until after the CGP process has been completed. According to CGP this must occur prior to applying through the CGP process as the donor should be willing to donate to the ICC collection regardless of the tax deductibility outcome. • Value of the artwork is an average for tax deductibility purposes by at least two approved valuers – IAFT received three valuations for one piece of artwork donated but only the two highest valuations were used. Under the CGP guidelines if three valuations were received, then the average of the three valuations should be included on the submission to CGP. <p>Implication</p> <p>Non-compliance with the Cultural Gifts Program Guide and potentially incorrect tax deductions being provided.</p> <p>Repeated non-compliance with the Cultural Gifts Program requirements could impact on IAFT's deductible gift recipient status.</p>	<p>Management adhere to the Cultural Gifts Program Guide in future. IAFT will need to change their approach to accept the artwork donated into the Ipswich City Council Collection prior to the CGP application being submitted.</p>	<p>Management Comments:</p> <p>Management will adhere to the Cultural Gifts Program Guide in future. Donated artworks will be formally accepted into the Collection prior to the CGP application being submitted.</p> <p>Status: Management undertaking corrective action Responsible Officer: Director, Ipswich Art Gallery Implementation Date: December 2018</p>

Deficiencies in internal control identified during 2017-18

Ref	Issue	Our recommendation	Status
4.	<p>Minutes not signed</p> <p>Minutes for the Trustee meetings held have not been signed by the Chairman of the meeting.</p> <p>Implication</p> <p>Non-compliance with the Trust Deed.</p>	<p>All minutes must be signed by the Chairman of the meeting as a true correct record of the meeting held.</p>	<p>Management Comments:</p> <p>The minutes for the IAF Trust meetings have not previously been signed by the Chairperson. This will be brought into effect at the next meeting.</p> <p>Status: Management undertaking corrective action</p> <p>Responsible Officer: Director, Ipswich Art Gallery</p> <p>Implementation Date: December 2018</p>
5.	<p>Value of donated artwork not through CGP</p> <p>Artwork can be donated directly to the Ipswich Arts Foundation Trust (IAFT) where the donor does not receive a tax deduction for the donation.</p> <p>The value of this donation is recognised as revenue and as an asset until donation to the Ipswich City Council by the IAFT.</p> <p>In this instance, The Director of the Art Gallery looks at current sales records of comparable works and provides a current value for the artwork. The only documentation provided to us to support the artwork valuation was a Deed of Donation which merely stated the value provided. No further evidence was provided as to the validity of the value of the artwork donated.</p> <p>The Ipswich City Council's artwork register is comprehensively revalued every five years by an independent valuer. The results of the latest revaluation undertaken by council indicated the majority of assets donated by IAFT to council decreased in value (i.e. by 17%).</p> <p>Implication</p> <p>Value of donated artwork could potentially be misstated.</p>	<p>Evidence of research completed and the reasoning for providing a certain value for all donated artwork is to be kept and provided to audit for supporting evidence.</p>	<p>Management Comments:</p> <p>The apparent decline in the value of donated artworks donated by IAFT to Council is in general due to the asset being revalued at "fair value" (not "fair market value"). Hence the "fair value" will always be lower as it takes into account the costs involved with selling the asset, etc.</p> <p>Documentary evidence can be provided to substantiate the valuation given for each art work donated.</p> <p>Status: Management undertaking corrective action</p> <p>Responsible Officer: Director, Ipswich Art Gallery</p> <p>Implementation Date: December 2018</p>

<p>6.</p> <p>Debit cards add additional risk to the Trust</p> <p>Observation</p> <p> The Ipswich Arts Foundation Trust has in place a debit card for the purchase of artworks at auctions by the Ipswich Art Gallery Director. All trustees plus the Ipswich Art Galley Director are authorised to use this account.</p> <p>A debit card presents an area of higher risk for the Trust. Audit noted that the card was used for internet / e-bay purchases, where at least one purchase was a personal purchase made in error. This transaction had been reimbursed to the Trust.</p> <p>Implication</p> <p>Debit cards are an inherently risky area as they are susceptible to personal usage.</p>	<p>Management to consider if a debit card is necessary for transactions of the trust. A monthly reconciliation over this debit card is to be prepared, reviewed and signed off to ensure that expenditure was incurred for bona-fide purposes.</p>	<p>Management Comments:</p> <p>The purchase card is absolutely necessary for the Trust to operate effectively and fulfil its objectives. A reconciliation is prepared as each transaction occurs on the card and a monthly reconciliation of the debit card does currently occur, which is reviewed and signed off.</p> <p>Status: Unresolved</p> <p>Responsible Officer: Director, Ipswich Art Gallery</p> <p>Implementation Date: December 2018</p>
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Previously reported financial reporting issues – final management letter issued 7 December 2017

Ref	Issue	Status
<p>1.</p> <p>FY17</p> <p></p>	<p>Related Party Improvements for 2018/19.</p> <p><i>Rating: High</i></p> <p>The Directors of Ipswich Arts Foundation and the Trustees of the Ipswich Arts Foundation Trust are key management personnel for related party purposes.</p> <p>AASB 124 <i>Related Party Disclosures</i> requires disclosure of transactions between related parties of the Foundation and the Trust. This disclosure includes any entities related to the key management personal and close family members and their entities. To assist with this identification process, key management personnel are to be completed and sign declaration forms.</p> <p>All identified related parties and transactions are to be disclosed in the related party note in the financial statements.</p>	<p>Resolved</p>

Appendix B




Our rating definitions for internal control deficiencies

We assess internal control deficiencies on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
Significant deficiency 	<p>A significant deficiency is a deficiency, or combination of deficiencies, in internal control that requires immediate remedial action.</p> <p>Also, we increase the rating from a deficiency to a significant deficiency based on:</p> <ul style="list-style-type: none"> • the risk of material misstatement in the financial statements • the risk to reputation • the significance of non-compliance with policies and applicable laws and regulations • the potential to cause financial loss including fraud, or • where management has not taken appropriate timely action to resolve the deficiency. 	This requires immediate management action to resolve.
Deficiency 	<p>A deficiency arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.</p>	We expect management action will be taken in a timely manner to resolve deficiencies.
Other matter 	<p>An other matter is expected to improve the efficiency and/or effectiveness of internal controls, but does not constitute a deficiency in internal controls. If an other matter is not resolved, we do not consider that it will result in a misstatement in the financial statements or non-compliance with legislative requirements.</p>	Our recommendation may be implemented at management's discretion.

