

VML:SLD
Vicki Lukritz
07 3810 6221



Ipswich City Council

45 Roderick St
PO Box 191
Ipswich QLD 4305
Australia

Tel (07) 3810 6666
Fax (07) 3810 6731
Email council@ipswich.qld.gov.au
Web ipswich.qld.gov.au

22 February 2019

NOTICE OF MEETING

Notice is hereby given that the **ORDINARY MEETING OF COUNCIL** is to be held on **TUESDAY, 26 FEBRUARY 2019** commencing **9.00 am** in the Council Chambers, on the 2nd Floor of the Administration Building, 45 Roderick Street, Ipswich.

The business papers for the meeting are attached to this notice.



BUSINESS

- A. OPENING OF MEETING:
- B. WELCOME TO COUNTRY OR ACKNOWLEDGEMENT OF COUNTRY:
- C. OPENING PRAYER:
- D. APOLOGIES AND LEAVE OF ABSENCE:
- E. CONDOLENCES AND MEMORIALS:
- F. PETITIONS AND PRESENTATIONS:
- G. CONFIRMATION OF MINUTES:
 - 1. [Ipswich City Council – Minutes of Meeting of 29 January 2019](#)
- H. RECEPTION AND CONSIDERATION OF COMMITTEE REPORTS:
 - 2. [Economic Development Committee's Report](#)
 - 3. [Growth and Infrastructure Committee's Report](#)
 - 4. [Communities Committee's Report](#)
 - 5. [Environment Committee's Report](#)
 - 6. [Governance Committee's Report](#)
- I. CONSIDERATION OF NOTIFIED MOTIONS:
- J. RECEPTION OF NOTICES OF MOTION FOR FUTURE MEETINGS:
- K. QUESTIONS:
- L. OFFICERS' REPORTS:
 - [Planning for Future Audit and Risk Management Committee Meetings for 2019](#)
- M. CONSIDERATION OF ITEMS PLACED ON THE AGENDA BY A COUNCILLOR IN ACCORDANCE WITH SECTION 6 AND 8 OF THE SUBORDINATE LOCAL LAW (2.1 COUNCIL MEETINGS):

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COUNCIL ORDINARY MEETING

29 January 2019

Held in the Council Chambers, Administration Building

The meeting commenced at 9.00 am.

Pursuant to section 13 of Council's Local Law No 2 (Council Meetings) 2013, the Interim Administrator invited the Interim Management Committee members present being Simone Webbe, Jan Taylor, Stan Gallo, Steve Greenwood and Robert Jones to address the Council on any matters before it.

The Interim Administrator advised that he is bound to declare Conflict of Interests and potential Conflict of Interests and that the members of the Interim Management Committee are not legally bound, however in accordance with the Interim Management Charter they will also declare Conflict of Interests and potential Conflict of Interests.

ATTENDANCE AT COMMENCEMENT

MEMBER'S ATTENDANCE:

Greg Chemello (Interim Administrator)

INTERIM MANAGEMENT COMMITTEE:

Simone Webbe, Jan Taylor, Stan Gallo, Steve Greenwood and Robert Jones

ACKNOWLEDGEMENT OF COUNTRY

Ipswich City Council respectfully acknowledges the Traditional Owners as custodians of the land upon which we meet. We pay our respects to their elders, past, present and emerging, as the keepers of the traditions, cultures and stories of a proud people.

OPENING PRAYER

Let us in silence pray or reflect upon our responsibilities to the people of Ipswich.

We meet today to serve our community,
to use our resources wisely and well,
to represent all members of our community fairly,
and to make decisions that promote the common good.

CONFIRMATION OF MINUTES OF ORDINARY MEETING

The Interim Administrator of the Ipswich City Council resolves:

That the Minutes of the Council Ordinary Meeting held on 4 December 2018 be confirmed.

The motion was put and carried.

**CONFIRMATION OF
MINUTES OF SPECIAL
COUNCIL MEETING**

The Interim Administrator of the Ipswich City Council resolves:

That the Minutes of the Special Council Meeting held on 20 December 2018 be confirmed.

The motion was put and carried.

**RECEPTION AND
CONSIDERATION OF
COMMITTEE REPORTS**

The Interim Administrator of the Ipswich City Council resolves:

That the Economic Development Committee Report No. 2019(01) of 22 January 2019 be received and adopted.

DISCUSSION

The Interim Administrator noted that event sponsorship is an important role for council. He noted that clarity and transparency was important for all parties involved, for organisers to be clear about council's expectations and for council to be transparent in the provision of sponsorship monies to ensure community confidence is maintained.

The motion was put and carried.

The Interim Administrator of the Ipswich City Council resolves:

That the Growth and Infrastructure Committee Report No. 2019(01) of 22 January 2019 be received and adopted.

**CONFLICT OF INTEREST
GREG CHEMELLO**

The Interim Administrator noted the Conflict of Interests declared in the Growth and Infrastructure Committee in relation to:

- Item 4 – Expression of Interest for Consultancy Services to Prepare components of the new Ipswich Planning Scheme - the nature of the perceived interest is that in his previous roles, most of the consulting companies that will respond to the Expression of Interest process are likely to be former colleagues and/or personal friends and that he has also been involved with project management consultation leading up to the adoption of the Toowoomba planning scheme.
- Item 6 - Proposed Amendments to Delegations and Planning and Development Fees and Charges - this was also as a result of his previous role as General Manager of Economic Development Queensland, the state government agency responsible for planning the Ripley Priority Development Area.

**CONFLICT OF INTEREST
STEVE GREENWOOD**

The Interim Administrator noted that Steve Greenwood from the Interim Management Committee had declared a conflict of interest in relation to:

- Item 4 – Expression of Interest for Consultancy Services to prepare components of the new Ipswich Planning Scheme - the nature of the perceived interest is that in his previous roles, most of the consulting companies that will respond to the Expression of Interest process are likely to be former colleagues and/or personal friends.

DISCUSSION

The Interim Administrator stated that in relation to Item 4 of the Growth and Infrastructure Committee titled 'Expression of Interest for Consultancy Services to Prepare Components of the new Ipswich Planning Scheme' that this was a key opportunity for the Ipswich community to have their say on their views about growth and development across the city. A number of comments have been received from the community outlining their concerns and criticisms of the current planning scheme. The Interim Administrator stated that he completely understands these views and that he had participated in a number of very honest and robust discussions with community representatives on the planning and development assessment system and that the way forward was through a new planning scheme. It was noted that a key responsibility for the council was to consult openly and honestly with its community in the next couple of years on a new planning scheme to reset the planning benchmarks. This was not being critical of the current scheme it was just that staff need to comply with the current scheme as do the community and developers and the way to change things would be through a new scheme.

The motion was put and carried.

That the Communities Committee Report No. 2019(01) of 22 January 2019 be received and adopted.

DISCUSSION

The Interim Administrator thanked staff for the progressive refinement of the community donations policy/guidelines. He stated that council was a long way from where they were a year ago in terms of dealing with grants to community organisations and that he was happy for Council to continue to adjust the policy to achieve greater transparency and clarity on the way through.

The motion was put and carried.

That the Environment Committee Report No. 2019(01) of 22 January 2019 be received and adopted.

The motion was put and carried.

That the Governance Committee Report No. 2019(01) of 22 January 2019 be received and adopted.

DISCUSSION

The Interim Administrator highlighted the submission of the unqualified financial statements after a very lengthy audit of council's reports from the Queensland Audit Office. He also acknowledged that for the first time, council has presented the full financial documentation for the controlled entities (council owned companies) to form part of the public record. Thanks were given to all staff involved.

The motion was put and carried.

OFFICER'S REPORT



Officer's Report -
Queensland Audit C

DISCUSSION

QUEENSLAND AUDIT OFFICE FINAL MANAGEMENT REPORTS

That the report by the Chief Operating Officer (Finance and Corporate Services) dated 17 January 2019 providing an update on the audit of Ipswich City Council, Ipswich City Properties Pty Ltd, Ipswich City Developments Pty Ltd, Ipswich City Enterprises Pty Ltd, Ipswich City Enterprises Investment Pty Ltd and Ipswich Motorsport Park Pty Ltd financial statements for the 2017-2018 financial year be received and adopted.

In considering the report, the Interim Administrator noted that this presented the full financial reports of the controlled entities, the companies controlled by council.

RECOMMENDATION:

That the Interim Administrator of Ipswich City Council resolves:

- A. That the Queensland Audit Office Final Management Reports 2017 -2018 for Ipswich City Council and its controlled entities as per Attachments A, B, C, D, E and F to the report of the Chief Operating Officer (Finance and Corporate Services) dated 17 January 2019, be received and noted.
- B. That the Queensland Audit Office Final Management Reports 2017-2018, as per Attachments A, B, C, D, E and F to the report of the Chief Operating Officer (Finance and Corporate Services) of 17 January 2019, be referred to Council's Audit and Risk Management Committee for consideration.

The motion was put and carried.

In accordance with section 7 of Subordinate Local Law (2.1 Council Meetings) the Interim Administrator moved that a late officer's report on Cameron Park – Future Use of Parkland and Facilities be considered.

OFFICER'S REPORT

Officer's Report -
Cameron Park - Futu

DISCUSSION**CAMERON PARK– FUTURE USE OF PARKLAND AND FACILITIES**

That the report by the Acting Corporate Services and Risk Manager dated 4 January 2019 on the proposed future use of parkland and facilities at Cameron Park be received and adopted.

In considering the report, the following matters were raised by the Interim Administrator and Interim Management Committee members:

The Interim Administrator invited the Chief Operating Officer (Works, Parks and Recreation) (Bryce Hines) to address the meeting in relation to the Officer's Report.

BRYCE HINES COMMENT

Bryce Hines provided an overview of the committee report:

Council took possession of the Swifts Leagues Club on Brisbane Road a number of years ago due to a mortgagee type settlement. The building functions as a sports club with a large number of poker machine licences besides a liquor and gaming venue that also supports the adjacent bowls club. Because it is reaching the end of its useable life, council undertook a condition assessment on the building. That report indicates that approximately \$1.5 to \$2 million needs to be spent on asset replacement and maintenance on the building over the course of the next ten years. Under the terms of the lease, responsibility for this expenditure lies with the council.

It is questionable whether Council should be investing such funds in a leagues club and therefore council has been exploring some options:

- Option A - sell the premises to Swifts
- Option B - invest up to two million dollars over the next number of years into the building to ensure it meets standards
- Option C - buy Swifts out of the lease, demolish the building as it currently stands and refocus the site as a venue for lawn bowls.

It was noted that both options B and C would both cost ratepayers a significant amount of money.

Council has been in negotiations with Swifts Sports Club as they have expressed an interest in buying the facility. Council has been working on this for the last couple of months and finally reached the point where Council has an in-principle agreement on the land and the price for the sale of the building. Council can sell directly to Swifts as there is an exemption under the Local Government Act to sell directly to a community group without going through an open tender process, subject to the price being equivalent or more than the valuation and the club meeting their requirements as far as demonstrating they are a community club. These two criteria have now been met and the

purpose of the report is twofold, one is that we are recommending to proceed with the sale of the footprint to the Swifts Club but to ensure there is a direct nexus in terms of community benefit from that sale. The site is surrounded by Cameron Park which under the planning scheme is a district level recreation park and at this point in time, the embellishment of this park does not meet our desired standard of service. The recommendation for the second stage is that to demonstrate the community benefit from this sale the proceeds of the sale be utilised to do a significant upgrade of Cameron Park to enable it to meet the desired standard of service and start to meet the potential. To date the park has delivered an acceptable standard of service because it is surrounded with low density residential but medium residential change is starting to occur which is increasing demands.

DISCUSSION

The Interim Administrator and members of the Interim Management Committee raised and discussed the following matters in relation to the officer's report:

- Whether there would be any community concerns or resistance from a continuation or upgraded Swifts Sports Club operations at the site
- Whether any development approvals would be needed; it was noted that the sport club can continue to operate and be refurbished but any other possible change of use such as a shopping centre would require a development application, and probably be refused as it is zoned for recreation use
- Whether any other parties had expressed an interest in the site; it was noted that Swifts had indicated they would be seeking a business partner if they obtained ownership of the site
- The fact that site ownership would allow Swifts and their business partners to borrow funds against the value of the property for capital investment and upgrades
- The history of site management and maintenance that has led to the current situation of the club being in arrears in rent and operating costs, including whether there could be any claim against the club or the council (or both) for lack of compliance with their respective obligations under the lease
- If a sale was contemplated, the need to ensure value-for-money and compliance with the legislation; that the price was at or above market value and the club was for a "community purpose"
- How the council can be assured that this situation doesn't arise again, where the building condition becomes poor
- The possible need to obtain a second independent valuation, preferably by a valuer not traditionally used by council
- The possibility of including a caveat on the title for any sale so that the site must always continue as a community use
- The possibility that council could require approval of any prospective business partner for the Swifts to ensure continued community use.

CLOSED SESSION

It was moved by the Interim Administrator that in accordance with section 275(1)(e) – *contracts proposed to be made by it* - of the *Local Government Regulation 2012*, the meeting move into closed session to discuss the Officer's Report titled Cameron Park – Future Use of Parkland and Facilities.

The meeting moved into closed session at 9.29 am.

It was moved by the Interim Administrator that the meeting move into open session.

The meeting moved into open session at 9.49 am.

DISCUSSION

The Interim Administrator stated that the discussion in closed session was about the risks to council, the community, as well as Swifts and the process on which council had undertaken the investigation and reached its conclusions. In addressing some of these risks, the Interim Administrator asked the Chief Operating Officer (Works, Parks and Recreation) (Bryce Hines) to talk through the community benefits of the process for Swifts and for the community and noted that some of the matters discussed could have been in the open officer's report however these would now be discussed in open session.

BRYCE HINES COMMENT

Bryce Hines made comment that the nature of sporting clubs such as Swifts was that they utilise their leagues club as a means of raising funds which they are required under their constitution to reinvest back into sport and recreation activities. An example would be Swifts, in addition to operating the leagues club, they would support the bowls club on site, as well as a number of sporting teams around the city such as the Swifts Rugby League Club which was one of the largest in the city and others such as Hockey. Bryce stated that for a club like this to be in a situation where they find themselves losing money, was in fact a detriment to the community in the sense that they don't have the funds to be able to invest in those sporting activities. In short a successful club means more revenue which means more assistance to the range of sporting clubs that they support. One of the positive outcomes of the potential sale of this facility and the assumption that the operation will improve, was that they will have additional funds available to them to support sporting clubs in the city.

In terms of further protections for the community, should that be the decision, Bryce suggested a recommendation that Council proceed with a caveat on title to ensure that the premises remain for community purposes which he understood Council could do and that to further test the market value, under the Local Government Act, he suggested a further recommendation that the sale be subject to a further independent valuation from a valuer that potentially was not on council's current panel to ensure full independence.

Bryce suggested that the recommendations be amended to include the following:

- That the sale of the property be subject to a further valuation from an independent valuer to test the market value.
- That a condition of the sale be subject to a caveat on title being placed on the property so that it can only be used for community purposes.
- That reinvestment of funds be back into parkland.

**INTERIM
ADMINISTRATOR
RESPONSE**

The Interim Administrator agreed that the caveat on title and the independent valuation should be an additional recommendation to A to G in the officer's report.

The Interim Administrator made comment that the matter regarding using the surplus proceeds was already included in recommendation G and that he was happy to leave that recommendation as it was. He also stated that this didn't obligate the council to use the surplus proceeds and that it would be Council's intention to apply some part of this money to the upgrade of the park. The Interim Administrator made comment that there might be other higher community priorities for sport and recreation facilities than this matter and that he didn't want to constrain council's budget parameters overall by giving 100% of council's proceeds of sale to this. He stated that he thought the current wording in Recommendation G covered this adequately.

AMENDMENT

It was moved by the Interim Administrator that the report by the Acting Corporate Services and Risk Manager dated 4 January 2019 on the proposed future use of parkland and facilities at Cameron Park be received and adopted subject to the inclusion of Recommendations H and I.

- H. That a further independent valuation by a valuer, other than those on Council's panel of providers, be sought to confirm the initial valuation.
- I. That a caveat be placed on Title for the land to be disposed of that ensures that its use in perpetuity is for purposes consistent with the current use.

RECOMMENDATION:

That the Interim Administrator of Ipswich City Council resolve:

- A. That part of Council-owned land at 95A Brisbane Road, Booval (part of Lot 169 on RP24111), being approximately 1.633 hectares, as identified in Attachment A as "Proposed Land Disposal" (the Land) to the report by the Acting Corporate Services and Risk Manager dated 4 January 2019, is surplus to Council's future requirements.
- B. That the disposal of the Land and the improvements of the Land is a disposal of a valuable non-current asset.
- C. That pursuant to section 236(3) of the *Local Government Regulations 2012* (Qld) (Regulations), that the exemption available under section 236(1)(b)(ii) of the Regulations applies to the disposal of the Land and the improvements on the Land to Swifts as a 'Community Organisation' (as defined Schedule 8 of the Regulations).
- D. That the Land and improvements on the Land can be disposed of other than by tender or auction as required by section 227 of the Regulations.
- E. That Council sell the Land and the improvements on the Land to Swifts Leagues Club Ltd at equal to the market value of the Land (including the market value of the improvements on the Land), as determined by a registered valuer, in compliance with section 236(3) of the Regulations.
- F. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the sale contract to be executed by Council and to do any other acts necessary to implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009*.
- G. That Council may utilise any surplus proceeds from the disposal of the Land to redevelop, upgrade or otherwise embellish Cameron Park to meet the desired standards of service for a district park.

