

## **Part 06**

# Governance

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# Governance

A focus on good governance allows us to guarantee public confidence, engage our stakeholders effectively, deliver services competently and professionally and ensure the efficient and effective use of taxpayers’ money.

In establishing good governance, we have embraced the principles outlined in the *Public Sector Ethics Act 1994*, which guide everyday business practices and reinforce our obligations to ethical and transparent processes and systems.

This commitment to good governance underpins our strategic planning, performance monitoring, risk and financial management processes and procedures and ensures governance is embedded in our daily work.

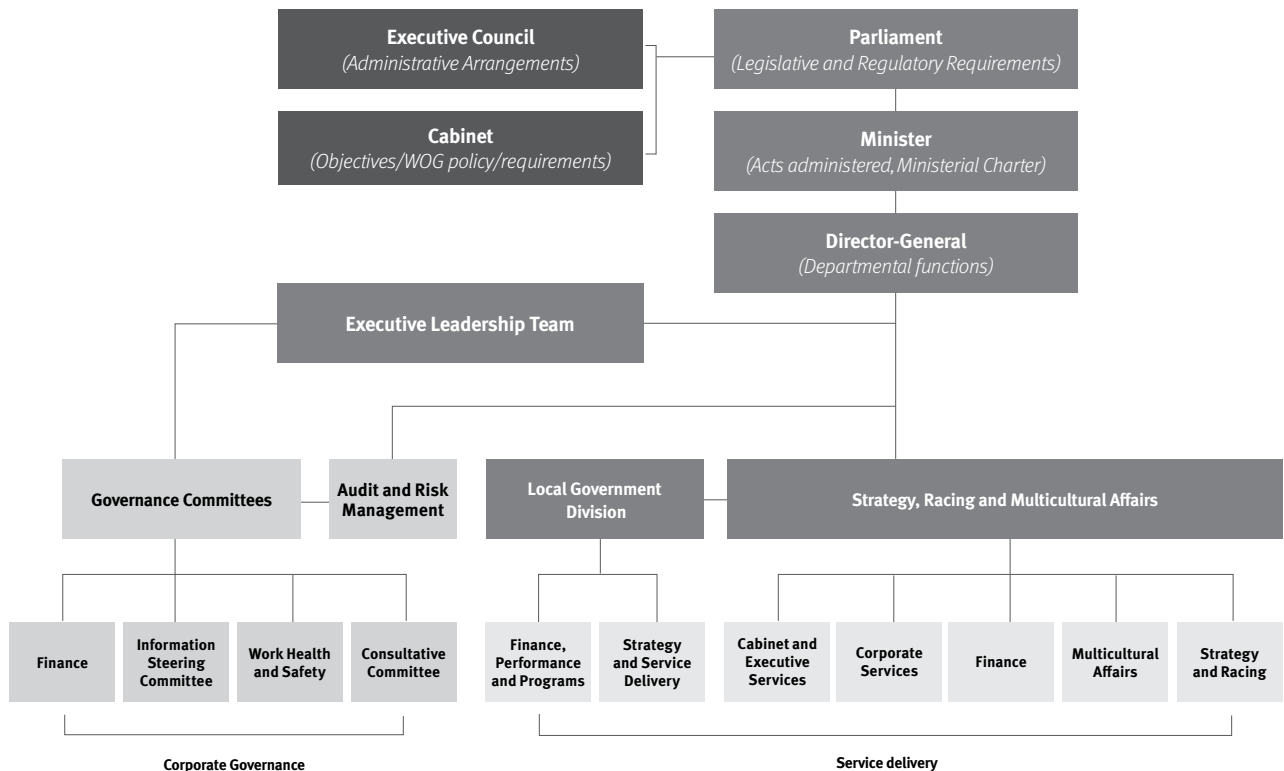
Our accountability for responsible governance is set out in the department’s governance framework

which ensures we meet our obligations under the *Financial Accountability Act 2009* and *Public Sector Ethics Act 1994*.

The framework ensures we deliver our work with transparency, openness and integrity and to a high standard of ethical behaviour and is reinforced by strong leadership, a clear organisational and governance committee structure and well-defined roles, responsibilities and accountabilities. Appendix 3 details the department’s governance boards and committees.

## Governance framework

Figure 8: The DLGRMA governance framework as at 30 June 2020



## Executive Leadership Team

### Warwick Agnew – Director-General

Warwick is responsible for providing values-based leadership and management to ensure the department is responsive to community and business needs and government priorities.

### Natalie Wilde – Deputy Director-General, Local Government Division (LGD)

Natalie is responsible for leading the development and implementation of strategies, policies and programs that support a sustainable local government sector.

