



Risk Management and Audit Committee (RMAC)

BUSINESS PAPER

THURSDAY 22/10/2020

Meeting to be held commencing 10.00am
In Executive Meeting Room at 7 Bees Creek Road, Freds Pass

Daniel Fletcher, Chief Executive Officer

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



RMAC AGENDA

LITCHFIELD COUNCIL RMAC MEETING

Notice of Meeting

to be held in the Executive Meeting Room, Litchfield
on Thursday, 22 October 2020 at 10.00am



Daniel Fletcher

Chief Executive Officer

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1. Opening of meeting

2. Apologies and Leaves of Absence

3. Disclosure of Interests

Any member of the RMAC who may have a conflict of interest, or a possible conflict of interest regarding any item of business to be discussed at the RMAC meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.

4. Confirmation of Minutes

THAT the full minutes, including confidential, of the Risk Management and Internal Audit Committee Meeting held Tuesday 1 September 2020, 5 pages, be confirmed.

Minutes have been distributed under separate cover and are publicly available on Council's website <http://www.litchfield.nt.gov.au/council/committees> or in hard copy by request.

5. Business Arising from the minutes

THAT Council receives and notes the Action Sheet

Meeting Date	Agenda Item & Resolution	Action Officer	Status
01/09/2020	Item 8.1 ICT Security Audit THAT RMAC: <ol style="list-style-type: none"> 1. Receive update on the ICT Security Audit; and 2. Request that the final ICT Security report with management responses be presented at the next meeting. 		ITEM COMPLETE – See report 8.1 this agenda
01/09/2020	Item 8.4 Risk Register THAT RMAC: <ol style="list-style-type: none"> 1. Note the updated strategic risk register; and 2. Note the completed actions in the Risk Dashboard of the Strategic Risk Register, which will be removed from the action list with controls to be added where required. 		Item 2. An updated risk register will be presented to RMAC at the February 2021 meeting.
01/09/2020	Item 10.1 Litchfield Council Cyber Crime Incident – May 2020 THAT RMAC: <ol style="list-style-type: none"> 1. Receive the report and note the fraud incident; 2. Note that the following preventive actions will be undertaken: <ol style="list-style-type: none"> a. the review FIN10 Fraud Protection Plan; b. the consideration of cyber liability insurance cover; c. the provision of fraud training to relevant staff on a regular basis. 		Item 2. a. Review is in progress. Update to be provided at the February 2021 meeting. b. Research and Project Officer (WHS&Risk) and Director Community and Corporate attended the JLT Public Sector Councils Cyber Webinar. c. Training proposed through JLT – in progress

6. Presentations

7. Accepting or Declining Late Items

8. Officer Reports



RMAC REPORT

Agenda Item Number:	8.1
Report Title:	ICT Security Audit
Author:	Stefan Jurkijevic, Information Manager
Recommending Officer:	Silke Maynard, Directory Community and Corporate Services
Meeting Date:	22/10/2020
Attachments:	Attachment A – ICT Security Audit Report Attachment B – Management Response to ICT Security Audit

Executive Summary

This report is to present RMAC the findings and key recommendations of the ICT Security Audit Report 2020.

Recommendation

THAT RMAC:

1. Receive the ICT Security Audit Report; and
2. Request that implementation actions from the ICT Security Audit Report be included into the risk register.

Background

Fourier Technologies was engaged by Litchfield Council to perform an audit of Council's ICT systems and processes. The review was performed in June 2020 and a report has been created to present the findings of the review and recommended actions to address areas of risk.

All recommended actions are summarised in Section 9, "IT Security Improvement Plan 2020-2024" (Page 40 of Attachment A). The Plan is the list of actions based on the investigations and recommendations in the report.

Overall, the Report has identified that Council's overall risk rating is 'Moderate' from a combination of 'Low' impact and 'Possible' likelihood. This result means that Litchfield Council's ICT Security is in a good position, but as detailed in the report, Council can further strengthen its position by addressing the resulting actions from the report.