MEETING CLOSED

The meeting closed at 9.55 am.

OFFICER'S REPORT FOR AGENDA OF ORDINARY COUNCIL MEETING 29 JANUARY 2019

AUDITOR GENERAL'S OBSERVATION REPORT

In accordance with section 213 of the *Local Government Regulation 2012* the Mayor is required to present a copy of the Auditor General's Observation Report to the next Ordinary Meeting of the Council following it being received by the Mayor.

In accordance with section 124(2) of the *Local Government Act 2009* the Interim Administrator has all the responsibilities and powers of (a) the local government; and (b) the mayor.

Accordingly, attached is a copy of the report which has also been submitted to the Governance Committee with a recommendation for its referral to Council's Audit and Risk Management Committee for further consideration.

Greg Chemello
Interim Administrator

Governance Committee	
Mtg Date: 22.01.19	OAR: YES
Authorisation: Andrew Knight	

Objective: A5297039

17 January 2019

MEMORANDUM

TO: INTERIM ADMINISTRATOR AND MEMBERS OF GOVERNANCE COMMITTEE

FROM: CHIEF OPERATING OFFICER (FINANCE AND CORPORATE SERVICES DEPARTMENT)

RE: QUEENSLAND AUDIT OFFICE FINAL MANAGEMENT REPORTS 2017-2018

INTRODUCTION:

This is a report by the Chief Operating Officer (Finance and Corporate Services Department) providing an update on the audit of Ipswich City Council, Ipswich City Properties Pty Ltd, Ipswich City Developments Pty Ltd, Ipswich City Enterprises Pty Ltd, Ipswich City Enterprises Investment Pty Ltd and Ipswich Motorsport Park Pty Ltd financial statements for the 2017-2018 financial year.

BACKGROUND:

The Queensland Audit Office (QAO) has completed its audit of Council and the controlled entities financial statements for the 2017-2018 financial year. The Auditor-General has now written to the Interim Administrator providing a copy of the final management reports comprising a summary of issues formally reported to management relating to internal controls and financial reporting matters for attention.

Section 213 of the *Local Government Regulation 2012* provides as follows:

- (1) This section applies if the auditor-general gives the mayor of a local government a copy of the auditor-general's observation report about an audit of the local government's financial statements.
- (2) An auditor-general's observation report, about an audit of a local government's financial statements, is a report about the audit prepared under section 54 of the *Auditor-General Act 2009* that includes observations and suggestions made by the auditor-general about anything arising out of the audit.
- (3) The mayor must present a copy of the report at the next ordinary meeting of the local government.

Whilst the reports will be formally presented by the Administrator at the next Council meeting as required by Section 213, they are also submitted to the Committee for information. It is usual practice for the reports to be referred to the Audit and Risk Management Committee for consideration and further recommendations as to follow-up action. The Audit and Risk Management Committee will also monitor the timely implementation of actions agreed to resolve the issues identified in the QAO reports.

ATTACHMENT:

Name of Attachment	Attachment
Final Management Report - Ipswich City Council	Attachment A
Final Management Report - Ipswich City Properties Pty Ltd	Attachment B
Final Management Report - Ipswich City Developments Pty Ltd	Attachment C
Final Management Report - Ipswich City Enterprises Pty Ltd	Attachment D
Final Management Report - Ipswich City Enterprises Investment Pty Ltd	Attachment E
Final Management Report - Ipswich City Motorsport Park Pty Ltd	Attachment F

RECOMMENDATION:

That the Interim Administrator of Ipswich City Council resolve:

- A. That the Queensland Audit Office Final Management Reports 2017 -2018 for Ipswich City Council and its controlled entities as per Attachments A, B, C, D, E and F to the report of the Chief Operating Officer (Finance and Corporate Services) dated 17 January 2019, be received and noted.
- B. That the Queensland Audit Office Final Management Reports 2017-2018, as per Attachments A, B, C, D, E and F to the report of the Chief Operating Officer (Finance and Corporate Services) of 17 January 2019, be referred to Council's Audit and Risk Management Committee for consideration.

Andrew Knight

**CHIEF OPERATING OFFICER
(FINANCE AND CORPORATE SERVICES DEPARTMENT)**

Your ref:
Our ref: 2018-4167
Patrick Flemming 3149 6041

16 January 2019

Mr G Chemello
Interim Administrator
Ipswich City Council
PO Box 191
IPSWICH QLD 4305

Dear Mr Chemello

Final Management Report for Ipswich City Council (ICC)

We have completed our 2018 financial audit for Ipswich City Council (ICC). I issued an unmodified audit opinion on your financial statements, which included a key audit matter detailing our audit response to identified risks associated with charges made by the Crime and Corruption Commission against current and former employees and councillors.

The purpose of this letter is to provide the council 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. A status update on previously reported issues is included as Appendix B. Our rating definitions for internal control deficiencies is shown in Appendix C.

Report to parliament

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

We will be issuing a report to parliament incorporating your entity. In this report, we will comment on the results of our audit of your financial report, financial position, performance and sustainability matters, and any significant internal control issues we identified. This report is prepared in accordance with the *Auditor-General Act 2009*.

Audit fee

As discussed at the Audit Committee meeting on 28 November 2018, the final audit fee for this year is \$475 500 exclusive of GST (2017: \$275 000).

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 Lisa Fraser on 3149 6132.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P. Flemming', with a stylized flourish at the end.

Patrick Flemming
Sector Director

cc: Mr C Dill, Acting Chief Executive Officer, Ipswich City Council

Mr W Agnew, Director-General, Department of Local Government, Racing and Multicultural Affairs (provided under s54(4)(c) of the *Auditor-General Act 2009*)

Appendix A

New issues identified since our interim management letter dated 19 June 2018

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

Internal control issues - Significant Deficiencies

Ref	Issue	Our recommendation	Status
1.	<p>No policies or procedures in relation to developer infrastructure contributions</p> <p><i>(Control environment)</i></p> <p>We reviewed systems and processes over the assessment and collection of developer infrastructure contributions. We identified that other than the requirements of the <i>Planning Act 2016</i>, Ipswich Planning Scheme and the Adopted Infrastructure Charges Resolution there are no documented policies or procedures over this area. This included policies or procedures for:</p> <ul style="list-style-type: none">• assessing, reviewing and approving a development application from its receipt, to calculating, approving and issuing an infrastructure charge notice• calculating fee variations• approving fee variations and identifying instances where higher delegations / review may be required• monitoring infrastructure charge notices to assess if revenue is due and payable• collecting outstanding charges for completed developments• reporting over the completeness and collection of contributions revenue• reconciling Pathway, ICN Register and Infrastructure Agreement Registers. <p>Implication</p> <p>Without policies or procedures, there is a lack of consistent direction and governance.</p>	<p>Policies and procedures should be developed and documented to reflect the processes for assessing, levying, monitoring, collecting, reporting and reconciling developer contributions revenue to supplement the requirements as set out in the <i>Planning Act 2016</i>, Ipswich Planning Scheme and the Adopted Infrastructure Charges Resolution.</p>	<p>Management Comment:</p> <p>The Adopted Infrastructure Charges Resolution includes guidance on the processes to levy charges and calculate offsets and refunds. It is agreed that a procedure be prepared to ensure consistency in the areas of recalculating infrastructure charges, monitoring of outstanding charges and taking compliance action to supplement the requirements as set out in the <i>Planning Act 2016</i>, Ipswich Planning Scheme and the Adopted Infrastructure Charges Resolution.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Acting City Planner</p> <p>Action date: 30 June 2019</p>

Ref	Issue	Our recommendation	Status
2.	<p>Reconciliation of ICN Register to Pathway for outstanding developer infrastructure contributions</p> <p><i>(Control activities)</i></p> <p>When a development application is approved the details of the development, including the calculated developer contribution charge, as per the Register of Fees and Charges, is entered into Pathway. However the developer contribution charge is not recognised in the general ledger until the works are completed, at which time the charge becomes due and payable.</p> <p>Calculated developer contributions captured and reported in Pathway as at 31 August 2018 was \$302 million. This report includes development applications dating back to 2001. A Register of Infrastructure Charge Notices (ICN) for trunk infrastructure is also maintained. As at 13 June 2018, calculated developer contributions as per this Register were \$294 million.</p> <p>Certain details contained in the ICN Register are required to be maintained under the <i>Planning Act 2016</i>. Due to software limitations in the Pathway Client module and the complexity of the legislative requirements for infrastructure charges, the ICN Register is maintained manually in an Excel spreadsheet.</p> <p>Various details regarding each development application and calculated contributions are the same in both Pathway and the manual ICN Register and in theory, the outstanding balances as per the manual ICN Register should be consistent and reconcile to Pathway. We identified numerous differences between the ICN Register and Pathway. These differences mainly resulted from balances being receipted in Pathway but not being updated in the ICN Register and some development applications not being included in the Register.</p> <p>It was also identified that there were numerous applications included in both Pathway and the ICN Register that had lapsed, or had lapsed and been replaced with a new application and hence included twice. These lapsed applications are still reported in the contributions report.</p>	<ol style="list-style-type: none"> 1. A quarterly reconciliation should be performed between the ICN Register and Pathway to ensure the completeness and accuracy of any calculated infrastructure contributions that are outstanding. 2. A review should be performed to: <ul style="list-style-type: none"> • assess if there are any available options to enable the ICN Register to be maintained in Pathway whilst satisfying the information requirements of the <i>Planning Act 2016</i> and therefore avoiding the need for a separate ICN Register. • determine the ability for the offset transactions in the IA Registers to be recognised in Pathway to avoid inconsistency between Pathway and IA Registers. As a minimum, transactions in the IA Register should be reconciled to Pathways. • determine the ability to reconcile infrastructure credits in IA Registers to contributed assets in the ICC general ledger. 	<p>Management Comment:</p> <p>Agreed that process and systems improvements, including consideration of the inclusion of the ICN register in the functionality in Pathway including offset transactions and infrastructure credits be undertaken.</p> <p>Agreed a quarterly reconciliation process be implemented.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Acting City Planner</p> <p>Action date: 30 September 2019</p>

Ref	Issue	Our recommendation	Status																																			
	<p>We also noted that council maintains separate Infrastructure Agreements and Infrastructure Agreement Registers (IA Registers). These are used to track infrastructure credits allocated to developers for contributed assets. Infrastructure credits are not offset against developer contribution balances in Pathway even though council has received assets, in lieu of cash, to settle this charge. Consequently, transactions that have already been settled are incorrectly appearing as outstanding debts in Pathway and the ICN Register.</p> <p>Implication</p> <p>Council's lack of effective processes is unnecessarily complicating the monitoring of calculated developer contributions.</p> <p>A complex process without regular reconciliations also means council is unable to easily determine projected revenue from developments.</p>																																					
3.	<p>Lack of transparency in calculation of fee variations</p> <p><i>(Control activities)</i></p> <p>Under sec 1.3 of the ICC approved Register of Fees and Charges, upon written request by an applicant, the City Planner, relevant Branch Manager or Team Coordinator has the authority to determine to wholly or partially reduce a Development Application Fee where a strict application of the scheduled fees, in their opinion, is unfair or unreasonable. During the past five years the following discounts on developer application fees have been provided:</p> <table><tr><th>Financial Year</th><th>Number of variations</th><th>Total Prescribed Fees</th><th>Total Fee Charged</th><th>Total Variations</th></tr><tr><td>2014</td><td>81</td><td>1,279,058</td><td>538,299</td><td>- 740,759</td></tr><tr><td>2015</td><td>74</td><td>4,194,914</td><td>1,501,785</td><td>- 2,693,130</td></tr><tr><td>2016</td><td>83</td><td>12,644,364</td><td>2,452,894</td><td>- 10,191,470</td></tr><tr><td>2017</td><td>95</td><td>3,448,469</td><td>444,614</td><td>- 3,003,855</td></tr><tr><td>2018</td><td>85</td><td>2,683,781</td><td>811,036</td><td>- 1,872,745</td></tr><tr><td>Total</td><td>418</td><td>24,250,586</td><td>5,748,628</td><td>- 18,501,958</td></tr></table> <p>Limited documentation was available to support the calculation, determination and justification of the fee variations.</p>	Financial Year	Number of variations	Total Prescribed Fees	Total Fee Charged	Total Variations	2014	81	1,279,058	538,299	- 740,759	2015	74	4,194,914	1,501,785	- 2,693,130	2016	83	12,644,364	2,452,894	- 10,191,470	2017	95	3,448,469	444,614	- 3,003,855	2018	85	2,683,781	811,036	- 1,872,745	Total	418	24,250,586	5,748,628	- 18,501,958	<p>A procedure should be prepared to support the Fees and Charges Register in the determination of fee variations. The procedure should include:</p> <ol style="list-style-type: none">1. A requirement for a detailed analysis and justification of the fee variation along with a request from the relevant applicant on a form.2. A methodology for determining a variation request, including a focus on consistency between variations.3. Council should consider aligning the approval of fee variations to financial delegations to ensure staff with appropriate authority and seniority are considering variations.	<p>Management Comment:</p> <p>Agreed that a procedure be prepared to guide the fee variation process for consistency and ensure that this procedure matches financial delegations.</p> <p>It should also be noted that additional corrective actions have already been undertaken to address the scale of variations that had been processed in the past including:</p> <ul style="list-style-type: none">• The introduction of a contributions cap for major developments which will reduce the scale and need for fee variations for particular major projects.
Financial Year	Number of variations	Total Prescribed Fees	Total Fee Charged	Total Variations																																		
2014	81	1,279,058	538,299	- 740,759																																		
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Ref	Issue	Our recommendation	Status
	<p>We also noted variations were not always consistent between similar applications. There did not appear to be a clear and transparent process for determining the final fee charged. Most fee variations were approved by the relevant Team Coordinator.</p> <p>Implication</p> <p>Without a clear, consistent and transparent process for the calculating and determining of fee variations, council is exposed to unnecessary risk as well as potential bias.</p>	<p>4. A requirement to maintain and collate appropriate supporting documentation to support the calculation, determination, justification and approval of the fee variation.</p> <p>Further consideration should be given to section 4 of the Register of Fees and Charges regarding Development Planning Application Fees with a view to ensuring that the prescribed fees are reflective of council's recovery of costs for assessing these applications.</p> <p>Where variations are given, details of the scale and reasoning for variations should be included in quarterly reporting to the City Planner and Chief Executive Officer and such reporting should be considered in the preparation of fees and charges for the coming financial year.</p>	<ul style="list-style-type: none"> • A recommendation for an adjustment to the fee for change applications which is to be presented to the December round of Council meetings. <p>It is considered that these measures will significantly reduce the frequency and value of variations.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Acting City Planner</p> <p>Action date: 30 June 2019</p>

Ref	Issue	Our recommendation	Status
4.	<p>Enterprise Risk Management (re-raised with increased risk rating)</p> <p><i>(Risk assessment)</i></p> <p>A deficiency was raised during our interim audit in relation to Enterprise Risk Management. At this time we understood that the go live date for all risk registers being reviewed, approved and operational in the CAMMS system was 1 July 2018. This process has since been delayed. We understand that strategic risks are still to be approved and operational risks have been approved and are in the process of being entered into CAMMS. Stage 2, being the development of a Fraud Risk Register and control and risk management plans has not yet commenced.</p> <p>It is noted that a Fraud and Corruption Control Framework is currently being developed and the Complaint Management Policy is in the process of being reviewed, however, neither of these documents are finalised.</p> <p>Implication</p> <p>Risk management is a critical and integral part of good management practice and corporate governance.</p>	<p>We recommend that council's overall Enterprise Risk Management be finalised, approved and implemented as a matter of priority. This includes:</p> <ul style="list-style-type: none"> • Strategic and Operational Risk Registers • Fraud and Corruption Control Framework • Fraud Risk Register • Fraud Control Plan • Control and risk treatment plans • Complaints Management Policy 	<p>Management Comment:</p> <p>Management agrees that Council's Enterprise Risk Management be finalised as a priority including adoption of Council's Strategic Risks</p> <p>All operational risk registers were live in CAMMS by 30 June as agreed and Council is now moving into Stage 2 being the development of the fraud risk register, control plans and embedding risk management across the organisation.</p> <p>To enable this, Risk Management has been identified as a key Transformational Project as part of Council's and the Interim Management Committee's improvement projects.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Corporate Governance and Risk Manager</p> <p>Action date: 31 December 2019</p>

Ref	Issue	Our recommendation	Status
5.	<p>Monitoring of Arrangements with Beneficial Enterprises and Other Entities <i>(Monitoring)</i></p> <p>We identified a relationship with Cherish the Environment Foundation Limited (Cherish) and requested council to assess whether council had control or significant influence over the entity, as per the definitions in the relevant accounting standards. This resulted in Cherish being assessed as a controlled entity of council.</p> <p>Implication</p> <p>Without processes in place for actively monitoring agreements and arrangements with beneficial enterprises and other organisations, council may not be appropriately disclosing all its related party relationships in the financial statements as required by AASB 124 <i>Related Party Transactions</i>.</p>	<p>Council should review and understand its relationship with all organisations that it has an interest in. Council should actively monitor the activities of all these organisations, including for changes in constitutions, which may result in a change in council's relationship with the organisation and the council being deemed to have control or significant influence.</p>	<p>Management Comment:</p> <p>Agreed that Council will review and monitor relationships with organisations Council has an interest in.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Chief Operating Officer F&CS and Executive Leadership Team</p> <p>Action date: 30 June 2019</p>