### Rebecca Atkinson – Deputy Director-General, Strategy, Racing and Multicultural Affairs (SRMA)

Rebecca is responsible for delivering responsive and robust governance and engagement strategies to the department, and oversight of the multicultural affairs and racing policy functions.

### Paul Carlson – Executive Director, Corporate

Paul is responsible for overseeing legal services, human resources, contract management and service delivery of service level agreements and the Registrar Office to the Councillor Conduct Tribunal.

### John Clifton – Chief Finance Officer

John is responsible for providing strategic leadership and direction for the efficient, effective and economic financial administration of the department.

### Bronwyn Blagoev – Executive Director, Strategy and Service Delivery

Bronwyn is responsible for maintaining appropriate statutory and policy frameworks, developing local government strategy and policy and promoting the sustainability, integrity, capacity and performance of local government through a network of regional advisors.

### Stephen Robbins – Executive Director Finance, Performance and Programs

Stephen is responsible for leading the development and administration of local government grants programs, including the monitoring of council financial performance, and the development and delivery of governance and capability programs and engineering services.

### Wayne Briscoe – Executive Director, Multicultural Affairs

Wayne is responsible for the administration of the *Multicultural Recognition Act 2016* and the Queensland Multicultural Policy and Action Plan and works across Queensland Government, with Commonwealth Government agencies and community partners to drive equitable access to services and promote Queensland as a united, harmonious and inclusive community.

### Kim Mahoney – Executive Director, Strategy and Racing (from 11 November 2019)

Kim is responsible for the administration of the *Racing Act 2002* and the provision of policy advice to the government relating to the long-term sustainability of the racing industry in Queensland, and leads the strategic communications and strategy and governance functions for the department.

### Sarah Charlwood – Acting Executive Director, Racing Policy

Until 8 November 2019, Sarah was responsible for the administration of the *Racing Act 2002* and the provision of policy advice to the government relating to the long-term sustainability of the racing industry in Queensland.

## Risk management

The department's enterprise risk management framework and strategy was approved by the Director-General in July 2019.

The framework provides an overarching structure for the risk management function and ensures our processes and systems are consistent with good governance principles.

All staff are responsible for managing risk, with managers and executive staff responsible for implementing risk treatments in line with the department's risk appetite.

During 2019–20, we continued to develop the maturity of the enterprise risk management framework, processes and systems, integrating risk management into our strategic and operational planning and project and program management. Internal audit planning is informed by the department's risk register.

## Audit and Risk Management Committee

The Audit and Risk Management Committee was established pursuant to the Financial and Performance Management Standard 2019 (the Standard).

The committee's objective is to provide independent assurance and advice to the Director-General on the department's:

- risk management, control and compliance frameworks
- external accountability responsibilities as prescribed in legislation and standards.

The Audit and Risk Management Committee Charter establishes the authority and responsibilities of the committee and was prepared with reference to:

- relevant provisions of the *Financial Accountability Act 2009* (the Act) and the Standard
- Queensland Treasury Audit Committee Guidelines — Improving Accountability and Performance
- better practice guidance issued by the Institute of Internal Auditors, Australian Accounting Standards Board, Australian Institute of Company Directors and Australian National Audit Office including *Audit Committees A Guide to Good Practice* 3rd Ed.

The Audit and Risk Management Committee met on four occasions during 2019–20. Membership of the Audit and Risk Management Committee and remuneration (where applicable) in 2019–20 was:

- Karen Smith-Pomeroy – Chair and external member (appointed Chair 8 October 2018, previously external member). Remuneration: \$6822 (GST exclusive)
- Ian Rodin – external member (appointed 8 October 2018). Remuneration: \$8415 (GST exclusive)
- Natalie Wilde, Deputy Director-General, Local Government Division, internal member (appointed 8 October 2018)
- Rebecca Atkinson, Deputy Director-General, Strategy, Racing and Multicultural Affairs, internal member (appointed 13 August 2019).

Key achievements for the Audit and Risk Management Committee during 2019–20 included:

- reviewing and endorsing the department's annual report for the year ended 30 June 2020
- reviewing and endorsing the department's financial statements for the year ended 30 June 2020
- reviewing and endorsing the department's Internal Audit Strategic Plan 2020–23 and Annual Audit Plan 2020–21
- endorsing the Audit and Risk Management Committee Charter and the Internal Audit Charter for 2020–21
- endorsing the annual Queensland Government Enterprise Architecture Information Security Policy (IS18:2018) return for the year ended 30 June 2019
- receiving regular reports on Internal Audit activities, including audits and reviews completed as part of the Internal Audit Annual Audit Plans 2018–19 and 2019–20
- reviewing and considering the Queensland Audit Office (QAO) Strategic Audit Plan and the QAO Client Strategy for the department
- considering the scheduling, status, findings and audit recommendations of QAO financial and performance audits relevant to the department
- receiving regular reports on the implementation status of internal and external audit recommendations

- receiving regular trend and statistical reports on issues arising relating to ethics, and any fraud and corruption matters
- enhancing management’s oversight of risk management and receiving regular reports on the department’s risk status.