The final report has identified 34 actions, categorised in the following way:

Risk	Description/Action	Number
High	Senior Management Attention needed. Failing to implement this recommendation as soon as possible introduces a high probability of loss of some sort.	6

Risk	Description/Action	Number
Moderate	Management responsibility must be specified. Its possible that failing to implement this recommendation will result in a loss of some sort. Rectification should be performed at the next scheduled maintenance.	12
Low	Manage by routine procedures. This issue should be considered during normal administrative duties and planning processes.	9
Information	Informational possible exposure.	7
	TOTAL	34

Of the identified six high risks, four are already actioned as part of the server exchange (renewal) project currently in progress. The other two high risks are related to the notification process of Council's renewed firewall and can be addressed internally without adding further costs.

Of the identified twelve moderate risks, four have a cost to implement, with three of those in the \$2,000 to \$3,000 price range. The fourth is the overall cost to ensure full disaster recovery of the IT system at a cost of approximately \$30,000 - \$40,000 (3.8 Disaster Recovery). This action will need to be actioned based on the demands identified on IT with the Business Continuity Plan for the organisation (Scheduled completion October 2020).

Of the identified nine low risks, only one is of moderate complexity to action and it carries an approximate \$3,000 cost. This cost would be associated with the ICT Managed Services supplier to implement the required action which is to ensure the appropriate Group Policy settings for users. The other eight are identified as internal processes with no further costs.

Of the identified seven information risks, only two have a cost to implement. One action needs further review, as mentioned in Attachment B. The other action is one that has a budget allocation of \$20,000 - 30,000 for Multi Factor Authentication (MFA). In this case a detailed assessment will need to be done on the accessibility for all staff to access the MFA and the benefits to Council.

Refer to Attachment B– Action List and Management response for more detail.

All the Actions, regardless of the risk level, should be included into the risk register to ensure the outcomes of this audit are monitored and reported against.

The "IT Security Improvement Plan" and associated Management responses will be used in conjunction with the "ICT Security Audit Report" to undertake further reviews and initiate actions. Record will be kept in the Risk Register towards the outcome of the actions.

Council's management response is detailed in Attachment B. Out of the 34 recommended actions, Management agreed with actioning 22 as recommended, Management has already actioned 4 and agrees with the intent of the action but needs to undertake further review of 8 actions.