Internal control issues - Deficiencies

Ref	Issue	Our recommendation	Status
6.	<p>Payments made to a community organisation</p> <p><i>(Control environment)</i></p> <p>We identified that council is providing financial support to a community organisation for the funding of their annual budget deficit. Council has an agreement with this organisation dated 30 March 2008. This agreement provides for council to approve the organisation's annual budget and to make an advance payment if there is a budget deficit each financial year.</p> <p>The organisation is required to provide a quarterly report to council detailing all revenue and expenses for the budget year to date and provide council a copy of its annual report. Since 2014–15, approximately \$343 533 has been paid by council to this organisation of which \$222 786 is attributable to the payment of their budget deficit.</p> <p>Of the organisation's six directors, five directors are either current or former employees of council. We understand that these directors are not appointed as representatives of council and council is not a member of this organisation.</p> <p>Implication</p> <p>The structure of this agreement may unnecessarily expose council to increased financial and reputational risks.</p> <p>Potential or perceived conflicts of interest could exist.</p>	<p>Management should review the appropriateness of this agreement.</p> <p>Management should also review the policy on outside employment to ensure it adequately covers these arrangements. Any delegated approval given under the policy should consider whether a conflict or perceived conflict of interest exists or has the potential to exist.</p> <p>In addition, management should ascertain whether any other similar arrangements exist across council and ensure a record of these is centrally maintained.</p>	<p>Management Comment:</p> <p>Agreed – A recommendation has been made by council officers to the Audit & Risk Management Committee to request the CEO to review this agreement.</p> <p>Management will review its outside employment procedure to ensure it adequately covers these or similar arrangements.</p> <p>Responsible officer: Chief Operating Officer WPR</p> <p>Status: Management undertaking corrective action.</p> <p>Action date: 30 June 2019</p>

Ref	Issue	Our recommendation	Status
7.	<p>Completeness and existence exceptions in relation to artwork</p> <p><i>(Control activities)</i></p> <p>We identified the following deficiencies:</p> <ul style="list-style-type: none"> Four donations from IAFT in December 2017, totalling \$43 000, were not recognised in the Council asset register at 30 June 2018. The portable and attractive register does not include artwork. A "Below Threshold Report" is partially developed but does not include a complete listing. Therefore, no record is maintained in Oracle of all artwork below the recognition threshold of \$1 000. Audit inspected five pieces of artwork on the walls of council buildings which could not be located on the asset register, work in progress or the below asset threshold report. The value of these assets are therefore unknown to audit. Audit inspected one piece of artwork on the walls of council buildings, which had been retired from the asset register (with a cost greater than the recognition threshold). The most valuable piece of artwork held by ICC is placed in the Art Gallery Boardroom and not in a space for public viewing. The asset register includes artwork that has been capitalised with costs below the recognition threshold. A donation from IAFT was not recognised in the council asset register as the donation consisted of two horns. When dividing the value (\$1 500) between the two horns, the value per horn falls below the recognition threshold. It is unlikely the horns would be separated for sale or disposal and therefore, should be recognised as one asset, with a value greater than recognition threshold. 	<p>It is recommended that:</p> <ul style="list-style-type: none"> artworks with a value less than \$1 000 are added to the portable and attractive register the asset register is cleansed to ensure only assets above the recognition threshold are recorded all donations from IAFT are reviewed and recognised in the asset register or portable and attractive register analyse artworks / collections to determine if the value is based on the collection as a whole, or individual components ensure large value assets are displayed to allow for public viewing and enjoyment. 	<p>Management Comment:</p> <p>Council will undertake a review in conjunction with the Director of Ipswich Art Gallery of the art registers and donation process from Ipswich Arts Foundation.</p> <p>Management will need to consider whether it's appropriate to manage the art collection in the below threshold register or place reliance on Art Gallery listings.</p> <p>Further response to be provided after consultation with the Director of Ipswich Art Gallery.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Art Gallery Director, Finance Manager</p> <p>Action date: 31 March 2019</p>

Ref	Issue	Our recommendation	Status
	<p>Implication</p> <p>Without a register for portable and attractive artwork there is an increased risk of misappropriation of assets.</p> <p>A lack of effective processes in place for recognising and recording assets of all values, leads to over/understatement of asset balances.</p>		
8.	<p>Bank reconciliation deficiencies</p> <p><i>(Control activities)</i></p> <p>We identified the following exceptions with bank reconciliations:</p> <ul style="list-style-type: none"> • The general bank reconciliation was reviewed more than 5 weeks after month end on two separate occasions • The trust bank reconciliation was reviewed more than 5 weeks after month end on two separate occasions • The June general bank reconciliation included 17 unrepresented cheques more than 15 months old, which, in accordance with council policy, should have been written off. <p>Implication</p> <p>If the reconciliations are not being reviewed in a timely manner, there is increased risk that errors in the bank reconciliation will not be detected.</p> <p>Long outstanding unrepresented cheques, though small in value, could indicate errors, omissions and/or possible fraudulent activities.</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> • reconciling items in the bank reconciliation are monitored and actioned in accordance with council work instructions and timeframes; and • bank reconciliations are reviewed in a timely manner 	<p>Management Comment:</p> <p>Agreed - Council will ensure timely signing of bank reconciliations. Unpresented cheques process was delayed due to staff changes and is currently being corrected and maintained.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Finance Manager</p> <p>Action date: 31 March 2019</p>
9.	<p>Untimely processing of disposals when renewing an asset</p> <p><i>(Control activities)</i></p> <p>When testing a sample of capitalised projects, four projects were identified as renewals requiring an associated disposal.</p>	<p>Processes be updated to ensure that assets are disposed of when they are physically scrapped or no longer in use.</p>	<p>Management Comment:</p> <p>Council will again further review the decommissioning process between Works, Parks and Recreation Department and Infrastructure Services Department to ensure timely decommissioning.</p>

Ref	Issue	Our recommendation	Status																				
	<p>It was noted that three of the four projects only had the disposal processed following enquiries from audit.</p> <table><tr><th>Project</th><th>Audit Enquiry</th><th>Decommissioned Date</th><th>Capitalisation Date</th><th>Certificate of Practical Completion</th></tr><tr><td>1</td><td>5 April 2018</td><td>9 and 10 April 2018</td><td>15 March 2017</td><td>24 March 2016</td></tr><tr><td>2</td><td>5 April 2018</td><td>6 and 9 April 2018</td><td>11 October 2017</td><td>24 July 2017</td></tr><tr><td>3</td><td>25 September 2018</td><td>3 October 2018</td><td>Adjustment to existing network assets</td><td>8 July 2017</td></tr></table> <p>We have previously raised similar issues with council on the decommissioning process and delays.</p> <p>Implication</p> <p>Untimely disposals can result in misstatement of asset balances.</p>	Project	Audit Enquiry	Decommissioned Date	Capitalisation Date	Certificate of Practical Completion	1	5 April 2018	9 and 10 April 2018	15 March 2017	24 March 2016	2	5 April 2018	6 and 9 April 2018	11 October 2017	24 July 2017	3	25 September 2018	3 October 2018	Adjustment to existing network assets	8 July 2017		<p>Status: Management undertaking corrective action.</p> <p>Responsible person: Business Accounting and Asset Manager (WPR)</p> <p>Action date: 31 March2019</p>
Project	Audit Enquiry	Decommissioned Date	Capitalisation Date	Certificate of Practical Completion																			
1	5 April 2018	9 and 10 April 2018	15 March 2017	24 March 2016																			
2	5 April 2018	6 and 9 April 2018	11 October 2017	24 July 2017																			
3	25 September 2018	3 October 2018	Adjustment to existing network assets	8 July 2017																			
10.	<p>Insufficient action taken for long outstanding WIP projects (re-raised from FY17 Final Management Letter) (Monitoring activities)</p> <p>We identified a large number of projects had not incurred any expenditure for a substantial amount of time.</p> <p>The table below is a summary of our findings:</p> <table><tr><th>Time since money was last spent on project</th><th>Number of projects</th><th>Dollar value of projects</th></tr><tr><td>6 – 12 months ago</td><td>22</td><td>\$574K</td></tr><tr><td>1 to 2 years ago</td><td>42</td><td>\$1.06M</td></tr><tr><td>> 2 years ago</td><td>11</td><td>\$196K</td></tr></table> <p>We queried the status of projects >2 years, and identified 10 of the 11 projects were eligible to be capitalised within the month.</p>	Time since money was last spent on project	Number of projects	Dollar value of projects	6 – 12 months ago	22	\$574K	1 to 2 years ago	42	\$1.06M	> 2 years ago	11	\$196K	<p>It is recommended the monthly outstanding WIP reports are critically reviewed with appropriate action being undertaken within reasonable timeframes.</p>	<p>Management Comment:</p> <p>Council has had a focus, in particularly in Infrastructure Services Department, on capitalisation up to date and the focus was on large dollar amounts. Agreed that further review and capitalisation of the longer outstanding small projects is to occur.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Commercial Finance Manager (IS)</p> <p>Action date: 30 June 2019</p>								
Time since money was last spent on project	Number of projects	Dollar value of projects																					
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> 2 years ago	11	\$196K																					

Ref	Issue	Our recommendation	Status
	<p>Monthly outstanding WIP reports are provided to each department/area for assessment. Based on the findings above, it is evident that these reports are not being critically reviewed and actioned.</p> <p>Implication</p> <p>The existence of long-term projects in capital work in progress (CWIP) that have not had monies spent on them for a number of years indicates that such projects may be completed or discontinued.</p> <p>Without effective review of the CWIP balances there is potential for misstatement in the financial statements as follows:</p> <ul style="list-style-type: none"> • Understatement of depreciation (for those projects not capitalised in a timely manner); and/or • Overstatement of property, plant and equipment and understatement of expenses (for those projects not written off in a timely manner). 		
11.	<p>Non-compliance with Councillor Expenses Reimbursement and Administrative Support Procedure</p> <p><i>(Control activities)</i></p> <p>We identified that over the past three financial years payments have been made for QANTAS club memberships over seven separate councillors.</p> <p>Reimbursement for QANTAS club membership or similar frequent flyer programs are not included as an allowable expense per the Councillor Expense Reimbursement and Administrative Support Procedure.</p> <p>The number of work-related flights for each councillor during the time they had QANTAS club membership over the past three financial years are as follows:</p>	<p>Council should ensure all expenditure incurred is consistent with approved policies and procedures and is considered appropriate for meeting the objectives of the council.</p>	<p>Management Comment:</p> <p>Agreed - Council will review Councillor Expenses Reimbursement and Administrative Support Procedure as part of Councils policy and procedures Transformation Project and review processes prior to 2020 election to ensure expenditure is consistent with approved policies and procedures.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Chief Operating Officer – Finance and Corporate Services</p> <p>Action date: 31 December 2019</p>


Ref	Issue	Our recommendation	Status																																
	<table border="1"> <thead> <tr> <th>Councillor</th><th>Term</th><th>Number of international QANTAS (return) flights</th><th>Number of domestic QANTAS (return) flights</th></tr> </thead> <tbody> <tr> <td>a</td><td>Oct 15 - Oct 18</td><td>2</td><td>2</td></tr> <tr> <td>b</td><td>Sept 16 - Sept 18</td><td>2</td><td>-</td></tr> <tr> <td>c</td><td>Sept 16 - Sept 18</td><td>-</td><td>4</td></tr> <tr> <td>d</td><td>Sept 15 - Sept 19</td><td>-</td><td>1</td></tr> <tr> <td>e</td><td>Feb 17 - Feb 19</td><td>2</td><td>2</td></tr> <tr> <td>f</td><td>Sept 16 - Sept 18</td><td>-</td><td>2</td></tr> <tr> <td>g</td><td>Sept 15 - Sept 19</td><td>-</td><td>2</td></tr> </tbody> </table> <p>Implication</p> <p>Non-compliance with the Councillor Expense Reimbursement and Administrative Support Procedure increases the risk that inappropriate expenditure could be incurred and exposes the council to reputational risk.</p>	Councillor	Term	Number of international QANTAS (return) flights	Number of domestic QANTAS (return) flights	a	Oct 15 - Oct 18	2	2	b	Sept 16 - Sept 18	2	-	c	Sept 16 - Sept 18	-	4	d	Sept 15 - Sept 19	-	1	e	Feb 17 - Feb 19	2	2	f	Sept 16 - Sept 18	-	2	g	Sept 15 - Sept 19	-	2		
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g	Sept 15 - Sept 19	-	2																																
12.	<p>Assessment over current legal claims</p> <p><i>(Monitoring activities)</i></p> <p>No formal review was initially completed and documented over all current legal claims to assess whether there was any potential impact for council which should be disclosed in the financial statements.</p> <p>This review has now been completed by the General Counsel and City Solicitor and audit is satisfied that there are no material contingent liabilities identified as at 30 June 2018.</p> <p>Implication</p> <p>Disclosure of contingent liabilities or contingent assets in council's financial statements is required under accounting standard AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>.</p>	<p>We recommend that council's Legal section, in collaboration with Finance, annually assess all current legal proceedings for potential provision or contingency disclosure. This review should include all external and in-house proceedings.</p> <p>The process used to identify all litigation and claims should be documented, together with a detailed list of all proceedings, including a description of the matter and council's evaluation of its effect on the financial report.</p>	<p>Management Comment:</p> <p>Agreed - Council will develop a more formal process and review its end of financial year plan with Legal to assess all litigation and assess if there is any potential provision or contingency disclosure.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Finance Manager</p> <p>Action date: 30 June 2019</p>																																

Internal control issues – Other Matter



Ref	Issue	Our recommendation	Status
13.	<p>Valuation of Artwork</p> <p><i>(Control activities)</i></p> <p>The Ipswich Arts Foundation Trust (IAFT) offers donors a tax deduction for all artwork approved under the Federal Government's Cultural Gifts Program (CGP). The value of the tax deduction for the artwork is the average of two separate valuations by valuers chosen from an approved panel of five valuers available in south east Queensland. IAFT regularly use the same two valuers each time to manage the cost of the valuation.</p> <p>All artwork is gifted by IAFT to Ipswich City Council and is included in the council's collection upon ratification at council meetings. The artworks are transferred to council at the cost of purchase or the value of donation.</p> <p>Artworks remain in council's fixed asset register at the value transferred until the comprehensive revaluation every five years by an external valuer. This external valuer is historically one of the valuers used by IAFT under the CGP.</p> <p>The total value of council's artwork collection as at 30 June 2018 is \$3.978 million. The last comprehensive valuation was completed at 30 June 2014, at which time, the majority of the artworks decreased in value.</p> <p>While the value of artwork may change for different reasons, audit would not expect to see a significant decrease in value in the fixed asset register given the short timeframe (months in some instances) since it was valued under the CGP. The value of artwork generally appreciates over time.</p> <p>Implication</p> <p>Artwork may not be stated at their fair value.</p>	<p>As artwork is due for comprehensive valuation in 2018/19, appropriate processes are to be put in place to ensure that clear instructions are given to the valuer, valuation is reflective of current market value and council investigate all significant movements in value.</p>	<p>Management Comment:</p> <p>Audit comments are noted – the revaluation in 2019 will be carried out by an independent qualified artwork valuer to ensure the values reflect current value.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Art Gallery Director</p> <p>Action date: 30 June 2019</p>

Financial reporting issues

Ref	Rating	Issue	Our recommendation	Status
14.		<p>No formal impairment assessment undertaken by Council <i>(Property, plant and equipment)</i></p> <p>Council does not undertake a formal assessment for impairment of assets valued at cost on an annual basis. As per accounting standard AASB 136 <i>Impairment of assets</i>, assets must be assessed for indications of impairment annually.</p> <p>We noted that the stocktake instructions include reference to considerations of impairment, however, there is no evidence that this has been undertaken and the results are not compiled and presented.</p> <p>Implication</p> <p>There is an increased risk that:</p> <ul style="list-style-type: none"> the net book value of assets on the asset register may be inaccurate, resulting in an overstatement of property, plant and equipment incorrect net book values of assets may result in incorrect future investment decisions by management. 	<p>It is recommended that the council undertakes a formal annual assessment for impairment in accordance with the accounting standards.</p>	<p>Management Comment:</p> <p>Council's current policy does make requests for departments to consider impairment. Further training and follow up is required.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Finance Manager</p> <p>Action date: 30 June 2019</p>

Appendix B

Previously reported internal control deficiencies

Significant Deficiencies

Ref and Rating	Issue	Status
1. FY18 Interim Management Letter. Similar issue reported in FY17 Final Management Letter	<p>Employees receiving termination payments through Deeds of Release (Control activities)</p> <p>We identified four employees that were terminated through a 'Deed of Release'. Each of the Deeds varied in the agreed incentive provided to the employee. There were inconsistent levels of documentation available to us to support the reason for each of these terminations.</p> <p>There is no policy or guidance on the scenarios where a Deed of Release is appropriate, nor the level or type of supporting documentation required. There is also no framework for establishing a reasonable payout amount.</p>	<p>Management Comment:</p> <p>Recommendation actioned. CEO has issued an instruction for no deeds to be currently entered into. A draft Deed of Release Guidelines has been prepared and approved by CEO. It has been tabled with the Executive Leadership Team.</p> <p>Supervisors and managers are instructed on the performance management process and associated documentation through the Leadership Essentials program that all supervisory staff must attend.</p> <p>Status: Resolved pending QAO verification during 2018/19 audit.</p>
2. FY18 Interim Management Letter	<p>Lack of detailed evidence to support action taken to verify vendor masterfile changes / additions (Control activities)</p> <p>There was a lack of detailed evidence to support action taken to verify vendor masterfile additions / changes in 15 vendor masterfile changes we reviewed.</p>	<p>Management Comment:</p> <p>Process within Accounts Payable and Supplier set up is now more stringent with more information in emails from preparer to reviewer and we are more diligent.</p> <p>Corporate Procurement is finalising edits on checklist to show the validation process that they undertake as part of the process. Will look at this item and the necessary actions and work in consultation with Accounts Payable.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Finance Manager</p> <p>Action date: 28 February 2019</p>