Our risk rating definitions for financial reporting issues

We assess financial reporting issues on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
High 	We assess that there is a high likelihood of this causing a material misstatement in one or more components (transactions, balances and disclosures) of the financial statements, or there is the potential for financial loss including fraud.	This requires immediate management action to resolve.
Medium 	We assess that there is a medium likelihood of this causing a material misstatement in one or more components of the financial statements	We expect management action will be taken in a timely manner to resolve deficiencies.
Low 	We assess that there is a low likelihood of this causing a material misstatement in one or more components of the financial statements.	Our recommendation may be implemented at management's discretion.

Audit and Risk Management Committee	
Mtg Date: 13/02/19	OAR: YES
Authorisation: Andrew Knight	

AH:AH
A5336694

5 February 2019

MEMORANDUM

TO: CHIEF OPERATING OFFICER (FINANCE AND CORPORATE SERVICES)

FROM: ACTING CORPORATE GOVERNANCE MANAGER

RE: CORPORATE SERVICES BRANCH PERFORMANCE IN RELATION TO
MANAGEMENT OF CORPORATE RISK AND INSURANCE

INTRODUCTION:

This is a report by the Acting Corporate Governance Manager dated 5 February 2019 concerning the performance of the Corporate Services Branch (the Branch) in relation to the management of corporate Risk and Insurance for the period 1 October 2018 to 31 December 2018 (the Quarter).

RELATED PARTIES:

There are no related parties.

ADVANCE IPSWICH THEME LINKAGE:

Theme 5	Listening, Leading and Finance Management
Goal	Visionary and accessible leadership is provided that consults and communicates on key decisions and delivers sound financial management and good governance outcomes
Strategy 3	Implement initiatives that strengthen governance skills and knowledge
Key Action 3.2	Council information is accurate and managed effectively to ensure appropriate access, confidentiality and security

PURPOSE OF REPORT/BACKGROUND:

To inform the Committee of:

- Corporate Risk and Insurance Statistics for the Quarter
- Transformational Projects relating to Corporate Services Branch’s management of organisational risk:
 - TP#7 – Risk Management Framework
 - TP#13 – Fraud and Corruption Control

Which when delivered will provide the organisation with:

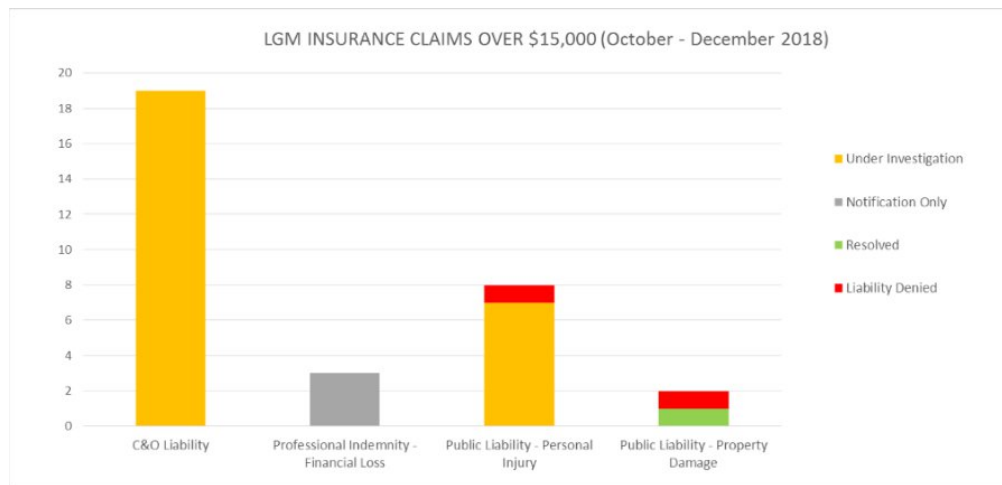
- A better practice Risk Management Framework
- Risk Management Reporting
- Clear sight of council’s risk profile
- Business Continuity Planning

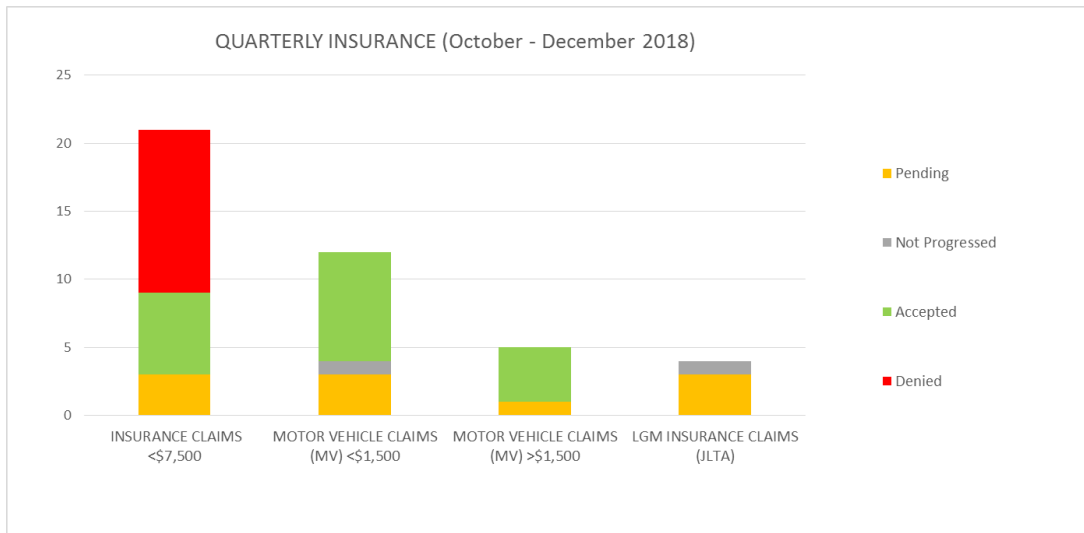
1. Corporate Risk and Insurance Statistics for the Quarter

A confidential spreadsheet (Attachment A) provides detailed information on:

- LGM Insurance Claims Over \$15,000 (Including Councillors and Officers Claims)
- Insurance Claims < \$7,500, Motor Vehicle <\$1,500, LGM Claims received in Quarter

The following tables provide a high-level snapshot of insurance claims over \$15,000 and all other insurance claims for the quarter:





2. Transformational Projects

Background

In the Queensland Audit Office’s (QAO) Confidential Briefing Note to the Audit and Risk Committee dated 11.10.18, the Enterprise Risk Management (ERM) was identified as a “significant deficiency” and QAO recommended that council’s overall ERM be finalised, approved and implemented as a matter of priority. This included the development of:

- Strategic and operational risk registers
- A Fraud and Corruption Control Framework

The ability to develop, implement and embed an ERM Framework has previously been impacted/curtailed due to both the existing internal capabilities and resourcing. The requirement for a dedicated and specialist skillset to strengthen the internal risk capability and advance the ERM Framework is reflected in Branches current recruitment activities for a Risk Management Coordinator and a Business Improvement Advisor (Policy).