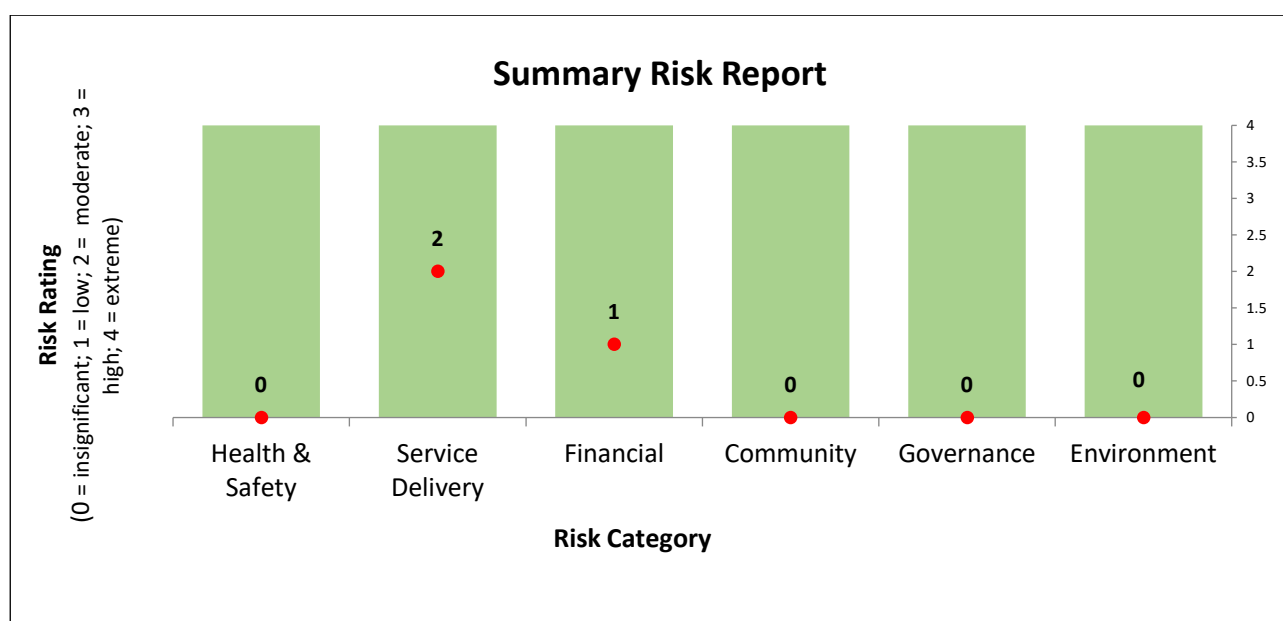
Links with Strategic Plan

A Well-Run Council - Good Governance

Legislative and Policy Implications

Internal audits for the 2019/20 financial year are now complete with the finalisation of the ICT security audit report. Internal audits for the 2020/21 financial year will commence in accordance with the 3-year internal audit plan.

Risks



Council is actively auditing processes and therefore reducing any risk to the organisation. This report identifies that Council has a 'moderate' risk. The financial risk from that failure has been set as 'low'.

Financial Implications

The ICT Security Audit was undertaken within the 2019-20 budget.

Of the 34 actions, 10 have a financial impact on the Council. The remaining 24 actions are to be addressed using internal resources. Relevant budget implications will be considered in the relevant budget review and budget preparations.

Community Engagement

NIL



**LITCHFIELD
COUNCIL**



Community effort is essential

IT Security Audit Report

July 2020

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Document Revision History			
Date	Version #	Author	Reason
20/5/2020	1.0	Peter Bensch	Draft Report Framework
18/6/2020	1.1	Peter Bensch	Commenced drafting details
2/7/2020	1.2	Peter Bensch	Final draft for presentation
6/7/2020	1.3	Brett Manktelow	Review of Report
24/7/2020	1.4	Peter Bensch	Amendments requested by Council
3/8/2020	1.5	Peter Bensch	Addition of IT Security Improvement Plan
24/8/2020	1.6	Adrian Sheedy	Adjustments to Exec Summary for consistency
31/8/2020	1.7	Peter Bensch	Adjustments to meet Council request

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1. Executive Summary

■ Introduction

Fourier Technologies was engaged by Litchfield Council to perform a risk assessment for their IT security needs. The review was performed in June 2020 and this report presents the findings of the review and recommended actions to address the areas of any risk.

The review is designed to provide Litchfield Council with a level of assurance that the controls deployed relating to the confidentiality, integrity and availability of information passing over the network and IT environment are effective and appropriate.

■ Objectives and Scope

The objective of the review was to validate the effectiveness of security controls currently implemented.

This was achieved by performing a technical assessment of Council's IT environment through the following phases:

1. Baseline Security Review
2. External Penetration Testing
3. Firewall/Router Configuration Review
4. Windows Server Configuration Review