Ref and Rating	Issue	Status
3. FY18 Interim Management Letter	<p>Financial delegation deficiencies</p> <p><i>(Control environment)</i></p> <p>Audit compared Council's Instruments of Sub-Delegation for Contracts and Purchasing to the financial delegations within the Oracle system and noted that these Instruments were not signed as approved by the Chief Executive Officer and were not recently reviewed by council and therefore out of date. The conditions of each Instrument of Sub-Delegation specifies that the delegation is to be reviewed annually.</p> <p>There were inconsistencies between the Instruments of Sub-Delegation and the financial delegations in Oracle for "approve purchase requisitions" by position. Sixty-two positions in Oracle could not be located on the Instruments of Sub-Delegation for the relevant dollar position approval.</p>	<p>Management Comment:</p> <p>Recommendation actioned. The existing financial delegations have been reviewed and updated and instruments signed off by CEO. The process has been changed to reflect quarterly reviews of delegations.</p> <p>These new instruments are saved in Objective under Corporate Governance, Delegations, Active delegations, Sub-delegations and can be provided to QAO if required to close off this item. A delegations register has always existed and is available on the Wire and will be amended as part of the new quarterly update process.</p> <p>Also Corporate Services and Risk Manager is currently working on engaging an external legal firm to undertake a review of the delegations Council wide.</p> <p>Status: Resolved pending QAO verification during 2018/19 audit.</p>
4. FY18 Interim Management Letter	<p>Lack of automated controls surrounding financial delegations for purchase orders raised</p> <p><i>(Control activities)</i></p> <p>Financial delegation and approval occurs for each individual purchase requisition and our testing of these did not identify any significant exceptions.</p> <p>However, current system design and workflow practices allow for a combination of previously authorised purchase requisitions to form a single purchase order to a vendor, where the combined value of the purchase order exceeds the delegation level of the highest approving officer.</p>	<p>Management Comment:</p> <p>ICT has been doing further review and testing with QAO IT audit team. ICT has spent approx. 2 weeks providing details and working through tests to replicate approval processes.</p> <p>Follow up will occur with QAO and agree final changes / recommendations.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Finance Manager and A/Chief Operating Officer (Finance and Corporate Services)</p> <p>Action date: 31 March 2019</p>

Ref and Rating	Issue	Status
5. FY17 Final Management Letter	<p>Council officers engaging legal firms directly <i>(Control activities)</i></p> <p>We have identified that council officers are engaging directly with legal firms to deal with ad hoc legal matters, rather than following council policy of using Council's legal section. Invoices for legal expenses are paid using corporate card or set up as one-time suppliers.</p>	<p>Status: Resolved.</p>

Deficiencies

Ref and Rating	Issue	Status
6. FY18 Interim Management Letter	<p>Non-compliance with community and citywide donations policy</p> <p><i>(Control activities)</i></p> <p>The Community and Citywide Donations Policy stipulates that 'if the maximum amount of any single/cumulative donations for any one applicant or project in any financial year is more than \$5 000 from any particular divisional, citywide or community capital project allocation, the allocation is required to be approved by the CEO in consultation with the Mayor and Deputy Mayor'. No such further approval was obtained for two payments that had a cumulative total exceeding the \$5 000 threshold.</p>	<p>Management Comment:</p> <p>Recommendation actioned. SmartyGrants identifies ABN duplicates and the Community Grants team also regularly cross-reference applications by key words in the applicant's name, so they address the risk and comply with the policy.</p> <p>Status: Resolved pending QAO verification during 2018/19 audit.</p>
7. FY18 Interim Management Letter	<p>Redundant purchase order data in Oracle</p> <p><i>(Information and communication)</i></p> <p>Audit was advised that all purchase order requisitions, irrespective of their status, are retained within Oracle. We reviewed the open purchase order listing as at 21 March 2018 and observed a significant volume of purchase orders which appear to be old, redundant or irrelevant, with some purchase orders dating back to 2008.</p>	<p>Management Comment:</p> <p>All open orders prior to 2015 have been closed off. Corporate Procurement will have discussions with the other procurement teams during the Procurement Strategy meetings and determine a process and procedure to actively address this item and ensure that a regular review is undertaken of all open purchase orders.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Procurement Manager</p> <p>Action date: 31 December 2018</p>
8. FY18 Interim Management Letter	<p>Payroll Masterfile changes</p> <p><i>(Control activities)</i></p> <p>Two instances were identified where the independent senior officer failed to sign off approval for changes made to the payroll masterfile. It is noted that supporting documentation was attached to support each masterfile change.</p>	<p>Management Comment:</p> <p>Recommendation actioned. Master File changes are reviewed, signed and dated by Manager People & Culture.</p> <p>Status: Resolved pending QAO verification during 2018/19 audit.</p>

Ref and Rating	Issue	Status
9. FY18 Interim Management Letter	<p>Capitalisation date of assets <i>(Control activities)</i></p> <p>WIP Additions</p> <p>Capitalisation dates were not consistent with the date of practical completion. In some instances, 12 months had passed from practical completion to the assets being capitalised in the fixed asset register.</p> <p>Assets Contributed by Developers</p> <p>It was identified that the depreciation start date as recorded in the fixed asset register is not consistent with the on-maintenance date as communicated by the Planning and Development Department.</p>	<p>Management Comment:</p> <p>Recommendation actioned. We are now using date of 'on maintenance' as per the memo rather than date of the memo, except in circumstances where it appears 'on maintenance' date goes back a sufficient amount of time and this will be investigated accordingly.</p> <p>Status: Resolved pending QAO verification during 2018/19 audit.</p>
10. FY18 Interim Management Letter	<p>Accuracy and completeness of PPE reconciliation <i>(Control activities)</i></p> <p>The Property, Plant and Equipment reconciliation did not always tie to supporting reports and included values against line items which would be expected to be questioned as part of the preparation and review processes. We have consistently encountered issues with council's PPE reconciliation, with similar difficulties noted during prior year testing.</p>	<p>Management Comment:</p> <p>Recommendation actioned. Process has been reviewed and controls in place to reduce errors.</p> <p>Status: Resolved pending QAO verification during 2018/19 audit.</p>
11. FY18 Interim Management Letter	<p>Internal audit plan requires updating <i>(Monitoring)</i></p> <p>Whilst we acknowledge that the Internal Audit 3-year strategic audit plan 2017-2020 touches on the organisation's operational risks, more could be done to closer align the specific organisational risks to the annual internal audit plan.</p>	<p>Management Comment:</p> <p>The next Internal Audit Plan activities were completed at the time this issue was raised.</p> <p>This will be incorporated in the next round of planning to take place early next year, if the operational risk registers are in place and up to date.</p> <p>Status: Management undertaking corrective action.</p>

Ref and Rating	Issue	Status
	<p>Local Government Regulation 2012, s207 requires that for each financial year, a local government must prepare an internal audit plan that includes statements about the way in which the operational risks have been evaluated; the most significant operational risks identified from the evaluation; and the control measures adopted to manage the most significant operational risks.</p> <p>These requirements have not been documented in the 2017-18 Internal Audit Plan.</p>	<p>Responsible person: Chief Audit Executive</p> <p>Action date: TBA</p>
12. FY18 Interim Management Letter	<p>Security configuration for Active Directory</p> <p><i>(Control activities)</i></p> <p>We identified inconsistencies between Council's ICT Password Management Directive and the password security setting to access Council's network (Active Directory).</p>	<p>Management Comment:</p> <p>Agreed: Review and update of ICT password directive has been completed. Active Directory settings for privileged accounts have been configured to reflect the standards required or better</p> <p>Status: Resolved pending QAO verification during 2018/19 audit.</p>
13. FY18 Interim Management Letter	<p>System access for users who changed their roles and responsibilities in Council</p> <p><i>(Control activities)</i></p> <p>Council does not have a consistent process to notify ICT about users who are terminated and/or change their roles and responsibilities in council.</p> <p>We compared the list of terminated personnel from 2016 to 2018 to the list of users who can access council's network and Oracle eBusiness system. We found that there are 27 terminated personnel who still have access to council's network. Seven of these users also have access to Oracle eBusiness system.</p> <p>Council advised us that it re-engaged these users for different roles and responsibilities following their terminations. ICT, however, did not receive notification from human resource or the business unit that they have terminated these users from their previous roles and responsibilities.</p>	<p>Management Comment:</p> <p>Agree. Following the completion of the HRIS project warranty period, ICT will review the process of automating employee termination or transfers.</p> <p>Status: Work in progress</p> <p>Responsible person: ICT Manager</p> <p>Action date: 30 June 2019</p>

Ref and Rating	Issue	Status
14. Re-raised in FY18 from original issue in FY16 Final Management Letter	<p>Managing access to council's network (Active Directory) <i>(Control activities)</i></p> <p>We noted that there are 116 user accounts in Active Directory that do not require users to change their password regularly (i.e. passwords set to never expire). This included eight user accounts that belong to ICT vendors.</p>	<p>Management Comment:</p> <ol style="list-style-type: none"> 1. Council ICT has performed a user account review with consideration to expiration settings. Expiration settings for user accounts have been updated to reflect the recommendation. 2. Noted. ICT will review recommendation and make determination on a suitable solution to further improve vendor account monitoring process. <p>Status: Subject to QAO testing in 18/19 audit, part 1 of the recommendations regarding expiry dates has been completed.</p> <p>Council is working through possible solutions with vendors</p> <p>Responsible person: ICT Manager</p> <p>Action date: 31 March 2019</p>
15. FY17 Final Management Letter	<p>Improvements to councillors' Register of Interests <i>(Control environment)</i></p> <p>We noted difficulty in using the councillors' registers of interests to identify related parties and conflicts of interest.</p>	<p>Status: Resolved.</p>
16. FY16 Final Management Letter	<p>Elected Council oversight of controlled entities and making information publicly available <i>(Information and communication)</i></p> <p>During our 2015–16 and our 2016–17 audit we raised an issue about the council's oversight of the controlled entities and made the following recommendations:</p> <ol style="list-style-type: none"> 1. Council adopt a formal policy to cover the oversight (management) of its controlled entities. 2. A director of each controlled entity should provide regular reports at council meetings. 3. Council meetings to consider the controlled entities' audited financial statements and external audit reports. 	<p>Status: Resolved.</p>

Ref and Rating	Issue	Status
17. FY17 Final Management Letter	<p>Clear written instructions were not provided to the valuation expert <i>(Information and communication)</i></p> <p>Through direct discussions with management's valuation expert (the valuer), we identified that the valuation requirements for 'buildings and structures' changed many times throughout this year's valuation. The valuer did not receive clear instructions about which assets were to be valued and which assets excluded. Council added and excluded assets progressively throughout the process.</p>	Status: Resolved.
18. FY17 Final Management Letter	<p>Journals not signed <i>(Control activities)</i></p> <p>We identified instances of journal records not being signed by the preparing or authorising or posting officers, rather the names of the officers were typed on the journal.</p>	Status: Resolved.
19. FY17 Final Management Letter	<p>Incorrect coding of expenses - Corporate credit cards <i>(Control activities)</i></p> <p>We identified instances where expenses had been incorrectly capitalised. While most items identified were low in value, we also identified travel to, and accommodation for, conference attendance which had been charged to work in progress.</p>	<p>Management Comment:</p> <p>Corporate credit card transactions coded to WIP will be reviewed for operational expenses and transferred.</p> <p>Training has been provided to staff in the key departments who manage capital projects regarding the criteria to determine if expenses are recurrent or capital in nature.</p> <p>Status: Resolved pending QAO verification during 2018/19 audit.</p>

Ref and Rating	Issue	Status
20. FY17 Final Management Letter	<p>Councillor reimbursements approval of claims <i>(Control activities)</i></p> <p>Testing completed over councillor expense reimbursement claims identified that some claims had not been approved; were posted to the general ledger before being approved; had been coded to the wrong account or were not submitted or approved in a timely manner.</p>	Status: Resolved.
21. FY16 Final Management Letter	<p>Disaster Recovery <i>(Control environment)</i></p> <p>There was limited assurance that council would be able to recover key systems within suitable timeframes in the event of a disaster as council did not have a secondary data centre. Council had not updated the IT disaster and key applications recovery plan.</p>	Status: Resolved.
22. FY17 Final Management Letter	<p>ICT policy and procedure documents overdue for review <i>(Control Environment)</i></p> <p>Council had not reviewed and updated the ICT policy and directives since 2012 and 2013. We also raised this issue in 2015–16 audit.</p> <p>We understand that an overarching ICT policy is awaiting approval, which will enable Council to implement new ICT directives.</p>	Status: Resolved.

Other matters




Ref	Issue	Status
23. FY18 Interim Management Letter	<p>Current contract management reporting may not readily assist in analysing and reporting over procurement</p> <p><i>(Information and communication)</i></p> <p>We acknowledge the efforts of Council to improve data collection and management reporting around procurement and contract management. In our enquiries, the collation and production of these reports is not timely for management and requires substantial resources to prepare.</p> <p>Furthermore, there is no defined and documented quality review process. We also note that a dashboard was trialled in October 2017 but has not yet been rolled-out.</p>	<p>Management Comment:</p> <p>Corporate Procurement has launched a concept brief into the ICT Branch regarding contract management and Oracle reporting functionality and availability. The ICT Branch is working on the next stage of the concept brief development process. This item is currently being worked on.</p> <p>Initial reporting will be prepared based on current dashboards.</p> <p>Further review will be incorporated into the transformational projects regarding procurement and operational reporting by December 2019.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Finance Manager and Procurement Manager</p> <p>Action date: Initial current reporting – 28 February 2019</p>
24. FY18 Interim Management Letter	<p>Procurement Planning and risk treatment could be improved</p> <p><i>(Risk assessment)</i></p> <p>We recognise the improvements recently implemented by council through the development of a procurement framework. We offer the following observations to further strengthen the process:</p> <ul style="list-style-type: none"> • Utilising a council-wide strategic procurement approach may assist in improved planning and execution of procurement • Aligning council resources to the level of risk in procurement processing and contract management for medium to large procurement projects. 	<p>Management Comment:</p> <p>Procurement Review underway - draft report in four weeks. The suggested improvement will be referred to the Procurement Transformational Project for consideration.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Procurement Manager</p> <p>Action date: TBA</p>

Ref	Issue	Status
25. FY18 Interim Management Letter	<p>Vendors with an ABN status of cancelled</p> <p>Audit extracted a listing of all vendors ABNs from the vendor masterfile and ran the list through the 'ABN Lookup' tool obtained from the Australian Business Register (ABR) website. Two vendors have an ABN status of 'cancelled'.</p>	<p>Management Comment:</p> <p>At present we are tidying up information on suppliers that are not being used by end dating them. Once this has been completed, ABN check will be performed. On-going this will be actioned quarterly.</p> <p>Status: Management undertaking corrective action.</p> <p>Responsible person: Finance Manager</p> <p>Action date: 31 March 2019</p>
26. FY17 Final Management Letter	<p>Monitoring of access to Oracle eBusiness database and infrastructure.</p> <p>Council does not enable audit logging on the Oracle eBusiness database due to concerns over the impact to system performance. While other controls are operating, we believe that audit logging is the most efficient and effective means of identify unauthorised access or changes to the Oracle eBusiness production servers.</p>	<p>Status: Resolved.</p>
27. FY17 Final Management Letter	<p>Ipswich Arts Foundation and Ipswich Arts Foundation Trust – preparation of financial statements.</p> <p>We note that an external accountant is engagement to prepare the financial statements of the Ipswich Arts Foundation and the Ipswich Arts Foundation Trust costing approximately \$12 000.</p>	<p>Status: Resolved.</p>

Appendix C




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.	<p>This requires immediate management action to resolve.</p>
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>	<p>We expect management action will be taken in a timely manner to resolve deficiencies.</p>
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>	<p>Our recommendation may be implemented at management's discretion.</p>

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: 2018-4186

16 January 2019

Mr G Chemello
Chairperson
Ipswich City Properties Pty Ltd
PO Box 191
IPSWICH QLD 4305