Business Transformation Program

With the establishment of the Business Transformation Program in late 2018, a number of staff from across council participated in workshops and focus groups to bring together ideas to make council a better place to work and to provide enhanced service to the community. The Executive Leadership Team and third level managers spent time in strategy sessions with the Interim Administrator and Interim Management Committee considering those ideas. The ideas gathered have been channelled into a framework of 18 Transformational projects that will lead towards proper and ethical practice with positive culture.

TP#07 – Risk Management Framework

The purpose of the project is to develop a best practice and consistent whole of Council approach to Enterprise Risk Management which will lead to/ensure improved maturity within the organisation around all aspects of risk management moving forward. The project is critical to council given recent events and that effective risk management processes can and will improve council's decision making and increase the operational effectiveness and efficiency of council. A Project Management Plan (PMP) is being developed and will be presented to the Governance and Risk Steering Committee meeting scheduled for 26 February 2019 for approval. The approved PMP will detail costs and timeframes, risks and issues, project interdependencies, resources required and key milestone. The approved PMP will be presented at the next Audit and Risk Management Committee meeting.

Proposed Objectives and Benefits of TP#07

- Better practice and legislatively compliant risk management framework
- A well-defined and consistent approach to risk management throughout council with risk informed decision making
- Appropriately identified and managed strategic and operational risks, treatment plans and controls
- Cyclical and disciplined risk management monitoring and reporting based on identified, embedded, understood and supported roles/responsibilities relating to risk ownership and management
- Increased risk management capability through systematic and targeted risk management training and system training that ensures a consistent and strong risk management knowledge base across council
- Utilisation of contemporary risk management software to achieve effective risk management
- Business Continuity Plans for each department/branch
- Operational Project Risk Management Framework.
- An operational Fraud and Corruption Control Framework, ongoing fraud risk assessments and a resulting and current Fraud Risk Register (this objective may be assigned to TP#10).

It should be noted that TP#10 Fraud and Corruption Control is currently being assessed to determine if it should be a project on its own or a Sub-project of TP#07. The project brief for TP#10 states:

“This project is anticipated to closely align with TP#07 ‘Review and implement the risk management framework’, and will include:

- A review of the draft amended Fraud and Corruption Plan circulated in May 2018
- Sign-off/adoption of the amended Fraud and Corruption Plan by Committee/Council
- Implementation of any associated activities i.e. establishment of a Fraud and Corruption Control Group”

TP#07 Stages

It is proposed TP#07 be delivered in 2 stages over 12 months, broken into Sub-projects each with their own activities:

Stage	Sub-Project	Activities
Stage 1	1 - Risk management governance framework (governance)	<ul style="list-style-type: none"> • Understand legislation, standards and best practice risk frameworks • Develop and adopt a best practice Risk Management Governance Framework (a refresh) • Identify and engage departmental Risk Co-ordinators • Develop a departmental/branch Risk Management Co-ordination Committee programs and processes • Improve risk management capability through the engagement of an expert risk consultant • Recruitment to strengthen internal risk capabilities • Risk management and software training for departmental/branch risk coordinators
	2 - Review, refresh and embed the risk management program	<ul style="list-style-type: none"> • Review existing Enterprise Risk Management Framework and associated tools • Development of a control framework • Adoption/publication of adopted Enterprise Risk Management Framework and tools • Review/develop strategic risk and operational risk reporting processes (including quarterly operational and annual strategic risk reviews) and registers • Development/education around ongoing management of strategic risks utilising developed treatment plans and controls • Development and delivery of risk management training program • Inclusion of risk management training in Council inductions • Develop and implement risk management reporting processes to ELT and the Audit & Risk Management Committee

	<p>3 - Fraud and corruption program</p> <p><i>Note: If determined to stay with TP#07 and not assigned to project TP#10</i></p>	<ul style="list-style-type: none"> • Undertake an assessment workshop to capture fraud risks • Establish a centrally accessible Fraud Risk Register • Education/training on fraud risk capture • Development of fraud risk reporting processes • Review, amend and adopt the Fraud and Corruption Control Plan • Implementation of any associated activities (i.e. establish Fraud and Corruption Control Group)
Stage 2	1 - Business Continuity Plans	<ul style="list-style-type: none"> • Identification of best practice business continuity planning processes/frameworks • Design of business continuity plan templates • Training on business continuity planning • Development, implementation and testing of business continuity plans with cyclical reviews
	2 - Project Risk Management Framework	<ul style="list-style-type: none"> • Identification of best practice project risk management frameworks • Review current project risk management processes and activities • Design/develop/implement a Project Risk Management Framework • Framework training (utilising purpose designed templates) • Capture and collation of project risks in risk software • Establish management, monitoring and reporting processes (project life cycle based)

RESOURCE IMPLICATIONS:

There are no resource implications.

RISK MANAGEMENT IMPLICATIONS:

Identified Risk

Currently, due to staffing changes, the organisation does not have any officer who possesses significant experience in risk management and insurance or has an expert understanding of council's statutory governance and compliance obligations.

Mitigation

The Branch is currently recruiting for a Risk Management Coordinator whose primary roll will be:

- To coordinate risk management practice throughout council in a professional, efficient and confidential manner, ensuring the development of good working relationships with all staff and stakeholders.

- Assist council in meeting its risk management compliance requirements with Commonwealth and State legislation and council’s own risk management strategies and policies.
- Assist in developing and implementing proposals to improve council’s enterprise risk management framework in accordance with key objectives of performance, transparency and probity.
- Assist in organisation-wide coordination of risk management in a way that is equitable, accountable and of a consistently high standard.
- Convene meetings of the council’s Risk Management Committee and record and follow up business conducted by that Committee.
- Coordinate regular and effective cross-organisation communication on risk management related issues.
- Liaise with council’s organisational development unit to coordinate training and development opportunities concerning risk management.

With the successful recruitment finalised, the officer will be a key project member on the TP#07. With the successful delivery of the project and an officer with expert risk and insurance experience to drive the organisation’s risk management and insurance program forward, council will be well positioned to be known as an exemplar for better practice risk management.

LEGAL/POLICY BASIS:

In managing risk and insurance for the organisation staff perform their duties in keeping with the Local Government Principles of:

- transparent and effective processes, and decision-making in the public interest;
- good governance of, and by, local government; and
- ethical and legal behaviour of councillors and local government employees

The following table outlines the relevant legislation and the administrative functions and services provided by the Branch:

Relevant Legislation	Corporate Services Branch Administrative Functions and Services Provided
<p><i>Local Government Act 2009</i> <i>Local Government Regulation 2012</i> AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines</p>	<p>Manage and coordinator:</p> <ul style="list-style-type: none"> • the implementation of council’s Risk Management Framework • public liability claims from external customers • public liability claims for councillors and staff • negotiate (within Delegated Authority), on behalf of council any insurance resolutions • the insurance of council assets including but not limited to council buildings, machinery and equipment, park infrastructure, swimming pools, sports centres, club houses, fleet vehicles, etc.