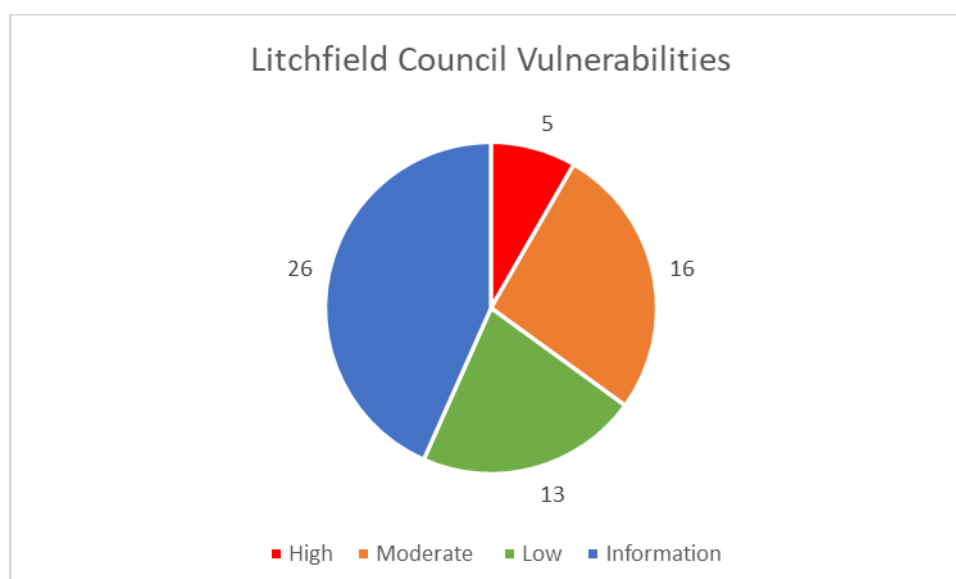
■ Summary

Our assessment has identified the nature and extent of potential vulnerabilities that may expose or compromise the information in Litchfield Council's IT environment. To assist Litchfield Council to further improve the security of their IT environment we have provided recommendations on appropriate corrective actions to address the security vulnerabilities identified.

A vulnerability is a weakness or flaw in the systems design, implementation or operation which has the potential to allow a threat to compromise with greater frequency or impact. This includes software bugs, insecure configurations, and inadequate management processes.

A total of **34** vulnerabilities was highlighted with the risks ranging from low to high in significance and 26 informational findings for your review.

The following diagram highlights the areas and relevance of vulnerabilities raised in the report:



Council's Risk Profile can be presented by the following diagram:

	Impact				
Likelihood	Insignificant	Low	Moderate	Major	Catastrophic
Almost Certain (Possible Weekly)					
Likely (Possible Monthly)					
Possible (Possible Annually)		Moderate			
Unlikely (Maybe once in 5 years)					
Rare (Maybe once in 20 years)					

Please refer to Appendix A – Risk Categories – Risk Table as a reference and guide to risk profile position comparison.

■ Key Findings and Core Recommendations

During the review, a few high and moderate risks were identified which should be remediated as soon as practical. The remaining findings provide Litchfield Council with the opportunity to further strengthen its security posture.

The vulnerabilities reported in this document form some exposure to risk for Council in some areas. We recommend that the risk management technique is to **Correct** the vulnerabilities that pose as potentially exposing the organisation to threats or events.

Key recommendations have been highlighted below:

Priority

Priority attention should be given to the development of Disaster Recovery and Business Continuity Plans for IT, for both specific assets and the network environment. Without a formal procedure, Council could experience extended down time in the event of a disaster specifically relating to IT. Implementing a plan on how Council will manage a component of IT should it fail will minimise the impact should a disaster event happen.

Establishing monitoring and alerts for the Sophos XG230 appliances should be a priority. The Sophos XG230 appliance is Council's core gateway router deployed to establish a high availability Tier One firewall platform.

High

Perform the recommended configurations to mitigate possible vulnerabilities around SSL/TLS protocols for the following ports 445/tcp, 446/tcp, 447/tcp, 3389/tcp, general tcp which should be applied. Transport Layer Security (TLS) and Secure Sockets Layer (SSL) are cryptographic protocol designs to provide communications security over a computer network. Several versions of the protocols find widespread use in applications such as web browsing, email, instant messaging, and voice over IP.

Arrange to have the VMware ESXi and VMware vCenter Server versions updated. If this is seen as better to be "Re-Assigned" due to deployment of the Server Hardware Refresh Project implementing Microsoft Hypervisor platforms which replace this key vulnerability, then this project should be scheduled as a high requirement.

Upgrade the current Windows 2008 Server versions to latest new supported versions.

Consider

Implementation of the following should be a consideration to enhance the organisation's security posture:

A certificate-based authentication method for public devices that are required to connect to the Corporate Network be implemented ensuring trusted devices can only gain access.

A regular general awareness program is conducted to assist with the uplift of security culture for Council's staff.

Council work with its Managed Service provider to implement appropriate MFA (Multi Factor Authentication) systems for its Core Applications and Internet facing services.

Access to the Server Room be governed by a policy and procedure. An audit logbook should be implemented where staff who access the room must complete date/time and the purpose of their entry.

Use of Roaming Profiles so that data is always backed up and stored on a server which makes important data recoverable and disable Microsoft Office macros that are not required.


Disk encryption methods be considered for shared or public computers.

A review of Administrative accounts and passwords, application of appropriate device local policies and GPOs.