Dear Mr Chemello

Final Management Report for Ipswich City Properties

We have completed our 2018 financial audit for Ipswich City Properties Pty Ltd (ICP). 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 ICP in a report to parliament. In this report, we will comment the results of our audit of your financial report, financial position, performance and sustainability matters, 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 \$55 000 exclusive of GST (2017: \$20 000). This fee is more than the \$32 500 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 FY18 final management letter		<p>Compliance with expenditure policy in relation to obtaining quotes</p> <p>This issue was raised in the prior year. The management response was as follows:</p> <p><i>The Company procurement policy will be reviewed and appropriately updated to reflect supply opportunities that may be provided through development partners. The procurement policy will also be updated to provide guidance in relation to donations and contributions. Revised procurement policy will be recommended to the Board for consideration.</i></p> <p><i>Company Directors and officers will be provided with a refresher in the general principles of good procurement as well as the application of the procurement policy including the documentation of decision processes.</i></p> <p>Following an audit enquiry about implementation progress during 2018, management provided a further response as follows:</p> <p><i>These audit issues were discussed directly with the former Company Secretary and Company Officers. The need for robust procurement was raised and reiterated on numerous occasions throughout the year. While due consideration was given to the matters raised during the 2016–17 audit, no formal review of the procurement policy was undertaken. For the majority of the procurement activities related to the redevelopment that have been undertaken during 2017–18 have been subject to external probity reviews. Attention was drawn to the report from UHY Haines Norton "Review of the Probity of Procurement Process for Ipswich City Properties Pty Ltd tender process of the Site Remediation Works tender for Murphy's Pub."</i></p>	<p>We recommend:</p> <ul style="list-style-type: none"> • ICP should comply with its procurement policy to obtain three quotes. • Updating ICP's procurement policy to encompass current circumstances where contracts are being extended each year. • ICP procurement policy be updated to require compliance with ICC purchasing policy similar to that outlined in ICP's Procurement Management Plan (section 7.1). • A policy be developed for donations / contributions to ensure alignment with ICP's constitutional objectives. 	<p>Management Comment:</p> <p>A revised Governance Framework, encompassing the CBD Transformation Project and Commercial Asset Management Functions, is currently under development and will reinforce key procurement principles in line with Ipswich City Council existing policies and procedures. Noting the intention to transfer Company operations to Ipswich City Council and commence its wind up.</p>


Ref	Rating	Issue	Our recommendation	Status
		<p>The lack of review and update of policy in relation to procurement reduces accountability and may contribute to reduced value for money being achieved by ICP. It is noted that ICP's Procurement Management Plan (section 7.1) requires that procurement for the CBD Transformation be conducted in accordance with council procurement policies and procedures.</p> <p>The following are matters noted in the current year:</p> <p>1. Three quotes were not obtained</p> <p>ICP Procurement Policy requires three quotes to be obtained for the supply of all goods and services to the Company involving a cost of more than \$20,000 plus GST or for a lower cost where it is deemed appropriate by the Board. Audit noted the following instances where three quotes were not obtained:</p> <ul style="list-style-type: none"> • Project A - cleaning services required covering the period part February 2018 to 30 June 2018. Two quotes obtained covering the period. Both quotes exceeded \$20 000. • Project B – Entity A were selected due to their experience. Cost involved approximated \$39 000 including GST. <p>2. Contract extensions - ICP did not go back to the market</p> <p>The matter of the following contract extensions being renewed without going back to market were raised in the prior year. External providers deliver a number of services used to manage the shopping complex, under contract. We noted four entities which on expiry of the above contracts, extension approval was considered in the adoption of the company's budget.</p> <p>Implication</p> <p>The company cannot demonstrate it has achieved value for money.</p>		

Ref	Rating	Issue	Our recommendation	Status
2. Re-raised in FY18 final from original issue in FY17 final management letter		<p>Bank reconciliations not reviewed</p> <p>ICP maintain two bank accounts and prepare a monthly bank reconciliation for each bank 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.</p> <p>The April 2018 and May 2018 bank reconciliations were signed by the reviewer on 29 June 2018.</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>Agree. 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>
3. FY18 final management letter		<p>Approval documents not signed</p> <p>There are a number of entities which are engaged to provide services without the need to go to formal market. The approval for these entities to be sole select entities is outlined in the Consultant Procurement Plan. The rationale for sole select refers to certain key disciplines which have been involved with preliminary work involving the CBD redevelopment and it is considered advantageous to seek their sole submissions to leverage their project knowledge and mitigate any delays in the commencement of schematic design and other services. A fee submission is obtained from the five consultants to leverage their project knowledge.</p> <p>The signed version of the Consultant Procurement Plan was not able to be located and produced to audit.</p> <p>Implication</p> <p>Lack of evidence of formal approval over the Consultant Procurement Plan reduces accountability of the sole select process.</p>	<p>It is recommended that continued efforts to locate the signed version of the Consultant Procurement Plan.</p> <p>Management must review document capture processes to ensure that signed documents are appropriately filed to enable ease of location.</p>	<p>Management Comment:</p> <p>The identification and recording of Company records will be addressed as part of the intended transfer of Company operations to Ipswich City Council. This will include an alignment with existing Council processes while ensuring that unique and specific needs of the CBD Transformation Project can also be achieved.</p>


Ref	Rating	Issue	Our recommendation	Status
4. FY18 final management letter		<p>Annual reporting of loan</p> <p>The loan approvals provided by the Under Treasurer have a requirement to provide annual reports to the Department of Local Government, Racing and Multicultural Affairs, including information relating to the outstanding balance of the loan at 30 June each year.</p> <p>Audit was advised that ICP was unaware of whether formal reporting had occurred, however, the most recent ICP financial statements have been accessed by the Department from the Ipswich Commercial website.</p> <p>Implication</p> <p>Potential breach of loan approval requirements.</p>	It is recommended that ICP contact the Department in regard to the provision of the loan approval information.	<p>Management Comment:</p> <p>Council will contact the Department to ascertain which if any financial periods have not been provided to the Department and address any other potential information needs.</p>
5. FY18 final management letter		<p>No overall budget for ICP</p> <p>ICP does not produce an annual budget and future forecasts covering its overall operations. There are budgets for projects / classes of operations but not for an overall position.</p> <p>Implication</p> <p>Monitoring of ICP's overall position currently and into the future does not formally occur.</p>	It is recommended that ICP produce an annual budget and future forecasts with regular monitoring and reporting against those budgets / forecasts.	<p>Management Comment:</p> <p>It is noted that while no overall budget has previously been complied for the Company, budgets are prepared for the separate functional components or segments of the Company, including both the retail operations and specific projects. These budgets are monitored at their component levels.</p>

Other matters

Ref	Rating	Matter	Our recommendation	Status update from management
6. FY18 final management letter		<p>KMP declarations not completed</p> <p>KMP declarations have only been obtained from two out of eight ICP directors.</p> <p>Implication</p> <p>Lack of KMP declarations reduces ICP's ability to discharge its obligation to identify, analyse and report on related party relationships and transactions. Related party relationships and transactions may exist which should be disclosed but are not. Accountability is reduced.</p>	<p>We recommend that processes be implemented to ensure that related party transactions outside the Ipswich City Council and its controlled entities are separately captured.</p>	<p>Management Comment:</p> <p>KMP declarations were provided to and requested from Directors at 30 June excluding those Directors facing CCC charges. Two of the KMP's returned their declarations and the third was never returned. The Finance Branch made several unsuccessful attempts to communicate with the Director to seek the return of the KMP declarations. Noting that the Company has changed its operating structure to a sole Director and the intention for the Company to proceed toward wind up, improved communication with all 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>

Ref	Rating	Matter	Our recommendation	Status update from management										
7. FY18 final management letter		<p>Potential Loan Cap Breach</p> <p>The Under Treasurer provided approval for ICC to enter into a loan agreement with ICP. The purpose of the loan was to acquire Ipswich City Square Property and Incidentals. The original approval on 7 March 2009 was for a loan agreement total of \$50 million with ICC to ensure that the loan is capped at \$50 million. The latest Under Treasurer approval dated 12 June 2015 increased this limit to \$75 million. The council was again required to ensure that the amount was capped at \$75 million. The loan cap included but was not restricted to the principal outstanding and all interest and such items as legal fees, penalty interest, bank fees and charges, costs etc.</p> <p>The latest loan statement from ICC to ICP disclosed the following life to date totals:</p> <table><tr><td>Advances</td><td>\$87,292,376.29</td></tr><tr><td>Principal Repayments</td><td>\$14,656,400.00</td></tr><tr><td>Accrued Interest</td><td>\$21,192,305.41</td></tr><tr><td>Write-down of loans</td><td>\$30,051,548.54</td></tr><tr><td>Closing balance</td><td>\$63,776,733.16</td></tr></table> <p>Accrued Interest has not been charged for 2016–17 and 2017–18. In addition, the \$34 million loan forgiveness in 2015–16 included \$4 million of accrued interest not included in the above totals. Additional loan funds have been made to ICP subsequent to the occurrence of the debt forgiveness.</p> <p>Total loan funds / costs including interest not paid / accrued exceeds \$100 million with repayments reducing the total to approximately \$86 million.</p> <p>The Under Treasurer approval does not expressly provide for the write down of the loan due to the impact of historical economic conditions on the pace of the redevelopment activities at the Ipswich City Square site.</p> <p>Implication</p> <p>The loan cap amount of \$75 million has potentially been exceeded. Net funds used (including accrued interest written off / not charged) for the acquisition of Ipswich City Square and incidentals exceeds \$86 million.</p>	Advances	\$87,292,376.29	Principal Repayments	\$14,656,400.00	Accrued Interest	\$21,192,305.41	Write-down of loans	\$30,051,548.54	Closing balance	\$63,776,733.16	<p>It is recommended that advice is provided to the Under Treasurer of the effect of the above transactions and the potential breach of the \$75 million cap.</p> <p>Ensure that the above circumstances are brought to the attention of current Transformation Project review and KPMG's development of the Business Case.</p>	<p>Management Comment:</p> <p>QAO's observation of the potential breach of the loan cap including the total of the advances, as a result of the actions of the former Council is noted.</p> <p>In view of Council's intention to wind up and deregister the Company, Council will communicate with the Department and Treasury to provide details of the loan transactions over the whole of life of the loan, including the potential breach of the loan cap.</p>
Advances	\$87,292,376.29													
Principal Repayments	\$14,656,400.00													
Accrued Interest	\$21,192,305.41													
Write-down of loans	\$30,051,548.54													
Closing balance	\$63,776,733.16													




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

Ref	Rating	Issue	Status update
1. FY17 final management letter		<p>Robustness of process used to engage developers</p> <p>No overall assessment was performed by ICP to establish why poor outcomes were achieved from submissions and the processes that would be necessary to ensure that this did not recur in future.</p>	Status: Unresolved.

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.	<p>This requires immediate management action to resolve.</p>
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>	<p>We expect management action will be taken in a timely manner to resolve deficiencies.</p>
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>	<p>Our recommendation may be implemented at management's discretion.</p>

Your ref:
Our ref: 2018-4232

21 December 2018

Greg Chemello
Interim Administrator
Ipswich City Council
PO Box 191
IPSWICH QLD 4305

Dear Mr Chemello,

Final Management Report for Ipswich City Developments

We have completed our 2018 financial audit for Ipswich City Developments (ICD). 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 ICD 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 \$14 500 exclusive of GST (2017: \$11 200). This fee is more than the \$10 000 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>ICD 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 April 2018 and May 2018 bank reconciliations were signed by the reviewer, but not until 29 June 2018.</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>	<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>	<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 ICD directors, except for one director.</p> <p>Implication</p> <p>Lack of KMP declarations reduces ICD's ability to identify related party relationships and transactions. Related party relationships and transactions may exist which should be disclosed but are not.</p>	We recommend that a quality control process should be implemented to ensure KMP declarations are completed by all directors.	<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 presently in Members Voluntary Liquidation, 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>

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

Ref	Rating	Issue	Status update
1. FY17 final management letter		Sale of Redbank Plains – Retail and Residential – not offered to market Non-compliance with procurement policies.	Status: Unresolved. Recommendations not implemented prior to commencement of winding up process.
2. FY17 final management letter		Debit card expenditure not independently approved ICD has four officers with debit cards. Debit card expenditure in 2016-2017 totalled \$26,118.99. No independent approval of expenditure paid on debit cards is obtained.	Status: Resolved.




Previously reported financial reporting issues – final management letter issued 12 December 2017

Ref	Rating	Issue	Status update from management
3. FY17 final management letter		Administration Costs (Accrual – methodology) The financial statements disclose an accrual payable for administration costs for 2016-2017 totalling \$156 000 to Ipswich City Council. The company accrues \$13 000 per month for administration fees. ICD pays the administration costs when it completes projects. The month accrual is a traditional charge. We were not provided with working papers showing its calculation or composition were not provided. The company is currently reviewing the composition of administration charges.	Status: Unresolved. Recommendations not implemented prior to commencement of winding up process.

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: 2018-4249

21 December 2018

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

Dear Mr Chemello,

Final Management Report for Ipswich City Enterprises Pty Ltd (ICE)

We have completed our 2018 financial audit for Ipswich City Enterprises (ICE). 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 ICE 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 \$10 000 exclusive of GST (2017: \$6 000). This fee is more than the \$5 500 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		Bank reconciliations not reviewed ICE 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 April 2018 and May 2018 bank reconciliations were signed by the reviewer, but not until 29 June 2018. Implication Lack of formal and/or timely independent review may result in inappropriate transactions not being detected and appropriately dealt with in a timely manner.	It is recommended that the preparing officer sign all bank reconciliation statements and an independent officer formally review and sign within a timely period.	Management Comment: 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. Status: Resolved.




Other matters

Ref	Rating	Matter	Our recommendation	Status
2. FY18 Final Management Letter		<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		Bank reconciliations not reviewed 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. Implication Lack of formal and/or timely independent review may result in inappropriate transactions not being detected and appropriately dealt with in a timely manner.	It is recommended that the preparing officer sign all bank reconciliation statements and an independent officer formally review and sign within a timely period.	Management Comment: 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. Status: Resolved.




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>

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: 2018-4330

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>	<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>	<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>

<p>2. FY18 Final Management Letter</p>		<p>Bank signatory – one only for primary account</p> <p>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.</p> <p>Implication</p> <p>Lack of segregation of duties related to bank account signatories increases the risk for misappropriation of funds.</p>	<p>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.</p>	<p>Management Comment:</p> <p>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.</p> <p>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.</p> <p>Status: Recommendations not implemented prior to wind up of company.</p>
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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>	Status: 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.

Council Ordinary Meeting Committee	
Mtg Date: 29.01.19	OAR: YES
Authorisation: Bryce Hines	

A5275791

4 January 2019

MEMORANDUM

TO: CHIEF OPERATING OFFICER (WORKS, PARKS AND RECREATION)

FROM: ACTING CORPORATE SERVICES AND RISK MANAGER

RE: CAMERON PARK – FUTURE USE OF PARKLAND AND FACILITIES

INTRODUCTION:

This is a report by the Acting Corporate Services and Risk Manager dated 4 January 2019 concerning the proposed disposal by Ipswich City Council (Council) of part of 95A Brisbane Road, Booval described as part of Lot 169 on RP24111 to the Swifts Leagues Club Ltd ACN 010 165 045 [ABN 58 010 165 045] (Swifts).

BACKGROUND:

Council owns improved freehold land (Cameron Park) at 95A Brisbane Road, Booval (Lot 169 on RP24111 - 5.729 ha). Through a 20 year lease (with 2 x 10 year options) for part of the land which commenced on 6 September 2001, Swifts have exclusive use of the site for a sports and recreation club. This arrangement provides a number of beneficial sport and recreational outcomes for the community including lawn bowls, futsal courts and a clubhouse offering gaming and dining facilities.

The lease requires Swifts to repair and maintain the facility in accordance with agreed maintenance standards. Although Council has raised concerns with Swifts regarding the current condition of the facility and the fulfilment of Swifts maintenance obligations under the lease, Swifts are not obliged to undertake structural work (unless it is needed because of certain stated events, such as their own act, neglect or default).

As the facility is nearing the end of its useful life, a number of major upgrades (estimated cost between \$1.0 and \$1.5 million) will be required to be funded by Council over the next ten years to ensure the facility remains fit-for-purpose.

The rent payable by Swifts under the lease for the 12 month period (2018-2019) totalled \$16,358 (excluding GST). In addition, under the lease terms, Swifts are required to pay Council rates, as well as other utilities. As at 2 January 2019, Swifts were in arrears for both rent and rates.

Council has supported Swifts where possible to ensure that the club remains a viable going concern and that Council's investment in the facility achieves value for money for the community. However, the condition of the premises, the required capital works and upgrades and Swifts non-payment of rent, rates and utilities (as well as other lease issues) renders the current arrangement unfavourable to Council (and the community).

In 2018 following discussions between Council and Swifts regarding Swifts obligations under the lease, Swifts enquired about the possible acquisition of the facility and an area of land surrounding the facility. Preliminary discussions have occurred between the parties on Swifts proposal.

The land (and improvements) proposed to be disposed of to Swifts incorporates the current lease area plus the additional existing car park area and established services (refer to Attachment A).

DISCUSSION:

COUNCIL'S AUTHORITY TO ENTER INTO A CONTRACT OF SALE WITH SWIFTS

(a) Is Swifts a Community Organisation?

Swifts is a public company limited by guarantee registered with the Australian Securities and Investments Commission (ASIC). Swifts is a not-for-profit entity but is not a registered charity with the Australian Charities and Not-for-profits (ACNC) (the charities regulator). In order to enter into the proposed arrangements with the Swifts, Council must be satisfied that the arrangements comply with the local government principles and comply with the requirements set out within the *Local Government Regulations 2012* (Qld) (Regulations).

Under section 236 of the Regulations, Council has the ability to dispose of a valuable non-current asset without going through the tender and auction requirements of section 227, if (amongst other criteria) the disposal is to a community organisation (refer to section 236(1)(b)(ii)), and Council (before the disposal) has decided by resolution that the exemption contained in section 236(1) may apply (refer to section 236(2)).

Schedule 8 of the Regulations defines a 'Community Organisation' as:

"Community Organisation means—

(a) an entity that carries on activities for a public purpose; or

(b) another entity whose primary object is not directed at making a profit."