Relevant Legislation	Corporate Services Branch Administrative Functions and Services Provided
	<ul style="list-style-type: none"> • the renewal of council insurance policies (excluding Workers Compensation) • the provision of expert insurance and risk advice to both external and internal stakeholders • recover costs from damaged made by third parties to council assets

COMMUNITY AND OTHER CONSULTATION:

This report did not require community engagement.

CONCLUSION:

Council has, for some time, needed to implement a better practice Risk Management Framework and to increase the capability of the organisation to manage risk efficiently and effectively. With the recruitment of a Risk Management Coordinator and delivery of TP#07 Risk Management Framework, council is positioning itself be an exemplar council in the management of Risk and Insurance.

CONFIDENTIAL BACKGROUND PAPERS:

CONFIDENTIAL BACKGROUND PAPER	Attachment
Corporate Risk and Insurance for the Quarter	Attachment A Attachment A.1

RECOMMENDATION:

That the report be received and the contents noted.

Angi Harms
ACTING CORPORATE GOVERNANCE MANAGER

I concur with the recommendation contained in this report.

Andrew Knight
CHIEF OPERATING OFFICER (FINANCE AND CORPORATE SERVICES)

Audit and Risk Management Committee	
Mtg Date: 13/02/19	OAR: YES
Authorisation: Andrew Knight	

AH: AH
A53335267

6 February 2019

MEMORANDUM

TO: CHIEF OPERATING OFFICER (FINANCE AND CORPORATE SERVICES)
FROM: ACTING CORPORATE GOVERNANCE MANAGER
RE: TRANSFORMATIONAL PROJECTS PROGRESS REPORT

INTRODUCTION:

This is a report by the Acting Corporate Governance Manager dated 6 February 2019 concerning the progress of council's Transformational Projects.

RELATED PARTIES:

There are no related parties associated with this report.

ADVANCE IPSWICH THEME LINKAGE:

Theme 5 Listening, Leading and Finance Management

Strategy 3 Implement initiatives that strengthen governance skills and knowledge.

Strategy 4 Maintain a financially sustainable and resilient approach to budgeting.

Strategy 2 Provide comprehensive and meaningful community engagement to inform Council decision making

Strategy 6 Maintain a consistent and efficient approach to laws and compliance activities across the city.

PURPOSE OF REPORT/BACKGROUND:

Purpose

The purpose of this report is to provide the Audit and Risk Management Committee with an update on the delivery of council's Transformational Projects.

Background

Council's Vision 2020 is a blue print to address priority issues and implement positive, ethical change before the next local government election in 2020. The goal is to establish Ipswich City Council as exemplar from which other councils yearn to learn and strive to emulate. To achieve Vision 2020 a Program of Transformation has been established.

Business Transformation Program

In late 2018 a number of staff from across council participated in workshops and focus groups to bring together ideas to make council a better place to work and to provide enhanced service to the community.

The Executive Leadership Team and third level managers spent time in strategy sessions with the Interim Administrator and Interim Management Committee considering those ideas.

The ideas gathered have been channelled into a framework of 18 transformational projects that will lead towards proper and ethical practice with positive culture.

These 18 projects vary in their complexity and timeframe. Furthermore, many projects have inter-dependencies which need to be managed, which is why projects have been grouped under three themes – Whole of Council, Finance and Reporting, and Risk and Governance.

Theme	Description	Project
Whole of Council	<i>Projects which impact multiple departments and functions across Council.</i>	TP#2 People and Performance TP#8 Knowledge Management TP#9 Policies, Procedures and Local Laws TP#14 Legislative Change TP#15 Community Engagement TP#17 ICT Strategy
Finance and Reporting	<i>Projects which have a significant financial component, and/or have a large impact on Council's budgeting processes.</i>	TP#1 Reporting Framework TP#3 Procurement TP#4 Asset Management Framework TP#5 Strategic Allocation of Capital and Operational Resources TP#16 Budget Framework TP#18 Major Project Prioritisation
Risk and Governance	<i>Projects which relate to Council's risk management policies and procedures.</i>	TP#6 Complaints Management Framework TP#7 Risk Management Framework TP#10 Fraud and Corruption Control TP#11 Delegations TP#12 Information and Transparency TP#13 Councillor Induction

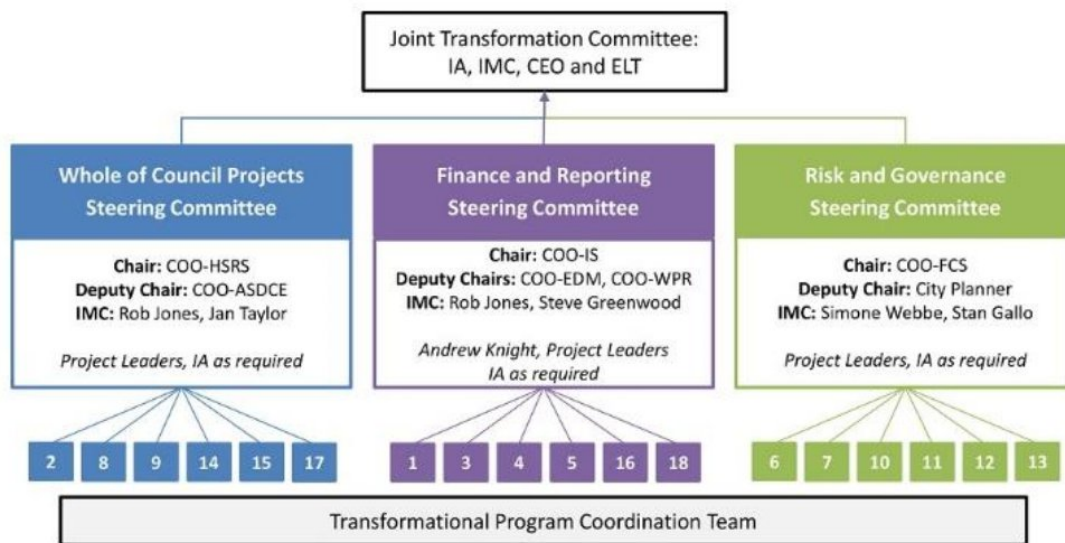
Implementation of the Business Transformation Program commenced in early January 2019. The target completion date for most of these projects is 31 December 2019.

Governance Structure

The below structure was chosen to lead the 18 Business Transformation Projects as it's important that employees deliver the program in an effective, efficient, rigorous and connected manner.