The Audit and Risk Management Committee considers it has observed the terms of its Charter and has had due regard to Queensland Treasury Audit Committee Guidelines: Improving Accountability and Performance.

## Internal Audit

Pursuant to section 24(1) of the Financial and Performance Management Standard 2019 (the Standard), the department has established an independent internal audit function which provides independent and objective advice to the Director-General.

Through its assurance activities, Internal Audit aids the Director-General in the discharge of his functions and duties under the relevant provisions of the *Financial Accountability Act 2009* (the Act) and the Standard.

Internal Audit provides independent, objective assurance and consulting activity designed to add value and improve the department’s operations and achieve its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Internal Audit operates under an approved charter that sets the purpose, authority and responsibilities of the department’s internal audit function which has been prepared with reference to:

- the relevant provisions of the Act and the Standard
- the Institute of Internal Auditors International Professional Practice Framework
- the Queensland Treasury Audit Committee Guidelines: Improving Accountability and Performance
- better practice guidance issued by the Australian National Audit Office.

The scope of Internal Audit coverage for 2019–20 was set out in the approved Internal Audit Strategic Plan 2019–22 and Annual Audit Plan 2019–20. This plan followed a risk-based methodology, balancing emerging issues against core business reviews and transactional processes. Auditable areas were identified based on consultation and assurance mapping relative to risk.

In 2019–20, Internal Audit delivered seven reviews across a broad range of risk areas including governance arrangements, financial controls, grant administration, information security management and program and project management controls.

Internal Audit also delivers ongoing support to various governance activities and provides advice on emerging risk issues or on request of management. Additional governance and controls support in 2019–20 included:

- attending ICT project governance boards as advisor
- attending Information Steering Committee meetings as observer
- site visit with key stakeholders to CITEC Secure Operations Centre
- governance advice for decisions on various grant programs and activities
- providing management self-assessment tools to understand control impacts of COVID-19 response
- providing secretariat function for Audit and Risk Management Committee meetings.

## External scrutiny

In addition to an annual audit of the department’s financial statements, the Auditor-General conducted performance audits and whole-of-government audits in accordance with the Queensland Audit Office Strategic Audit Plan.

### Queensland Audit Office

Queensland Audit Office audit reports tabled in the Legislative Assembly in 2019–20 directly applicable to the department included:

- Auditor-General of Queensland: Report to Parliament 2: 2019–20 — Managing the sustainability of local government services — tabled in Parliament 25 September 2019

## Recommendations

The QAO recommended that the department supports councils to develop:

- models, benchmarks, and tools that are scalable for differently sized councils to allocate their corporate overheads to their services. The department could, where appropriate, provide examples (templates), access to technical expertise and facilitate the development of tools for groups of councils
- a set of measures of effectiveness and efficiency to help councils monitor the performance of their services. The department could develop a set of standard measures of councils' common services for reference. It could also facilitate groups of similar councils to share existing resources or coordinate the development of new resources in partnership with existing council networks.

## Response

After initial discussions and stakeholder consultation a project was established to better understand stakeholder requirements and the potential outcomes of implementing the recommendations, to make a plan to deliver the project within all stakeholders' existing operational and resource constraints and provide updated guidance and support to councils in these areas.

- Auditor-General of Queensland: Report to Parliament 13: 2019–20 — Local government entities: 2018–19 results of financial audits — tabled in Parliament 20 February 2020

## Recommendations

The QAO recommended that the department:

- make changes to the *Local Government Act 2009* to require all councils to have audit committees and all audit committee chairs to be independent
- reviews the current sustainability ratios to determine if they are the most relevant and effective ratios for measuring the financial sustainability of councils and if supplementing them with additional ratios would provide a more comprehensive assessment

- continues to progress our previous recommendation to have entities controlled by councils make their financial statements publicly available.

## Response

With respect to the first recommendation, changes to the *Local Government Act 2009* to mandate audit committees and require all committees to have independent chairs are not being progressed at this time. The department is considering options to address the other two recommendations.

Other QAO audit reports considered by the department:

- Auditor-General of Queensland: Report to Parliament 3: 2019–20 — Managing cyber security risks — tabled in Parliament 1 October 2019
- Auditor-General of Queensland: Report to Parliament 11: 2019–20 — Queensland Government state finances: 2018–19 results of financial audit — tabled in Parliament 11 February 2020.