The Regulations do not define what is meant by ‘public purpose’. To establish that Swifts is a Community Organisation for the purposes of the Regulations, Swifts must have a public purpose that is in the public interest.

When defining the meaning of ‘public’ and the benefit deriving to a ‘sufficient section of the community’, consideration needs to be given as to how the benefit is defined and how broadly can the benefits of an organisation’s activities extending into the community be measured as sufficient.

It is generally accepted that sporting organisations provide a public benefit on the basis that they improve health and encourage social and community welfare. Rule 3(2) of the Swifts’ constitution provides that the objects of the organisation is *‘for the benefit of the local or general community’*. Further, rules 5.1 and 6 provide that the organisation’s income must be applied to its objects and that the income and property of the organisation cannot be provided to its members. Further, upon a winding up, rule 112 provides that the property held by the Swifts must be provided to an organisation with similar objects.

On the basis of the above, Swifts can be regarded as a Community Organisation for the purposes of the Regulations.

A warranty is proposed to be included in the contract with the Swifts that it meets the requirements of the Regulations, in that it carries on its activities for a public purpose.

(b) Is the land a ‘valuable non-current asset?’

For the purpose of this report, the land (and improvements) proposed to be disposed to Swifts is a “valuable non-current asset” as per the term used in section 236 of the Regulation. Land is included in the definition of “valuable non-current asset” contained in section 224(7) of the Regulations, and the improvements contained in the land carry a value which exceeds the limits contained in section 224(8) of the Regulations.

The asset will be disposed of for a consideration equal to, or more than the market value of the land (including the market value of the improvements on the land), determined by a registered valuer, in compliance with section 236(3) of the Regulations.

CONCLUSION:

Council’s ongoing ownership and leasing of the facility to Swifts carries significant financial risk from a future capital investment perspective, as well as in respect of non-recovery of rent and Council rates. The annual rent does not adequately cover Council’s medium to longer-term maintenance and upgrade costs meaning the facility’s ongoing operation will continue to be subsidised. The current arrangements are unfavourable to Council and the Ipswich community both from a financial and social benefit perspective.

The proposal to dispose of the land and its associated improvements offers Council the opportunity to remove the financial burden of the maintenance of the facility, whilst

allowing a local community sporting group to continue to manage the facility and provide positive community benefits.

Although the proposal will result in Council surrendering 1.633 hectares (subject to the final survey plan) of current recreational land, the return to Council and the community resulting from the sale will contribute to the redevelopment and upgrade of Cameron Park. The remaining land area of Cameron Park will be 4.096 hectares (subject to the final survey plan). Council's Planning and Development Department has been consulted and advised that the proposed reconfiguration and Survey Plan for Cameron Park complies with the district park requirements of a minimum 4 hectare size.

It is recommended that Council approve the sale of SW3, being part of 95A Brisbane Road, Booval (part of Lot 169 on RP24111), being approximately 1.633 hectares, as identified in Attachment A as "Proposed Land Disposal" to Swifts in accordance with the in-principle agreement reached between the parties.

ATTACHMENTS:

Name of Attachment	Attachment
Cameron Park – amended survey plan	Attachment A

CONFIDENTIAL BACKGROUND PAPERS

Confidential Background Papers	Background Papers
Confidential Background Report	Attachment B

RECOMMENDATION:

Amended Council Ordinary meeting of 29 January 2019

That the Interim Administrator of Ipswich City Council resolve:

- A. That part of Council-owned land at 95A Brisbane Road, Booval (part of Lot 169 on RP24111), being approximately 1.633 hectares, as identified in Attachment A as "Proposed Land Disposal" (the Land) to the report by the Acting Corporate Services and Risk Manager dated 4 January 2019, is surplus to Council's future requirements.
- B. That the disposal of the Land and the improvements of the Land is a disposal of a valuable non-current asset.
- C. That pursuant to section 236(3) of the *Local Government Regulations 2012* (Qld) (Regulations), that the exemption available under section 236(1)(b)(ii) of the Regulations applies to the disposal of the Land and the improvements on the Land to Swifts as a 'Community Organisation' (as defined Schedule 8 of the Regulations).

- D. That the Land and improvements on the Land can be disposed of other than by tender or auction as required by section 227 of the Regulations.
- E. That Council sell the Land and the improvements on the Land to Swifts Leagues Club Ltd at equal to the market value of the Land (including the market value of the improvements on the Land), as determined by a registered valuer, in compliance with section 236(3) of the Regulations.
- F. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the sale contract to be executed by Council and to do any other acts necessary to implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009*.
- G. That Council may utilise any surplus proceeds from the disposal of the Land to redevelop, upgrade or otherwise embellish Cameron Park to meet the desired standards of service for a district park.
- H. That a further independent valuation by a valuer, other than those on Council's panel of providers, be sought to confirm the initial valuation.
- G-I. That a caveat be placed on Title for the land to be disposed of that ensures that its use in perpetuity is for purposes consistent with the current use.

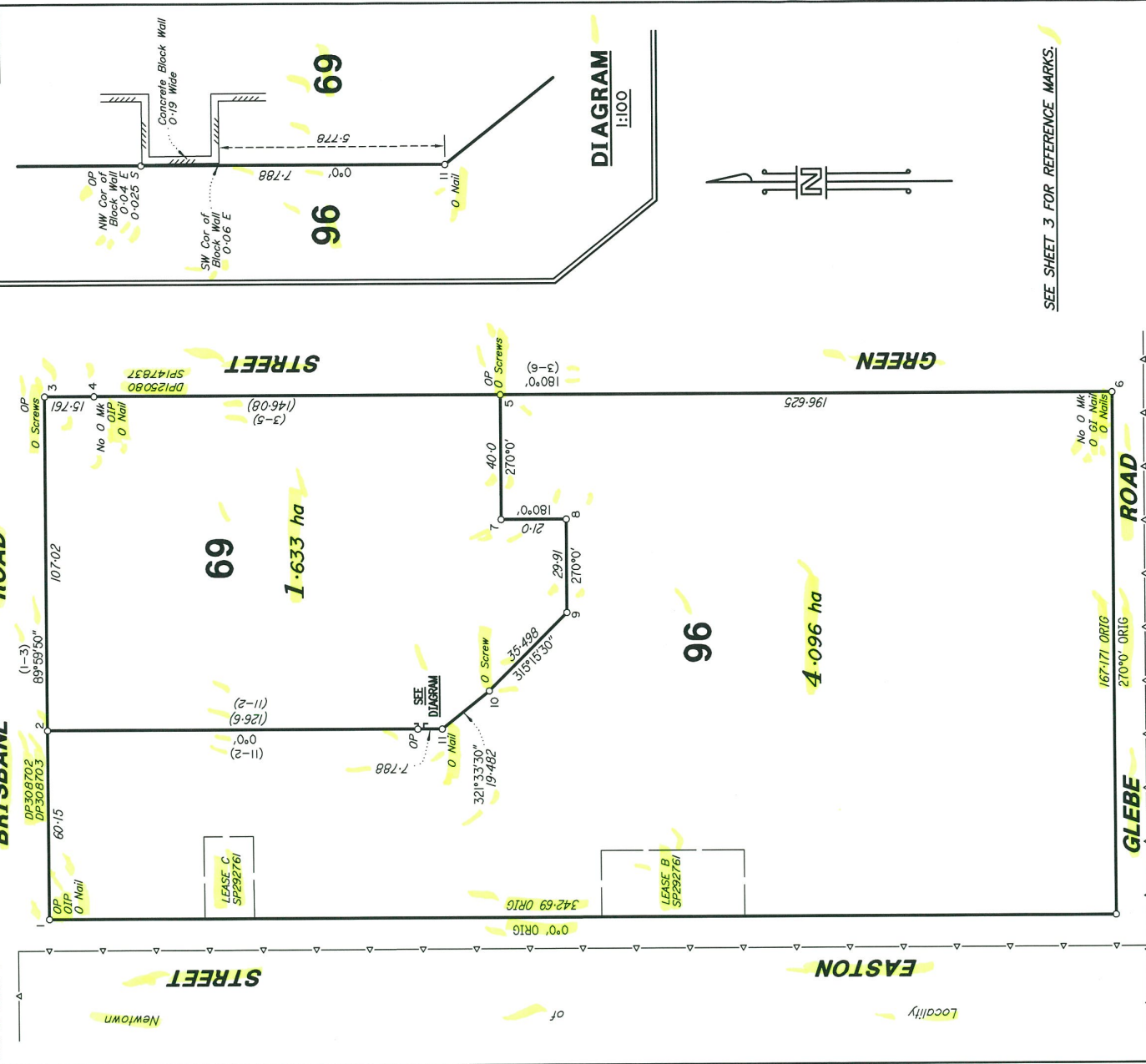
Greg Thomas

ACTING CORPORATE SERVICES AND RISK MANAGER

I concur with the recommendations contained in this report.

Bryce Hines

CHIEF OPERATING OFFICER (WORKS, PARKS AND RECREATION)



Locality of **GLEBE** **ROAD** **GREEN**

Peg placed at all new corners unless otherwise noted.

Original information compiled from RP24111 in the Dept. of Natural Resources, Mines & Energy.

I, Shaun Patrick VERRENKAMP hereby certify that the land comprised in this plan was surveyed by me personally and that the plan is accurate, that the said survey was performed in accordance with the Survey and Mapping Infrastructure Act 2003 and Surveyors Act 2003 and associated Regulations and Standards and that the said survey was completed on 22-1-2019.

..... Cadestral Surveyor
Date

PLAN OF LOTS 69 AND 96

Cancelling Lot 169 on RP24111

LOCAL GOVERNMENT: **IPSWICH CITY COUNCIL** LOCALITY: **BOOVAL**

Meridian: **RP24111** Survey Records **NO**

Scale: **1:1250**

Format: **STANDARD**

SP310956
DRAFT

STM	REFERENCE		MARKS	
	TO	ORIGIN	BEARING	DIST
1	DIP	RPI08081	269°59'50"	0-60.4
1	Ø Nail in Conc Footpath	DP308702	356°23'	1-53
2	Screw in Conc Footpath		3°02'	1-425
3	Ø Screw in Conc Footpath	DP308702	39°41'	1-642
3	Ø Screw in Conc Footpath	DP308702	64°06'	3-005
4	DIP	SPI47837	69°40'	1-433
4	Ø Nail in Kerb	DP308702	169°05'20"	26-097
5	Ø Screw in Kerb	SP308702	82°27'	4-413
5	Ø Screw in Kerb	DP308702	276°0'	16-743
6	Ø GI Nail in Conc	SP282761	168°46'50"	0-334
6	Ø Nail in Kerb	SPI47837	178°16'30"	3-09
7	Screw in Kerb	SPI47837	83°22'	5-55
9	Screw in Conc Footpath		293°50'	2-183
10	Ø Screw in Kerb		177°45'	3-435
11	Ø Nail in Conc Footpath	DP308702	93°02'30"	14-695
		DP308702	217°55'30"	10-12
				new conn
				new conn

ECONOMIC DEVELOPMENT COMMITTEE NO. 2019(02)

19 FEBRUARY 2019

REPORT

MEMBER'S ATTENDANCE: Greg Chemello (Chairperson)

INTERIM MANAGEMENT COMMITTEE ATTENDANCE: Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor and Robert Jones

Pursuant to section 13 of Council's Local Law No 2 (Council Meetings) 2013, the Interim Administrator invited the Interim Management Committee being Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor and Robert Jones to address the Economic Development Committee on any matters before it.

The Interim Administrator advised that he is bound to declare Conflict of Interests and potential Conflict of Interests and that the members of the Interim Management Committee are not legally bound, however in accordance with the Interim Management Committee Charter they will also declare Conflict of Interests and potential Conflict of Interests.

1. CATEGORY THREE EVENT SPONSORSHIPS FEBRUARY 2019

With reference to a report by the Events and Engagement Officer dated 8 February 2019 concerning applications for Category Three event sponsorship for the 2019 Pacific Regional Field Archery Competition and the 2019 Ipswich Home Gardener's Expo.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That Council (Interim Administrator of Ipswich City Council) resolve to allocate event sponsorship of \$4,550 to Renegade Bowmen Inc. from the 2018–2019 Event Sponsorship Budget.
- B. That Council (Interim Administrator of Ipswich City Council) resolve to allocate event sponsorship of \$2,500 to Glebe Garden Club from the 2018–2019 Event Sponsorship Budget.

The Interim Administrator requested that in future sponsorship reports, information relating to the initial amount requested, the actual amount being recommended and the reason for any difference be clearly outlined so that council have a clear picture on what they are approving.

2. EVENT SPONSORSHIP OF THE 2019 BROOKWATER PRO-AM

With reference to a report by the Events and Engagement Officer dated 8 February 2019 concerning an application for event sponsorship by Brookwater Golf Operations Pty Ltd for the 2019 Brookwater Pro-Am to be held 26 and 27 April 2019.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

That Council (Interim Administrator of Ipswich City Council) resolve to allocate event sponsorship of \$7,500 to Brookwater Golf Operations Pty Ltd for the 2019 Brookwater Golf Pro-Am from the 2018–2019 Event Sponsorship Budget.

3. EVENT SPONSORSHIP OF THE GATHERING 2019

With reference to a report by the Events and Engagement Officer dated 8 February 2019 concerning an application for event sponsorship by Limestone Events Inc. for The Gathering 2019 to be held on 9 June 2019.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

That Council (Interim Administrator of Ipswich City Council) resolve to allocate event sponsorship of \$15,000 to Limestone Events Inc. for The Gathering 2019 from the 2018–2019 Event Sponsorship Budget.

The Interim Administrator along with the Interim Management Committee discussed the possibility of developing a policy around event sponsorships so that only sponsorships over a certain threshold are determined by council resolution and that any sponsorships below this threshold are determined operationally. The Events and Engagement Officer advised that the department is now working with other departments to formalise a process and that a report on this matter should be available for the next meeting.

4. UPDATE TO COUNCIL LOGO APPLICATION

With reference to a report by the Marketing Services Manager dated 8 February 2019 concerning an update to Council's City of Ipswich logo and its application across Council assets, facilities and programs.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

That at a future meeting of the Economic Development Committee, further information on Council's brand guidelines, policies and procedures be presented with additional information summarising how other councils and government bodies manage brand hierarchies and services.

The Interim Administrator and the Interim Management Committee members queried whether council's brand use was in-line with leading practice and whether council had a policy in relation to usage of the logo. Discussion was also held around the reasoning for multiple logos. It was suggested that these queries be included in the next report to committee.

PROCEDURAL MOTIONS AND FORMAL MATTERS

The meeting opened at 8.30 am.

The meeting closed at 9.07 am.

GROWTH AND INFRASTRUCTURE COMMITTEE NO. 2019(02)

19 FEBRUARY 2019

REPORT

MEMBER'S ATTENDANCE: Greg Chemello (Chairperson)

INTERIM MANAGEMENT COMMITTEE ATTENDANCE: Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor and Robert Jones

Pursuant to section 13 of Council's Local Law No 2 (Council Meetings) 2013, the Interim Administrator invited the Interim Management Committee being Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor and Robert Jones to address the Growth and Infrastructure Committee on any matters before it.

The Interim Administrator advised that he is bound to declare Conflict of Interests and potential Conflict of Interests and that the members of the Interim Management Committee are not legally bound, however in accordance with the Interim Management Committee Charter they will also declare Conflict of Interests and potential Conflict of Interests.

1. ACQUISITION OF DRAINAGE EASEMENT FOR LODER ROAD, THAGOONA, DRAINAGE PROJECT

With reference to a report by the Senior Property Officer dated 11 January 2019 concerning the acquisition of an easement for drainage purposes for the Loder Road Drainage Project.

RECOMMENDATION

- A. That the Interim Administrator of Ipswich City Council ("Council"), having duly considered this report dated 11 January 2019, be of the opinion that the following properties (shown in Attachments A, B and C) ('the Land') require an easement for drainage purposes:
 - a. Part of Lot 10 on RP85361, 33 Rosewood-Thagoona Road, Thagoona (2810m²)
 - b. Part of Lot 7 on RP85362, 6-8 Thagoona-Haigslea Road, Thagoona (850m²)
 - c. Part of Lot 245 on CH3147, 18-36 Thagoona-Haigslea Road, Thagoona (2810m²)
- B. That the Interim Administrator of Ipswich City Council ("Council") exercise its power as a "constructing authority" under the *Acquisition of Land Act 1967* and acquire the easements, (as described in Recommendation A of this report dated 11 January 2019) for drainage purposes.

- C. That the Chief Executive Officer be authorised to negotiate compensation and perform any other matters, arising out of the *Acquisition of Land Act 1967* or otherwise, and to do any other acts necessary to implement the Interim Administrator of Ipswich City Council's decision in accordance with section 13(3) of the *Local Government Act 2009*, to acquire the easement.

The Interim Administrator requested that future reports of this nature include clear advice on whether discussions have occurred with the relevant property owner(s) as well as a summary of the key implications of resumption for landowner(s) and any other stakeholders

2. ACQUISITION OF DRAINAGE EASEMENT FOR THE SPRING CREEK BRIDGE, MT MORT, REHABILITATION PROJECT

With reference to a report by the Senior Property Officer dated 25 January 2019 concerning the acquisition of an easement for drainage purposes for the Spring Creek Bridge Rehabilitation Project.