Members of the Interim Management Committee sit on each of the steering committees as a way of using their skills and experience constructively. Their involvement in individual projects will depend on the level of complexity and the IMC member's relevant experience.

This structure will allow information to be disseminated through the organisation – for staff to be able to live and breathe the transformation from day one.



The Transformational Project Coordination Team (TPCT)

The TPCT was established in late January and is led by Joshua Edwards, Principal Officer - Program Manager (Business Improvement) and supported by two (2) Project Managers (Miranda Reis and Naomi Duffy). The TPCT is working full time to support the Project Leads to deliver their various projects, and to develop the necessary project management reporting tools to ensure the projects are delivered on time and within budget.

Transformational Projects Status as at 4 February 2019

All Steering Committee meetings were completed on 4 February where individual project teams received guidance on scope, scheduling and project implementation. Project Briefs have been prepared for all projects (Refer Attachment A for summary of Project Briefs). Each project is due to finalise and submit final project plans and schedule by 19 February, with individual project tasks due to be completed thereafter (per schedule). All project teams have now met, project teams confirmed and approved by the relevant Steering Committee and draft submissions of project plans are being developed.

Generally across the program, most project teams have provided feedback on large project scope and potential difficulties in delivery within prescribed timeframes. Feedback for this was to complete scoping activities and present final plans to the three (3) Steering Committees for prioritisation.

Following next Steering Committee meetings on 26 February, we will be in a better position to provide Transformational Project progress reports. Further questions or feedback can be sent through to TPCT@ipswich.qld.gov.au

RESOURCE IMPLICATIONS:

Resource implications will not be included in this report. Resource implications are captured in the TP Project Management Plans. Once the three (3) Steering Committees have approved their respective Project Management Plans, analysis of resources required to deliver all TPs will be reviewed and reported.

RISK MANAGEMENT IMPLICATIONS:

Risk Management Implications will not be included in this report. Risks, issues and mitigation activities are captured in the TP Project Management Plans. Once the three (3) Steering Committees have approved their respective Project Management Plans, analysis of risks/issues associated with delivering all TPs will be reviewed and reported.

LEGAL/POLICY BASIS:

This report and its recommendations are consistent with the following legislative provisions:

Local Government Act 2009
Local Government Act Regulation 2012
Right to Information Act 2009
Information Privacy Act 2009
Record Keeping Act 2002
Public Interest Disclosure Act 2010

COMMUNITY AND OTHER CONSULTATION:

No consultation was required for this report.

CONCLUSION:

The TPCT was established in late January and the team will be an integral part of and a great support to the Project Team Leads and Members. Once appropriate reporting systems are in place more rigorous reports on the status of Transformational Projects will be possible. At this stage the delivery of the Transformational Projects is in keeping with agreed timeframes.

ATTACHMENTS:

Name of Attachment	Attachment
Extract of all Transformational Project Briefs	Attachment A

RECOMMENDATION:

That the report be received and the contents noted.

Angi Harms

ACTING CORPORATE GOVERNANCE MANAGER

I concur with the recommendation contained in this report.

Andrew Knight

CHIEF OPERATING OFFICER (FINANCE AND CORPORATE SERVICES)

“Together, we proudly enhance the quality of life for our community”

SUMMARY OF TRANSFORMATIONAL PROJECT BRIEFS

TP#1: Develop organisation wide finance and operational reporting systems

The project involves the development of Organisation-wide finance and operational information & reporting systems, which will also consider:

- Defining the organisation's information and reporting requirements to enable reporting and monitoring of performance against organisational objectives and outcomes
- Developing an integrated reporting system across Council initially focused on Council / Committee and Executive reporting
- Analysis of existing reporting: providing the information required to measure performance against objectives
- Gap analysis between the defined reporting requirements and results from analysis of existing report
- Identification and mapping of how data is currently captured
- Review, identification and implementation of ICT Systems and processes to enable and support the reporting requirements
- Developing training relating to finance and operational information and reporting
- Review and enhance the Corporate Planning Framework
- Review and enhance the Annual Report Framework

This project is important to Council to:

- Create transparent and accountable reporting
- Provide appropriate information and analysis of information to decision makers aligned to objectives
- Set strategic objectives, goals and activities on relevant and accurate data sets
- Monitor progress against strategic objectives, goals and activities
- Maintain the integrity of information for managerial decision making
- Comply with legislative requirements
- Produce information that is accurate and available in a timely manner
- Streamline reporting
- Improve strategic alignment and implementation in priority areas
- Understood and aligned approach to Corporate Planning
- Production of external facing or legislatively required reporting in a consistent and accurate manner

TP#2: Develop and implement a robust people and performance framework

The project involves developing and implementing a people and culture performance framework, which will deliver the following:

- Safety and Well-being strategy

- Organisational Development strategy
- Workforce Planning strategy

This project is important to Council to create:

- Create a high-performance culture
- Improve staff welfare, morale and culture
- Develop the capabilities of staff
- Make Council an 'employer of choice'
- Assist Council employees become 'employees of choice'
- Change community perception around the efficiency and effectiveness of Council
- Provide clarity around staff performance policies and procedures
- Invest in Council's most precious resource, staff, so they are of high calibre, knowledgeable and of the right culture
- Retain the right people

TP#3: Develop a leading practice procurement and contract framework

The project involves developing and implementing leading procurement and contract management practices and framework by;

1. Considering the outcomes of the report from external consultant's procurement appraisal,
2. Identifying gaps in the current framework,
3. Improve current methods and processes,
4. Promote consistency of practice across Council,
5. Develop and implement a change management plan for implementation

This project is important to Council as procurement touches every fragment of the organisation.

The Procurement framework includes the policy, procedures, process, templates and forms for the whole of Council to obtain all goods, services and contract administration and management.

The Procurement framework supports Council to make strategic and operational decisions by allocating resources efficiently and effectively.

A leading procurement framework will strengthen Council's reputation by providing key focus on:

- *Value for Money* - provide transparency, accountability, enabling savings opportunities and providing further benefit through ongoing performance reviews, service and supply chain improvements.
- *Risk Management* – reduce contract risk through robust contract management practices.
- *Supplier Management* - Managing supplier performance, maintaining high quality and improve productivity and performance and capitalising on continuous improvement opportunities.

- *Corporate Social Responsibility* – ensure Councils’ supply chain meet and exceed the social and community standards. That council policy and processes account for ethical, social, environmental, health and safety, and labour standards.