## Crime and Corruption Commission

The Crime and Corruption Commission Report: Operation Yabber — An investigation into allegations relating to Gold Coast City Council was tabled in January 2020 with the following recommendations addressed to the department:

- **Recommendation 1**  
The Crime and Corruption Commission recommends that the department reviews the operation of section 170 and progresses amendments to ensure that section 170 directions cannot be used to undermine efforts of chief executive officers to carry out their responsibilities under the *Local Government Act 2009* and ensure that sound governance policies and procedures are observed and that the employees of their local government authority behave ethically and in the best interests of the authority.
- **Recommendation 2**  
That amendments be made to the proposed sections 170AA and 197C of the *Local Government Act 2009* to impose further requirements relating to the guidelines and code of conduct.

## Response

The department:

- reviewed and amended section 170 of the *Local Government Act 2009* and section 170 of the *City of Brisbane Act 2010* with amendments contained in the *Electoral and Other Legislation (Accountability, Integrity and Other Legislation) Amendment Act 2020* to commence on 12 October 2020
- amended the Councillor Code of Conduct to provide further information on the power of the mayor to direct the chief executive officer; and in the case of Brisbane City Council, for the mayor to also direct senior executive employees
- developed a Councillor Advisor Code of Conduct which contains communication protocols between councillor advisors and Local Government employees and guidance for councillor advisors about managing conflicts of interest
- amended the Councillor Code of Conduct to include a provision about councillors ensuring their advisors are aware of the obligations under the Councillor Advisor Code of Conduct relevant to the recommendations raised in the report.

## Ethics

Under the *Public Sector Ethics Act 1994*, the department's Ethics and Integrity Framework ensures systems, policies, procedures and resources are in place to provide assurance that our activities are conducted in an ethical, accountable and transparent manner.

To support the framework and drive a culture of transparency and accountability, specialist ethics advice and services are undertaken to:

- manage customer, employee, privacy and human rights complaints, and complaints related to corrupt conduct
- coordinate public interest disclosures
- register declarations of interest and advice on management of conflicts of interest
- advice and review of gifts and benefits
- register and advise on contact with lobbyists
- assess and manage fraud and corruption risk.

Our employees uphold the Code of Conduct for the Queensland Public Service and receive regular training on the code. New employees receive information about the Code of Conduct at induction and all are required to complete online Code of Conduct and ethical decision-making training annually.

In 2019–20, employees were also required to complete public interest disclosure training — a general course about reporting wrongdoing and a supplementary course for supervisors and managers about their obligations.

The Ethics unit in the Department of State Development, Tourism and Innovation provides tailored information sessions and advice on management of alleged breaches of the Code of Conduct.

The Director — Ethics is also the Crime and Corruption Liaison Officer for matters involving departmental employees.

## Complaints

In 2019–20, the department received three customer complaints, all responded to within the defined service standard of 15 working days, and two resulting in further action.

Following the implementation of the *Human Rights Act 2019*, one human rights complaint was received by the department for the period 1 January to 30 June 2020, with no further action deemed necessary.

## Information systems and recordkeeping

The department continues to focus on recordkeeping best practice by ensuring compliance with the *Public Records Act 2002*, *Public Service Act 2008* and whole-of-government records governance and information security policies, ensuring that critical information assets are managed throughout their lifecycle from creation to disposal.

In 2019–20 we continued to develop digital technologies within our existing Microsoft Office 365 suite of tools, enabling us to pivot to new ways of communicating that support remote working and information sharing and allow us to be responsive to business needs and environmental changes.

We maintain our digital records using an established electronic documents and records management system. We create and manage records within the system that provide evidence of open, accountable and transparent decision-making and good business processes.

Documents are security-classified according to the requirements of our Information Security Policy, and during the year there were no serious security breaches. The department also uses whole-of-government systems for finance and human resource management.

All new business systems are appraised through established programs to assess whether they comply with our digital recordkeeping and information security requirements. Recordkeeping recommendations are also provided and addressed in the decommissioning of business systems.

The department continues to improve information security practices through the implementation of an Information Security Management System designed in accordance with ISO 27001: 2013 (ISO 27001) Information Security Standard and the Queensland Government Information Security Policy IS18: 2018. This provides a structured and systematic approach to securely protect the department's sensitive information against unauthorised access, alteration, disclosure or misuse.

The retention and disposal of the department's records are covered by several approved retention and disposal schedules and processes for disposing of records.

Paper recordkeeping has declined, and the number of records transferred to off-site storage has been reduced through a 'Born Digital, Stay Digital' approach. Off-site holdings continue to be assigned review periods to identify and assess records eligible for disposal.

As a commitment to embedding best practice recordkeeping and information security management practices across the department, mandatory staff training in recordkeeping and information security is in place to ensure awareness about their role in protecting the department's business information.