RECOMMENDATION

- A. That the Interim Administrator of Ipswich City Council ("Council"), having duly considered this report dated 25 January 2019, be of the opinion that the following property (shown in Attachment B) ('the Land') requires an easement for drainage purposes:
- a. Part of Lot 49 on RP46754, 144 Greys Plains Road, Mount Mort (2456m²)
- B. That the Interim Administrator of Ipswich City Council ("Council") exercise its power as a "constructing authority" under the *Acquisition of Land Act 1967* and acquire the easement, (as described in Recommendation A of this report dated 25 January 2019) for drainage purposes.
- C. That the Chief Executive Officer be authorised to negotiate compensation and perform any other matters, arising out of the *Acquisition of Land Act 1967* or otherwise, and to do any other acts necessary to implement the Interim Administrator of Ipswich City Council's decision in accordance with section 13(3) of the *Local Government Act 2009*, to acquire the easement.
-

3. 2018 STRATEGIC TRAFFIC COUNT PROGRAM SUMMARY OF RESULTS

With reference to a report by the Senior Transport Planner dated 5 February 2019 concerning the summary of results from the 2018 Strategic Traffic Count Program.

RECOMMENDATION

That the report be received and the contents noted.

4. iGO INTELLIGENT TRANSPORT SYSTEMS STRATEGY

With reference to a report by the Engineer (Traffic Systems) dated 7 February 2019 concerning the development of the *iGO Intelligent Transport System Strategy*, being a signature project of the endorsed *City of Ipswich Transport Plan (iGO)*.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That the iGO Intelligent Transport Systems Strategy, as detailed in Attachment A to the report by the Engineer (Traffic Systems) dated 7 February 2019, be adopted.
 - B. That the iGO Intelligent Transport Systems Strategy be considered when developing Council's strategic planning documents and be used to inform applicable intelligent transport systems projects.
 - C. That the iGO Intelligent Transport Systems Strategy, as detailed in Attachment A to the report by the Engineer (Traffic Systems) dated 7 February 2019, be considered when developing the "Road Safety and Operations" sub-program as part of future capital works portfolio.
-

5. PROPOSED AMENDMENT OF IMPLEMENTATION GUIDELINE NO. 18 – ESTATE AND DIRECTIONAL SIGNAGE

With reference to a report by the Strategic Planning Manager dated 8 February 2019 concerning the proposed amendment of Implementation Guideline No. 18 – Estate and Directional Signage.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That the amended Implementation Guideline No. 18 - Estate Signage, as detailed in Attachment B to the report by the Strategic Planning Manager dated 8 February 2019, be adopted with an effective date of 4 March 2019.
- B. That the Strategic Planning Manager be requested to attend to all relevant matters associated with amending Implementation Guideline No. 18 - Estate Signage, including:
 - 1. amending the relevant documents and Council databases; and
 - 2. issuing an eAlert advising that the guideline has been amended.
- C. That the Engineering and Environment Manager be requested to notify each applicant as identified in Table 1 of the report by the Strategic Planning Manager dated 8 February 2019 about the amendments to Implementation Guideline No.18 – Estate Signage.

- D. That the City Maintenance Manager be requested to attend to all relevant matters associated with the removal and disposal of the temporary directional signage.
-

6. WORKS, PARKS AND RECREATION QUARTERLY ACTIVITY REPORT – OCTOBER TO DECEMBER 2018

With reference to a report by the Business Systems and Support Coordinator dated 4 February 2019 concerning the Works, Parks and Recreation quarterly activity report for October to December 2018.

RECOMMENDATION

That the report be received and the contents noted.

7. PLANNING AND DEVELOPMENT DEPARTMENT QUARTERLY ACTIVITY REPORT – DECEMBER 2018

With reference to a report by the Acting City Planner dated 8 February 2019 concerning the activities of the Planning and Development Department within the December quarter 2018.

RECOMMENDATION

That the report be received and the contents noted.

8. PLANNING AND DEVELOPMENT DEPARTMENT ANNUAL ACTIVITY REPORT – JANUARY TO DECEMBER 2018

With reference to a report by the Acting City Planner dated 8 February 2019 concerning the activities of the Planning and Development Department from 1 January to 31 December 2018 inclusive.

RECOMMENDATION

That the report be received and the contents noted.

9. COURT ACTION STATUS REPORT

With reference to a report by the Acting Development Planning Manager dated 8 February 2019 concerning the status of outstanding court actions.

RECOMMENDATION

That the report be received and the contents noted.

10. EXERCISE OF DELEGATIONS REPORT

With reference to a report by the Acting Development Planning Manager dated 8 February 2019 concerning applications determined by delegated authority.

RECOMMENDATION

That the report be received and the contents noted.

11. INFRASTRUCTURE DELIVERY PROGRESS AS AT 5 FEBRUARY 2019

With reference to a report by the Commercial Finance Manager dated 5 February 2019 concerning the Infrastructure Services monthly activity report for January 2019.

RECOMMENDATION

That the report be received and the contents noted.

PROCEDURAL MOTIONS AND FORMAL MATTERS

The meeting opened at 9.17 am.

The meeting closed at 9.36 am.

COMMUNITIES COMMITTEE NO. 2019(02)

19 FEBRUARY 2019

REPORT

MEMBER'S ATTENDANCE: Greg Chemello (Chairperson)

INTERIM MANAGEMENT COMMITTEE ATTENDANCE: Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor and Robert Jones

Pursuant to section 13 of Council's Local Law No 2 (Council Meetings) 2013, the Interim Administrator invited the Interim Management Committee being Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor, and Rob Jones to address the Communities Committee on any matters before it.

The Interim Administrator advised that he is bound to declare Conflict of Interests and potential Conflict of Interests and that the members of the Interim Management Committee are not legally bound, however in accordance with the Interim Management Committee Charter they will also declare Conflict of Interests and potential Conflict of Interests.

1. SKATE AND BMX FACILITIES STRATEGY

With reference to a report by the Sport and Recreation Officer (Physical Activity) dated 17 January 2019 concerning the development of the Skate and BMX Facilities Strategy.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That the Skate and BMX Facilities Strategy (Summary) as detailed in Attachment A of the report by the Sport and Recreation Officer (Physical Activity) dated 17 January 2019, be adopted.
- B. That the Skate and BMX Facilities Strategy as detailed in Attachment B of the report by the Sport and Recreation Officer (Physical Activity) dated 17 January 2019, be adopted.
- C. That a detailed action plan including an explanation of the costing involved for the delivery of the Skate and BMX Facilities Strategy be submitted to the next meeting of the Communities Committee.

The Interim Management Committee members discussed the future role of committees in strategic and policy planning. The Interim Administrator requested that a process for councillor involvement in policy and strategy formulation be prepared as part of the Business Transformation Projects.

2. REVIEW OF THE HEALTHY ACTIVE SCHOOL TRAVEL PROGRAM

With reference to a report by the Active Transport Officer dated 18 January 2019 concerning the Healthy Active School Travel (HAST) Program.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That Council (Interim Administrator of Ipswich City Council) approve the changes to the Healthy Active School Travel Program (HAST) to be implemented going forward, as detailed in the report by the Active Transport Officer dated 18 January 2019.
 - B. That the Healthy Active School Travel Program be reviewed and a report submitted to Council in 12 (twelve) months' time.
-

3. YEAR TO DATE ALLOCATION OF COMMUNITY DONATIONS AS AT 31 JANUARY 2019

With reference to a report by the Community Grants Coordinator dated 6 February 2019 providing detail about the year to date allocation of community donations, as at 31 January 2019.

RECOMMENDATION

That the report be received and the contents noted.

4. HEALTH, SECURITY AND REGULATORY SERVICES MONTHLY ACTIVITY REPORT – JANUARY 2019

With reference to a report by the Principal Officer (Business Operations) dated 7 February 2019 providing details on the monthly update of the activities of the Health, Security and Regulatory Services (HSRS) Department.

RECOMMENDATION

That the report be received and the contents noted.

5. ARTS, SOCIAL DEVELOPMENT AND COMMUNITY ENGAGEMENT DEPARTMENT QUARTERLY REPORT – OCTOBER TO DECEMBER 2018

With reference to a report by the Acting Executive Support and Research Officer dated 11 February 2019 concerning the Arts, Social Development and Community Engagement Departmental Quarterly Report for the Quarter ending December 2018.

19 FEBRUARY 2019

COMMUNITIES COMMITTEE NO. 2019(02)

RECOMMENDATION

That the report be received and the contents noted.

PROCEDURAL MOTIONS AND FORMAL MATTERS

The meeting opened at 9.46 am.

The meeting closed at 10.13 am.

19 FEBRUARY 2019

COMMUNITIES COMMITTEE NO. 2019(02)

NOTES

ENVIRONMENT COMMITTEE NO. 2019(02)

19 FEBRUARY 2019

REPORT

MEMBER'S ATTENDANCE: Greg Chemello (Chairperson)

INTERIM MANAGEMENT
COMMITTEE ATTENDANCE: Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor
and Robert Jones

Pursuant to section 13 of Council's Local Law No 2 (Council Meetings) 2013, the Interim Administrator invited the Interim Management Committee being Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor and Robert Jones to address the Environment Committee on any matters before it.

The Interim Administrator advised that he is bound to declare Conflict of Interests and potential Conflict of Interests and that the members of the Interim Management Committee are not legally bound, however in accordance with the Interim Management Committee Charter they will also declare Conflict of Interests and potential Conflict of Interests.

1. 22ND INTERNATIONAL RIVERSYMPOSIUM PARTNERSHIP PROSPECTUS

With reference to a report by the Sport Recreation and Natural Resources Manager dated 29 January 2019 concerning a request from the International River Foundation for Ipswich City Council to become a partner for the 22nd International RiverSymposium in Brisbane, 20-24 October 2019.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

That the Chief Operating Officer (Works, Parks and Recreation) enter into negotiations with the International River Foundation to develop a special sponsorship package for Council to sponsor the 22nd International RiverSymposium up to a value of \$15,000.

The confidential papers associated with Item 2 are confidential because the information is not public and contain commercial in confidence information.

2. EXTENSION OF CONTRACT 11939 KERBSIDE RECYCLING

With reference to a report by the Contracts Officer dated 1 February 2019 concerning the preparation of a tender consideration plan (TCP) under section 230 of the *Local Government Regulation 2012* (Qld) to enable Council to enter in a contract (large sized contractual arrangement) with Visy Paper Pty Ltd "Visy" without complying with the requirements for written tenders under section 228 of the *Local Government Regulation 2012* (Qld).

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That Council (Interim Administrator of Ipswich City Council) resolve to prepare a Tender Consideration Plan to enter into a contract with Visy Paper Pty Ltd for Household Recycling in accordance with section 230(1)(a) of the *Local Government Regulation 2012*.
 - B. That Council (Interim Administrator of Ipswich City Council) resolve to adopt the Tender Consideration Plan to enter into a contract with Visy Paper Pty Ltd for Household Recycling as set out in Attachment A to the report by the Contracts Officer (WPR) (31 January 2019) in accordance with section 230(1)(b) of the *Local Government Regulation 2012*.
 - C. That Council (Interim Administrator of Ipswich City Council) resolve to enter into a contract with Visy Paper Pty Ltd for Household Recycling on the same terms and conditions as the current contract with Visy Paper Pty Ltd.
 - D. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the contract to be executed by Council and to do any other acts necessary to implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009* (Qld).
-

3. MASTERPLAN FOR IPSWICH NATURE CENTRE

With reference to a report by the Planning Officer (Biodiversity) dated 14 December 2018 concerning creation and adoption of a new master plan for the Queens Park Nature Centre.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

That consideration of the Ipswich Nature Centre Masterplan as detailed in Attachment A to the report by the Planning Officer (Biodiversity) dated 14 December 2018 be deferred and a report prepared and submitted to a future meeting of the Environment Committee outlining a strategy and supporting business case for reinvigoration of the Ipswich Nature Centre.

4. TERMS OF REFERENCE FOR THE CITY OF IPSWICH LOCAL DISASTER MANAGEMENT GROUP

With reference to a report by the Principal Officer (Emergency Management) dated 31 January 2019 concerning the review of the terms of Reference of the City of Ipswich Local Disaster Management Group.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That the Terms of Reference for the City of Ipswich Local Disaster Management Group, as detailed in Attachment B of the report by the Principal Officer (Emergency Management) dated 31 January 2019, be adopted.
 - B. That the Chief Operating Officer (Works, Parks and Recreation), in their role as the Local Disaster Coordinator and in consultation with the Interim Administrator, be authorised to make any amendments deemed necessary on the basis of comment received from the Local Disaster Management Group.
-

5. CONSOLIDATION OF ISOLATED COMMUNITY SUB PLANS

With reference to a report by the Principal Officer (Emergency Management) dated 31 January 2019 concerning the review and consolidation of Local Disaster Management Isolated Community Sub Plans.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That the Isolated Communities, Ipswich Local Government Area Sub Plan as outlined in Attachment J, which includes the Goodna community, to the report by the Principal Officer (Emergency Management) dated 31 January 2019, be adopted.
 - B. That the Chief Operating Officer (Works, Parks and Recreation), in their role as the Local Disaster Coordinator and in consultation with the Interim Administrator, be authorised to make any amendments deemed necessary on the basis of comment subsequently received from the Local Disaster Management Group.
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6. REVIEW OF THE ARRANGEMENT BETWEEN IPSWICH AND BRISBANE CITY COUNCILS TO ALLOW BRISBANE RESIDENTS ACCESS TO THE RIVERVIEW RECYCLING AND REFUSE CENTRE

With reference to a report by the Ipswich Waste Services Manager dated 31 January 2019 concerning a review of the arrangement to allow Brisbane residents' access to the Riverview Recycling and Refuse Centre.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

That the following restrictions be implemented for the Agreement for Access to Riverview Waste Transfer Station by Ratepayers of Brisbane City Council's local government area:

- (i) Align voucher use with Brisbane City Council's requirements whereby one voucher allows the disposal of 100kg of waste.
 - (ii) Restrict the use of vouchers to specific suburbs of Brisbane namely Chuwar, Karana Downs, Kholo, Lake Manchester and Mt Crosby.
-

PROCEDURAL MOTIONS AND FORMAL MATTERS

The meeting opened at 10.23 am.

The meeting closed at 10.45 am.

GOVERNANCE COMMITTEE NO. 2019(02)

19 FEBRUARY 2019

REPORT

MEMBER'S ATTENDANCE: Greg Chemello (Chairperson)

INTERIM MANAGEMENT COMMITTEE ATTENDANCE: Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor and Robert Jones

Pursuant to section 13 of Council's Local Law No 2 (Council Meetings) 2013, the Interim Administrator invited the Interim Management Committee being Stan Gallo, Steve Greenwood, Simone Webbe, Jan Taylor and Robert Jones to address the Governance Committee on any matters before it.

The Interim Administrator advised that he is bound to declare Conflict of Interests and potential Conflict of Interests and that the members of the Interim Management Committee are not legally bound, however in accordance with the Interim Management Committee Charter they will also declare Conflict of Interests and potential Conflict of Interests.

1. **ASSESSMENT ON IPSWICH CITY COUNCIL'S PROGRESS TOWARDS IMPLEMENTING THE ANNUAL OPERATIONAL PLAN 2018-2019**

With reference to a report by the Chief Executive Officer dated 11 February 2019 concerning an assessment of Ipswich City Council's progress towards implementing the 2018-2019 Operational Plan.

RECOMMENDATION

That the report be received and the contents noted.

The Interim Administrator and the Interim Management Committee members discussed the format of annual operational plan reporting as well as the format of other monthly and quarterly reports. It was suggested that for all future monthly and quarterly reports the format include a score sheet at the beginning of the report of how the departments are tracking against their goals and strategies as well as budget and any key performance indicators that are developed along the way. Discussion was also held around some of the matters being reported as in progress and that for some of these this would likely never change due to the nature of matter. It was determined that these should be identified as ongoing and outlined in the covering report.

2. **CUSTOMER SERVICE STATUS REPORT – JANUARY 2019**

With reference to a report by the Strategic Client Office Manager dated 6 February 2019 concerning customer service delivery activities for the period 1 January to 31 January 2019.

RECOMMENDATION

That the report be received and the contents noted.

The Interim Administrator queried whether council was actually aligning with the “Listening” part of its Advance Ipswich theme of “Listening, Leading and Financial Management”, in relation to the service level targets in place. The question was whether the quality of service was also being measured in addition to the response time. The Chief Operating Officer (Finance and Corporate Services) advised that a short automated survey would be implemented so at the end of each call the community have the opportunity to provide feedback about their experience.

3. MONTH-END PERFORMANCE – DECEMBER 2018

With reference to a report by the Finance Manager dated 5 February 2019 concerning Council performance for the period ending 31 December 2018, submitted in accordance with Section 204 of the *Local Government Regulation 2012*.

RECOMMENDATION

That the report be received and the contents noted.

The Interim Management Committee made comment in relation to the covering report and that this was an opportunity to highlight any issues or trends from the attached monthly report rather than wading through the attachment to find these matters. Simone Webbe suggested that it would also be useful to have statistics on staffing matters included.

4. WRITE OFFS OUTSTANDING/OVERDUE RATES AND CHARGES

With reference to a report by the Senior Recoveries Officer dated 17 January 2019 requesting approval to write off overdue rates and charges for Assessments 160275(7) and 146051(1) formerly held as leasehold tenure.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That all overdue rates and charges on the properties at Lot 1 Blackheath Road, Swanbank Q 4306 (Assessment 146051(1)) and Lot 1 Underground, Underground Land Q 4305(Assessment 160275(7)) be written off.
 - B. That a proof of Debt be lodged with the Liquidator at the appropriate time.
-

The confidential papers associated with Item 5 are confidential because the tender assessment report contains financial matters that are commercial in confidence.