TP#4: Develop a leading practice asset management framework

The project involves developing a leading practice asset management framework, which will consider:

- Condition monitoring for all asset classes
- Open and transparent links to the Corporate Objectives and adopted service levels for all asset classes
- Robust maintenance system incorporating customer service requests, program and reactive maintenance
- Establish clear maintenance standard guidelines for all asset classes including ability to regularly review and update as required

This project is important to Council to:

- Improve forward planning, budgeting and investment timing
- Implement leading practice to manage assets’ lifecycles to deliver the best outcome for the community
- Maximise efficiency and effectiveness of Council’s utilisation of assets
- Maximise maintenance efficiencies for all of Council’s assets
- Provide a platform to manage and maximise Council’s workforce planning resources
- Improve reporting within the organisation to assist in decision-making at all levels including dashboard
- Provide mobility in the workforce which includes smart technology
- Provide a robust and well established framework to enable appropriate decisions to be made for all asset management activities

TP#5: Undertake a review to determine a better/more strategic allocation of resources

It is anticipated that the project will involve an assessment of:

- The allocation of resources to capital and operational activities
- Strategic alignment of resourcing with the Advance Ipswich plan and delivery of key projects
- Duplication between Council’s functions
- The proportionality of resourcing across Council
- Council’s decision making framework (which links with the delegations review)
- Cost benefit analysis

This project is important to Council given:

- A perceived lack of alignment between projects and departments
- Potential for cost savings and efficiencies while increasing productivity
- Potential for increasing community benefits, and reducing waste and duplication
- Achieve a better balance of asset construction/ lifecycle costs

TP#6: Review and implement an improved complaints management framework

The purpose of the project is to ensure a best practice, legislatively compliant and transparent whole of Council approach to:

- Formal complaints made against Council as a result of dissatisfaction with services provided or a failure to provide a service, and
- Complaints and reports of wrongdoing against council or staff, including for allegations of fraud, corrupt conduct and public interest disclosure.

The project involves:

- Understanding legislation and best practice complaints management frameworks
- Reviewing current complaints management frameworks relating to:
 - Administrative Action Complaints
 - Privacy Complaints
 - Publication Scheme Complaints
 - Human Resources Complaints
 - CEO Complaints
 - Mayor/Councillor Complaints
 - Public Interest Disclosures
- Updating/amendment and/or development of complaints management frameworks (and supporting documents i.e. policies, procedures, work instructions, factsheets etc.) relating to the abovementioned complaint types
- Review and updating of Ipswich City Council website/intranet content
- Review, identification and implementation of an ICT intake platform (intake, distribution, management and reporting of formal complaints) for the intake and distribution of reports of wrongdoing by current and former employees of Council
- Development and delivery of training and awareness relating to complaints management and good decision making
- Communication and engagement with ELT and Council staff during the course of the project to ensure visibility of project activities and associated training
- Building complaints management capability throughout council

The project is important to Council to:

- Meet legislative requirements
- Ensure transparency and accountability in complaints management processes
- Build trust and confidence across staff and customers in the complaints management processes
- Provision of a confidential externally hosted intake platform for the reporting of wrong doings by current and former employees
- Ensure a consistent and best practice approach to formal complaints management
- Identify, capture, report and proactively act on complaints management data and trends
- Improved delivery of services based on abovementioned data/reporting.

TP#7: Review and implement the risk management framework

The purpose of the project is to develop a best practice and consistent whole of Council approach to Enterprise Risk Management leading to/ensuring improved maturity within the organisation going forward.

The QAO has recommended that Council's overall Enterprise Risk Management be finalised, approved and implemented as a matter of priority. This includes:

- Strategic and Operational Risk Registers
- Fraud and Corruption Control Framework
- Fraud Risk Register
- Fraud Control Plan
- Control and risk treatment plans
- Complaints Management Policy (this component is captured in Transformation Project 6 – Review and implement an improved complaints management framework)

The project involves:

- Understanding legislation and best practice risk frameworks
- Reviewing and refreshing the current Enterprise Risk Management Framework
- Finalisation and management of strategic risks to Council
- Review, identification and management of operational risks to Council
- Building risk management capabilities throughout Council through systematic and targeted risk management training and system training (CAMMS)
- Identification of an appropriate treatment/control frameworks
- Development of risk management reporting
- Review and amendment of the Fraud and Corruption Control Framework and associated activities
- Undertaking fraud risk assessments and compiling a Fraud Risk Register
- Developing Business Continuity Plans for each Department/Branch
- Development of project risk framework and capturing of project risks

This project is important to Council to:

- Embed a risk aware culture throughout Council
- Embed risk management throughout Council decision making
- Ensure appropriate risk management ownership and accountability
- Improve Council's risk management maturity and practices
- Identify risks and to allow for and inform decision making
- Meet legislative requirements
- Minimise exposure and uncover unknown issues
- Design and embed appropriate control measures
- Identify and learn from missed opportunities
- Address recent events to ensure non-recurrence

TP#8: Design and implement a new information knowledge management system

The project involves designing and implementing a new information knowledge management system, which will consider:

- Development of whole of Council understanding and knowledge of public record requirements to ensure adherence to legislation
- Identification and confirmation of the objectives and outcomes to be gained from improved Information and Knowledge Management
- Identification and mapping of existing systems utilised for information and knowledge management
- Identification of record keeping/data capturing in identified existing systems and current record keeping standards, policies and procedures associated with these existing systems
- Gap analysis of current existing information and knowledge management systems/processes
- Rationalisation of current existing information and knowledge management and identification of mandatory system(s)
- Development of policy, procedures, Information & Data Models, Business Glossaries, Taxonomies and Ontologies as required to define the key information and assets, standard naming conventions and other associated materials to support information classification and consistent adoption of the information and knowledge management
- Design and develop council based functional work areas within identified information and knowledge management system(s) (including an area for Councillor/Divisional Office activities) to strengthen transparency (where appropriate), business processes and information and knowledge sharing across Council Departments/Branches
- Design and development of training to support and reinforce a unified approach to information and knowledge management and monitoring/management of existing systems to ensure integrity of captured information and knowledge
- Establishing tools, processes, resources and accountabilities for ongoing maintenance of the improved Information and Knowledge Management Framework
- Delivery of OIC Compliance Audit Recommendations committed for delivery by Council as follows:
 - Recommendation 1 – Within eighteen months, develop and implement an information government framework and supporting documented policies and procedures to drive right to information and information privacy aims
 - Recommendation 3 – within eighteen months, implement performance measures for access to information and privacy principles aligned with its corporate planning and reporting framework
 - Recommendation 6 – within eighteen months identify and classify information assets and ensure it publishes information that is significant, appropriate and accurate
- Development of an end-to-end Information and Knowledge Management Operating Model including clarification of governance arrangements, organisation design, roles and responsibilities
- Centralisation of information and knowledge management monitoring and management activities

TP#9: Review policy, procedures and local laws and committee process and reporting

The project involves a review and update of Council's policies, procedures and local laws.

This project is important to Council given updated policies, procedures, local laws and subordinate local laws, will provide direction and to the current and future strategic and daily operational requirements of council. By developing and implementing the project council will increase awareness of the transparency of Council's decision making, provide protection and direction for staff, and increase the operational effectiveness and efficiencies of Council.