5. MARKETING, PRINTING AND PROMOTIONAL GOODS – REGISTER OF PRE-QUALIFIED SUPPLIERS

With reference to a report by the Senior Contracts and Reporting Officer dated 4 February 2019 concerning the appointment of a register of pre-qualified suppliers for Marketing, Printing and Promotional Goods, for the purpose of enabling Council to access print and promotional services for a range of operational activities.

RECOMMENDATION

That the Interim Administrator of Ipswich City Council resolve:

- A. That Council (Interim Administrator of Ipswich City Council), in accordance with section 232 of the *Local Government Regulation 2012*, establish a Register of Pre-Qualified Suppliers for the supply of Marketing, Printing and Promotional Goods for a period of three (3) years with options to extend for a further two (2), one (1) year periods with:
- Get Branded
 - Mclean Images
 - Kingswood Print
 - Pep Central Pty Ltd
- B. That Council (Interim Administrator of Ipswich City Council) resolve it is satisfied under section 232(3)(a) of the *Local Government Regulation 2012* that the preparation and evaluation of invitations every time marketing, printing and promotional goods were needed would be costly.
- C. That Council (Interim Administrator of Ipswich City Council) enter into a contract for the supply of marketing, printing and promotional goods with each of the following:
- Get Branded
 - Mclean Images
 - Kingswood Print
 - Pep Central Pty Ltd
- D. That the Chief Executive Officer be authorised to negotiate and finalise the terms of the contracts and to do any other acts necessary to implement Council's decision in accordance with section 13(3) of the *Local Government Act 2009*.
- E. That Council undertake an evaluation of how the suppliers are performing in twelve months' time.
-

19 FEBRUARY 2019

GOVERNANCE COMMITTEE NO. 2019(02)

6. REPORT – EMPLOYEE DEVELOPMENT ADVISORY COMMITTEE NO. 2019(01) OF
12 FEBRUARY 2019

With reference to the report of the Employee Development Advisory Committee No. 2019(01) of 12 February 2019.

RECOMMENDATION

That the report of the Employee Development Advisory Committee No. 2019(01) of 12 February 2019 be received, the contents noted and the recommendations contained therein be adopted.

7. REPORT – AUDIT AND RISK MANAGEMENT COMMITTEE NO. 2019(01) OF 13 FEBRUARY
2019

With reference to the report of the Audit and Risk Management Committee No. 2019(01) of 13 February 2019.

RECOMMENDATION

That the report of the Audit and Risk Management Committee No. 2019(01) of 13 February 2019 be received, the contents noted and the recommendations contained therein be adopted.

PRESENTATION – 2019 ANNUAL VALUATIONS FOR THE IPSWICH LOCAL GOVERNMENT
AREA

Greg Crowley (Area Manager, South Coast), Greg Thomson (Principle Valuer) and Jason Carey (Senior Valuer) from the Department of Natural Resources, Mines and Energy provided the committee with a presentation on the 2019 Annual Valuations for the Ipswich local government area.

PROCEDURAL MOTIONS AND FORMAL MATTERS

The meeting opened at 10.56 am.

The meeting closed at 11.54 am.

Council Ordinary Meeting	
Mtg Date: 26/02/2019	OAR: YES
Authorisation: David Farmer	

4 February 2019

MEMORANDUM

TO: CHIEF EXECUTIVE OFFICER

FROM: CHIEF AUDIT EXECUTIVE

RE: PLANNING OF FUTURE AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS FOR 2019

INTRODUCTION

At the Audit and Risk Management Committee held on 13 February 2019 it was requested that this report be sent to the Council Ordinary Meeting for formal adoption.

This is an updated report from the 5 October 2018 report by the Chief Audit Executive concerning the proposed structured and planned agenda for the Audit and Risk Management Committee for the period 1 January 2019 to 31 December 2019.

RELATED PARTIES

There are no related party matters associated with this report.

ADVANCE IPSWICH THEME LINKAGE

The intention is for the Audit and Risk Management Committee activity to support all five themes:

- Strengthening our Local Economy and Building Prosperity (Jobs)
- Managing Growth and Delivering Key Infrastructure
- Caring for Our Community
- Caring for Our Environment
- Listening, Leading and Financial Management.

BACKGROUND

Quarterly meetings are scheduled in the week prior to the Governance Committee meetings which makes it possible to take the report through the same month's cycle. The September meeting is scheduled on an 'if required' basis, subject to the unaudited financial statements being tabled.

Ipswich City Council is in the process of reviewing the Audit and Risk Management Committee approach and activities. Leading practice suggests:

- 1) Audit committee structure
 - a. The existence of an independent audit committee is recognised internationally as an important feature of good corporate governance.
 - b. The appointment of an external member as Chair strengthens the actual and perceived independence of the committee. - At ICC the intention is for the majority to be independents with an independent Chair.
 - c. Better practice entities recognise the benefits of an audit committee with members who have a broad range of skills and experience.
 - d. The Council should appoint members who collectively possess broad business, resource management and public sector experience, and general knowledge of the areas.
 - e. Formal and informal reporting arrangements to the Council should be in place to facilitate the audit committee reporting on the committee's activities, key risk areas, and internal audit and QAO audit coverage.
- 2) Agenda and responsibilities of the audit committee for strong governance, internal controls and risk management
 - a. An important responsibility that can be undertaken by the audit committee is to review actions taken by management to implement internal audit and QAO recommendations and recommendations made by external reviews or evaluations.
 - b. Some committees find it beneficial to set time aside before each meeting for the audit committee members to discuss the agenda and any issues they wish to discuss in more depth with management. This 'committee-only' time also allows audit committee members to discuss issues with other members before management representatives and other observers join the meeting.
 - c. A key task of the audit committee is to obtain assurance from management that agency systems of internal control are of a high standard and that they are cost-effective and functioning as intended. The audit committee does this through its review of the agency's internal control framework, the findings of internal and external audit and the consideration of management responses to those findings.
 - d. Risk oversight is an important function of the Audit and Risk Management Committee that includes a focus on the framework, monitoring, regular reporting from the risk function and Compliance. (e.g. WH&S, Complaints and Legal)
- 3) Timing and duration of meetings
 - a. Audit committee meetings are generally spread across the year with one meeting timed to fit in with the entity's financial statements timetable and timings to be as close as possible just before or after key deadline times.
 - b. It should also be scheduled to ensure sufficient work to be included and to be timeous to ensure maximum value is obtained.
 - c. The audit committee should also discuss if they believe the length of the meeting is sufficient for them to achieve their objective to meet expectations and requirements. - It is intended that ICC meetings be initially scheduled for 2 hours.
- 4) Presentations from management relating to key systems or issues
 - a. Presentations or attendance by senior managers at an audit committee can be useful in building trust and effective communication links between the committee and management, to facilitate further discussion on action to implement audit recommendations, or to explain why any recommendation has not been addressed appropriately or in a timely way. - It is intended that at ICC for the

regular quarterly meetings specific presentations from management on key systems and processes will be requested (refer current 2019 annual plan)

5) Private sessions with QAO and Internal Audit

- a. It should be standard practice for the committee to have a members-only session with QAO and Internal Audit at least once a year. Having separate private sessions with QAO and Internal Audit representatives provides a valuable opportunity for the committee to raise issues, ask questions and seek feedback from the QAO and Internal Audit separately without management/advisers present. - It is intended that at ICC a "private session" will be held at each quarterly meeting.

References:

- A) Public sector audit committees : independent assurance and advice for accountable authorities / Australian National Audit Office, 2015.
- B) Audit Committee Guidelines: Improving Accountability and Performance/ Queensland Treasury, 2012.

BENEFITS

A planned structured agenda for the Audit and Risk Management Committee helps the Committee focus efficiently on particular matters of importance at pertinent times of the year and provides advance notice to all members and attendees of the probable Audit and Risk Management Committee date.

RESOURCE IMPLICATIONS

No additional resources are required because of this report. However management will have to consider their implications to implement the recommendations as per the individual reports.

RISK MANAGEMENT IMPLICATIONS

Each of the individual reports provides findings, risk ratings and recommendations. The importance is for management to implement the individual recommendations well to either address or diminish the exposure for Council, or explain why it is acceptable to not implement the suggested improvements.

LEGAL/POLICY BASIS

Local Government Act 2009

Local Government Regulation 2012

COMMUNITY AND OTHER CONSULTATION

Graeme Stratford
Robert Jones
Stan Gallo
Greg Chemello
Annette Quayle

QAO

CONCLUSIONS

The practice of adopting a formal Agenda Plan is in line with modern professional practices for Audit and Risk Management Committees. The structured Agenda Plan has enhanced certainty and precision in relation to the Audit and Risk Management Committee's Corporate Governance activities.

It is proposed that the Audit and Risk Management Committee meeting dates be set one week prior to the Governance Committee meetings, and scheduled for a 1:00 p.m. to 3:00 p.m. timeslot, unless otherwise requested by the Audit and Risk Management Committee. Please find the proposed meeting dates and agenda attached.

ATTACHMENTS

Name of Attachment	Attachment
Attachment 1 – Planned Dates Audit and Risk Management Committee 2019	 Attachment 1

RECOMMENDATION

- A. That the 2019 Audit and Risk Management Committee meetings as scheduled normally a week prior to the Governance Committee meetings in the months of February, June, August, September (date determined by COO Finance and Corporate Service) and November, be accepted.
- B. That the proposed draft agenda discussion topics detailed in Attachment 1 of the report by the Chief Audit Executive dated 4 February 2019, be adopted.

Frederick Beck
CHIEF AUDIT EXECUTIVE

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

PLANNED AGENDA IPSWICH CITY COUNCIL AUDIT AND RISK MANAGEMENT COMMITTEE (1 January 2019 to 31 December 2019) - Updated 4/02/2019		
MEETING DATE	AGENDA TO INCLUDE	Area
13 February 2019 Normally one week prior to the Governance Committee meeting in February 2019. 1:00 p.m. to 3:00 p.m.	<i>Standing agenda items</i> <ul style="list-style-type: none"> • Apologies • Declaring of conflict of interest by committee members • Approval of minutes - A&RM Committee October 2018 report • Business arising from previous meeting • Other matters from committee members • Correspondence from QAO, regulators etc. <i>Internal Audit</i> <ul style="list-style-type: none"> • Internal audit activities and progress report • Summary of recent internal audit reports released • External and internal audit recommendations status report <i>Compliance Reports</i> <ul style="list-style-type: none"> • Compliance matters breach (including complaints) reporting <i>Risk</i> <ul style="list-style-type: none"> • Risk management report • Risk profile – changes in risk register • Business continuity planning presentation • Implementation of the risk management framework <i>Internal Systems Processes and Controls - Deep Dive</i> <ul style="list-style-type: none"> • Procurement • Transformation projects progress • Payroll <i>External Audit</i> <ul style="list-style-type: none"> • Auditor General's 2018-2019 Client Strategy • Discuss any issues with QAO and Internal Audit in the absence of management 	A&RMC A&RMC A&RMC A&RMC A&RMC QAO IntAudit IntAudit IntAudit F&CS Risk Risk Risk Risk F&CS TPCT F&CS QAO QAO IntAudit
19 June 2019 Normally one week prior to the Governance Committee meeting in June 2019. 1:00 p.m. to 3:00 p.m.	<i>Standing agenda items</i> <ul style="list-style-type: none"> • Apologies • Declaring of conflict of interest by committee members • Approval of minutes - A&RM Committee February 2019 report • Business arising from previous meeting • Other matters from committee members • Correspondence from QAO, regulators etc. <i>Internal Audit</i> <ul style="list-style-type: none"> • Internal audit activities and progress report • Summary of recent internal audit reports released • External and internal audit recommendations status report • Audit plan progress • Annual internal audit plan <i>Compliance Reports</i> <ul style="list-style-type: none"> • Compliance matters breach (including complaints) reporting <i>Risk</i> <ul style="list-style-type: none"> • Risk management report • Risk profile – changes in risk register • Review of risk management policy 	A&RMC A&RMC A&RMC A&RMC A&RMC QAO IntAudit IntAudit IntAudit IntAudit IntAudit F&CS Risk Risk Risk

Attachment 1

	<ul style="list-style-type: none"> Review the operational effectiveness of internal control environment <p><i>Internal Systems Processes and Controls - Deep Dive</i></p> <ul style="list-style-type: none"> Information systems control framework presentation Transformation projects progress Waste and landfill issues <p><i>External Audit</i></p> <ul style="list-style-type: none"> Verbal progress report Discuss any issues with QAO and Internal Audit in the absence of management 	<p>Risk</p> <p>F&CS</p> <p>TPCT</p> <p>HSRS</p> <p>QAO</p> <p>QAO</p> <p>IntAudit</p>
<p>28 August 2019</p> <p>Normally one week prior to the Governance Committee meeting in August 2019. 1:00 p.m. to 3:00 p.m.</p>	<p><i>Standing agenda items</i></p> <ul style="list-style-type: none"> Apologies Declaring of conflict of interest by committee members Approval of minutes - A&RM Committee June 2019 report Business arising from previous meeting Other matters from committee members Correspondence from QAO, regulators etc. <p><i>Internal Audit</i></p> <ul style="list-style-type: none"> Internal audit activities and progress report Internal audit performance review for year including key performance indicators report Annual assertion on Internal Auditing Standards Summary of recent internal audit reports released External and internal audit recommendations status report <p><i>Compliance Reports</i></p> <ul style="list-style-type: none"> Compliance matters breach (including complaints) reporting Lost and Stolen Items Report Taxation Report Valuation Policy, instructions, processes and controls <p><i>Risk</i></p> <ul style="list-style-type: none"> Risk management report Risk profile – changes in risk register Fraud Risk Management <p><i>Internal Systems Processes and Controls - Deep Dive</i></p> <ul style="list-style-type: none"> Information systems control framework presentation including aspects such as cybercrime and projects implementation Transformation projects progress Developer contributions <p><i>External Audit</i></p> <ul style="list-style-type: none"> Verbal progress report Discuss any issues with QAO and Internal Audit in the absence of management 	<p>A&RMC</p> <p>A&RMC</p> <p>A&RMC</p> <p>A&RMC</p> <p>A&RMC</p> <p>QAO</p> <p>IntAudit</p> <p>IntAudit</p> <p>IntAudit</p> <p>IntAudit</p> <p>IntAudit</p> <p>F&CS</p> <p>F&CS</p> <p>F&CS</p> <p>F&CS</p> <p>Risk</p> <p>Risk</p> <p>Risk</p> <p>F&CS</p> <p>TPCT</p> <p>Planning</p> <p>QAO</p> <p>QAO</p> <p>IntAudit</p>
<p>?? September 2019</p> <p>Before 15 September as soon as draft financial statements are available. 1:00 p.m. to 3:00</p>	<p>(Date determined when draft financial statements are ready and as determined by the COO F&CS)</p> <p><i>Standing agenda items</i></p> <ul style="list-style-type: none"> Apologies Approval of Minutes - A&RM Committee August 2019 report Correspondence from QAO, Regulators etc. Business Arising from previous meetings 	<p>A&RMC</p> <p>A&RMC</p> <p>A&RMC</p> <p>A&RMC</p>

Attachment 1

p.m.	<ul style="list-style-type: none"> Other matters from committee members <i>Financial Statements</i> <ul style="list-style-type: none"> Review Draft Financial Statements and Draft Annual Report Discuss accounting and reporting matters Review related party transactions and disclosures <i>Other Matters</i> <ul style="list-style-type: none"> Review management attestations for financial statement representation letters <i>External Audit</i> <ul style="list-style-type: none"> Draft management report and verbal update Discuss any issues with QAO and Internal Audit in the absence of management 	A&RMC F&CS F&CS F&CS F&CS QAO QAO IntAudit
6 November 2019	<i>Standing agenda items</i>	
Normally one week prior to the Governance Committee meeting in November 2019. 1:00 p.m. to 3:00 p.m.	<ul style="list-style-type: none"> Apologies Declaring of conflict of interest by committee members Approval of minutes - A&RM Committee September 2019 report Business arising from previous meeting Other matters from committee members Correspondence from QAO, regulators etc. <i>Internal Audit</i> <ul style="list-style-type: none"> Internal audit activities and progress report Summary of recent internal audit reports released External and internal audit recommendations status report <i>Compliance Reports</i> <ul style="list-style-type: none"> Compliance matters breach (including complaints) reporting <i>Risk</i> <ul style="list-style-type: none"> Risk management report Risk profile – changes in risk register Review Insurance activities <i>Internal Systems Processes and Controls - Deep Dive</i> <ul style="list-style-type: none"> Transformation projects progress Asset Management Rates <i>Other Matters</i> <ul style="list-style-type: none"> 2020 Audit and Risk Management Committee Annual Plan Review of the ARMC Charter Audit and Risk Management Committee Self-Assessment Report Review of the Internal Audit Charter <i>External Audit</i> <ul style="list-style-type: none"> Matters arising from the 2019 QAO Audit Report Discuss any issues with QAO and Internal Audit in the absence of management 	A&RMC A&RMC A&RMC A&RMC A&RMC QAO IntAudit IntAudit IntAudit F&CS Risk Risk Risk TPCT WPR F&CS A&RMC A&RMC A&RMC IntAudit QAO QAO IntAudit