The objectives and benefits to be achieved by this project are:

- To provide Council appropriate and leading practice policies, procedures, local laws and subordinate local laws that meet current and future, legislative, strategic and operational requirements
- To ensure a transparent and consistent approach that supports operational activities and decision making
- To ensure they are consistent with, or lead other local governments
- To ensure a high level of staff awareness in the use and application of policies and procedures
- To identify policy and procedure gaps and identify local law and subordinator local law gaps
- To implement an ongoing review process to ensure Council's policies, procedures and local laws and subordinate local laws remain up to date, are better practice
- To ensure Councillors and support staff are educated, aware and undertake their roles and responsibilities in accordance with the policies, procedures, local laws and subordinate local laws, including those that are directly relevant to them

TP#10: Review fraud and corruption, decision making and integrity

This project is anticipated to closely align with TP#7 'Review and implement the risk management framework', and will include:

- A review of the draft amended Fraud and Corruption Plan circulated in May 2018
- Sign-off/adoption of the amended Fraud and Corruption Plan by Committee/Council
- Implementation of any associated activities, i.e. establishment of a Fraud and Corruption Control Group

TP#11: Improvement of the Delegations Framework

The project involves a review of the current framework and application of Council's Delegation registers. In particular, the review will include

- Reviewing the current framework for Council's approval, recording, maintenance and auditing of Delegations made under the Local Government Act 2009 and other relevant legislation – Statutory delegations, Council to CEO and CEO to Other Officers – to establish their compliance with relevant legislation and effectiveness as management tools
- Designing and implementing improvements to the framework to address compliance and efficiency issues

- Reviewing arrangements by which delegations are implemented in practice including alignment to appropriate qualifications, competencies and training associated with the exercise of powers under those delegations
- Review and improvement of the formal Instruments by which delegation is given effect
- Review of the alignment of delegations with the requirements of position descriptions
- Reviewing control and accountability requirements for officers empowered to exercise those delegations
- Aligning delegations registers with corporate-wide knowledge management systems for audit, risk management and accountability purposes

This project is important to Council:

- To enable efficient decision making at appropriate levels of authority
- To ensure that the assignment of delegated power complies with relevant legislation and is made in recognition of appropriate risk management
- To ensure that decisions made under delegation are legally and effectively exercised in a responsible and accountable manner
- To improve governance and the transparency of decisions made under delegation
- To provide clarity of roles and accountabilities to those exercising delegated decision making
- To ensure those exercising delegated authority possess appropriate skills and competencies to do so
- To assist the identification of training and developmental needs of officers required to exercise delegated decision making

TP#12: Implement Office of the Information Commissioner recommendations to improve information credentials and transparency

Implement OIC audit recommendations that focus on topics of 'leadership and governance', 'culture of openness', 'compliance', 'privacy' and captured the following activities/areas within Council:

- Information Governance
- Community Engagement
- Camera Surveillance
- Ipswich City Council Website
- RTI/IP Application Handling

TP#13: Prepare for the return to elected representation, including the creation of an effective Councillor induction and continuing development program

This project involves the creation of leading practice frameworks and tools to best manage communication between Councillors, Council officers and the community, and how the newly elected representatives could be most effectively serviced, from an administrative support perspective, by Council officers.

It will also lead the development and implementation of a leading practice framework to ensure both candidates and elected Councillors have an appropriate understanding of the roles and responsibilities of Councillors.

This project will consider:

- A review of leading practice processes and communications channels to help mitigate the chance of newly elected Councillors directing staff on operational matters, including the creation of tools and processes to assist in the management of requests, complaints and queries by Councillors
- The review of the previous divisional office structure (relevant to the outcomes of the Boundary Review, to be presented to the Change Commission in early 2019) and development of a new Councillor and Mayoral Support Team structure that will most efficiently support the newly-elected representatives
- The preparation and dissemination of materials for anyone who wishes to stand for election as a local government candidate, which clearly sets out the roles, responsibilities, legislation, appropriate conduct and any other information that is considered necessary to ensure candidates are appropriately informed prior to standing for election
- The development and implementation of a leading practice Councillor induction process, which will build upon the pre-election materials, and include a suite of initial training courses
- The development and implementation of a leading practice Councillor continuing professional development program, which will seek to reiterate the roles and responsibilities of Councillors, while also keeping Councillors informed of leading practice representation, governance, and changes to relevant legislation

This project is important to Council:

- To ensure Councillors fully appreciate their roles and responsibilities
- To provide the highest level of effective and efficient service to the newly elected officials
- To improve the professionalism and conduct of Councillors
- To improve dealings between Councillors and Council staff, whilst ensuring both have a detailed understanding and respect of the appropriate requests guidelines and a clear and concise process to follow

TP#14: Review legislative change

The legislative change review project involves considering potential legislative reforms which seek to strengthen the transparency, accountability and integrity of local governments.

This project complements the local government reforms currently being rolled-out by the Department of Local Government, Racing and Multicultural Affairs (“the Department”).

At a high level, this project involves:

- Collating a schedule of suggested legislative reforms based on the recent experiences of Ipswich City Council

- Setting protocols for collecting suggestions for potential legislative reform throughout the interim administration period
- Determining the process and timeframes to report relevant information to the Department

This project is important to Council given:

- There is currently a strong level of support from the State Government for amending the local government legislative in order to increase the transparency, accountability and integrity of local governments
- The recent experiences and events, Council staff are well placed to share timely and relevant suggestions and observations

It will help to decrease the risk of past practices/behaviours being repeated post March 2020.

TP#15: Establish and implement a community engagement strategy and framework

This project involves developing a community engagement framework which includes:

- Reviewing the effectiveness of existing community reference groups
- Establishing new community reference groups
- Establishing a Public Participation and Engagement Policy and Strategy and ancillary tools and procedures
- Developing a digital systems platform for community engagement
- Developing and implementing a city-wide community sentiment survey to baseline community trust and confidence

This project is important to Council:

- In order to establish an agreed position of commitment to community engagement
- To facilitate greater transparency of Council's community engagement across a range of issues
- To provide community members with the opportunity to purposefully engage with Council on the issues that impact them

TP#16: Restructure the budget framework

The project involves restructuring the budget framework & Long Term Financial Forecast (LTFF), which will also consider:

- Developing a framework that that supports the annual budget preparation process and preparation of the Long Term Financial Forecast (LTFF)
- Engagement with the Community in relation the level and nature of services to be provided by Council
- Review the services Council provides Goods and Services Catalogue
- Implementing a forward planning infrastructure/capital works program aligned to refurbishment/rehabilitation needs, desired expenditure for the enhancement of existing assets and new/trunk expenditure aligned to meet the growth needs of Ipswich
- Impacts of the Citywide and divisional allocation policy and discussion of options

- Alignment of the LTFF and Budget Framework to ensure the delivery of objectives outlined in Advance Ipswich City Council, Corporate and Operational Planning.
- Review, identification and implementation of ICT Systems and processes to enable and support the framework.

This project is important to Council to:

- Develops Council forward planning and annual operational and capital budgets aligned with community expectations and requirements
- Align the budget with Council's strategies and corporate plan
- Ensure budgets effectively use rate payer funds to attend to the most relevant issues facing the community
- Ensure Council's expenditure is focused on delivering specific outcomes for the community which are defined, measured and reported on
- Develop a budget that is planned for several years to ensure capital projects can be planned/designed/costed properly
- Review the relevance and appropriateness of the goods and services catalogue

TP#17: ICT Strategy

The purpose of this project is to:

- Develop and maintain organisational culture, operating model and ICT capability that will ensure ICC can create and exploit information as a strategic asset and service enabler
- Develop an ICT Vision and Guiding Principles for Ipswich City Council and identify gaps in current ICT support for the business of Council
- Identify ICT Goals, Strategic Objectives, Themes and Initiatives that will fulfil the five-year ICT Vision for Council
- Establish a Digital Business Framework and capability to expedite innovation and experimentation with digitally enabled business processes using iterative and agile techniques to improve customer value
- Establish and sustain culture and capability that will ensure ICC leverages and maintains the in-place ICT portfolio to maximum business advantage
- Establish an architecture driven roadmap for critical ICT systems that both sustains reliable business operations and enables future capability as defined in the 5 Year Corporate Plan
- Adopt and Implement ICT Governance and ICT Portfolio Management Frameworks, to add greater rigour and transparency to decision making ensuring that ICT initiatives are delivered through a fit for purpose approach that maximises Council's return on investment
- Identify and implement structural changes required to enhance the ICT operating model, to ensure that ICT can assist in solving business problems and realise opportunities

This project is important to Council given:

- ICT is a foundation and strategic enabler for many outcomes / projects across Council as well as day to day operations

- ICT dependencies have been identified in 15 of the 18 transformational projects

TP#18: Develop a framework to prioritise major city projects

The project involves establishing a framework to prioritise major city projects which will consider:

- Developing a prioritisation framework
- Reviewing the current priority projects
- Finalise development of advocacy plan
- Realign existing projects with Advance Ipswich themes and Community Expectations

This project is important to Council to:

- Identify which projects most effectively deliver on our corporate vision
- Integrated and informed investment decision making
- Prioritise Advocacy activities
- Develop a reliable 10+ year capital infrastructure program
- Shared vision and singular view
- Visibility of funding

Audit and Risk Management Committee	
Mtg Date: 13/02/2019	OAR: YES
Authorisation: Andrew Knight	

5 February 2019

MEMORANDUM

TO: CHAIR AUDIT & RISK MANAGEMENT COMMITTEE

FROM: CHIEF OPERATING OFFICER (FINANCE AND CORPORATE SERVICES)

RE: HUMAN RESOURCE MANAGEMENT INFORMATION SYSTEMS (HRMIS) PROJECT
UPDATE - IMPLEMENTATION OF E-HUB

INTRODUCTION

This report provides the Audit and Risk Management Committee with an update on a major IT project to implement and upgrade to the HRMIS.

RELATED PARTIES

There are no related parties associated with this report.

ADVANCE IPSWICH THEME LINKAGE

Listening, Leading and Finance Management

PURPOSE OF REPORT/BACKGROUND

E-Hub went live on 13 November 2018, in a phased approach with the People, Recruitment, Payroll and Timesheets modules. Other modules from the initial scope (Succession Planning and Career Development) were deferred due to concerns over resourcing and schedule compliance. These modules will be implemented at a later date.

The project has had some success, with staff paid on time with minimal exceptions manually fixed each pay run. In addition the system has coped with significant changes associated with the new EBA and processing 3 pay runs in 3 days just before the close down period over Christmas/New Year. As with any major software implementation, there have been a number of issues encountered, with some of these resulting in extended time frames for the Payroll team to process the pay.

There remains in the order of 20 issues to be resolved and these have been triaged accordingly. High priority issues are expected to be resolved by the end of March 2019. No issues pose significant risk to the payroll process, but may impact processing times. The

payroll process has been reviewed and cut off times for timecard lodgement moved forward to allow more room in the weekly schedule.

Broadly, the major issues relate to the following:

Time Clocks

- Server communication issues resulted in the Time clocks being removed from service. Staff returned to paper time sheets
- Testing now has 2 clocks that are now stable in test environment with the remaining to be tested.
- Controlled release to ICC locations in the near future

LGIA Super

- Issues with the clearing house utilised by LGIA resulted in the bulk payment not being promptly processed to individual accounts
- Funds were processed via ICC to LGIA at normal timelines, however it appeared to staff that no funds had been sent
- ICC has worked with LGIA on resolving the issue and all transactions now appear to be up to date, however issue and permanent solution is still being monitored/tested by LGIA.
- For LGIA members the delayed payments were processed and back dated to the due dates to ensure no member is worse off. Processes are in place with LGIA for Choice members if they believe they are worse off; initial desktop assessments by LGIA is that due to market movements it is unlikely members are worse off.

Various

- Additional issues being progressively worked through. We anticipate these to be resolved between now and March 2019, with some other low risk issues around reporting, configuration, provision posting and mobile applications expected to be resolved by May 2019.

RESOURCE IMPLICATIONS

An external specialist firm (Presence of IT) was engaged to facilitate the implementation. Significant IT and Payroll staff resources were utilised.

RISK MANAGEMENT IMPLICATIONS

The implementation of a HRMIS poses significant risk if the payroll process does not continue seamlessly. As noted, all ICC were paid on time, however this did put some strain on the Payroll team (and other teams such as Finance and IT) with some extended work days. Support has been provided to the team and senior management will ensure that fundamental issues such as timecard accuracy are addressed so that processing times can return to BAU levels as soon as practicable.

LEGAL / POLICY BASIS

*This report and its recommendations are consistent with the following legislative provisions:
Local Government Act 2009*

COMMUNITY AND OTHER CONSULTATION

Community consultation is not applicable to this report. The IT and Payroll teams have worked with all internal stakeholders as well as other external entities such as LGIA Super.

CONCLUSION

Overall, the implementation was successful, however a lessons learnt exercise will be undertaken for implementation of the remaining modules.

RECOMMENDATION

That the report be received and the contents noted.

Andrew Knight

CHIEF OPERATING OFFICER (FINANCE AND CORPORATE SERVICES)

“Together, we proudly enhance the quality of life for our community”