2. Summary of Findings

Based on the areas examined and the scope of this review, the overall risk for your organisation has been rated as **Low** with a **Moderate** possibility. That is, slightly over 70% of the vulnerabilities are rated as low or informational. Some vulnerabilities have been rated as **Moderate** or **High** and require attention for action. An explanation of risk ratings has been provided in Appendix A – Risk Categories.


■ Baseline Security Review

Overall Rating	Comments	Risk	Count
 Low	<p>While most of the Council's baseline security is managed well, Council lacks formal policies and procedures in some areas.</p> <p>Priority attention should be given to the development of Disaster Recovery and Business Continuity Plans for IT, for both specific assets and the network environment.</p> <p>The Windows Server 2008 VMs should be upgraded to the latest supported version in the short term.</p>	Extreme	0
		High	1
		Moderate	7
		Low	4
		Information	18


■ External Penetration Testing

Overall Rating	Comments	Risk	Count
 Moderate	<p>There are a number of vulnerabilities that need to be addressed and corrective action taken.</p> <p>VMware ESXi and VMware vCenter Server versions have updates which need to be applied as a precautionary requirement. Council's recent commitment to a new Server Infrastructure refresh project includes conversion of the VMs to Microsoft Hypervisor which negates any current VMware versioning vulnerabilities.</p> <p>Configuration to mitigate possible vulnerabilities around SSL/TLS protocols for the following ports 445/tcp, 446/tcp, 447/tcp, 3389/tcp, general tcp should be applied.</p>	Extreme	0
		High	2
		Moderate	7
		Low	2
		Information	2

■ Firewall/Router Configuration Review

Overall Rating	Comments	Risk	Count
 Low	<p>New Sophos XG230 Appliances have recently been deployed to establish a high availability Tier One firewall platform.</p> <p>There are a few configurations that need be implemented which include password complexity, blocking access from user computers.</p> <p>Establishing monitoring and alerts for the appliances should be a priority.</p>	Extreme	0
		High	1
		Moderate	0
		Low	2
		Information	4






■ Windows Server Configuration Review

Overall Rating	Comments	Risk	Count
 Low	<p>The Windows Servers across the board are configured satisfactory with some minor changes to passwords, GPOs and the Administrator account suggested.</p> <p>The key vulnerability is that the Windows Server 2008 versions that are running are end of life from a Microsoft life-cycle support regime. These should be upgraded in the short-term to minimise security vulnerabilities that may potentially arise.</p>	Extreme	0
		High	1
		Moderate	2
		Low	5
		Information	2

3. Baseline Security Review

The Baseline Security Review seeks to identify current security considerations across organisation. This review seeks to gain an understanding of the Council's network environment from a technical control and process level to identify any opportunities for improvement.




3.1 General

Control Area	Result	Observations
Overview of Organisation's IT environment	 Information	<p>Management of the network environment is the responsibility of both the internal IT Department (made up by one person – Information Manager) and Fourier Technologies who has been engaged as a Managed Service provider for their IT environment.</p> <p>The Council utilises a Windows environment on both Servers and Workstations.</p> <p>The Council's IT network has a small number of devices utilising legacy Windows versions.</p>
Mobile Devices and Bring your Own Device (BYOD)	 Low	<p>The Council provides mobile phones to its employees. These devices are not controlled by a Mobile Device Management (MDM) system.</p> <p>A pilot project has deployed an MDM for testing and implementation. Testing has not been performed to complete the implementation of the system.</p> <p>Council has implemented a policy for the use of BYOD devices.</p>
Externally available services	 Information	<p>Council utilises Microsoft O365 and related products, and ArcGIS as Cloud based tools and applications. Council's libraries also utilise some Cloud based applications mainly presented by the NT Government.</p> <p>The Council has a small number of services accessible over the Internet which includes their website.</p> <p>No formal SCADA (Supervisory control and data acquisition) system is deployed however Council utilises a Sophos solution to manage Threat detection and mitigation, risk-based vulnerability management and complete visibility. Adaptive assessment and configuration controls.</p> <p>It is noted that MFA (multi-factor authentication) is not used.</p>
Wireless Network	 Moderate	<p>The Council implements an internal wireless network at all office sites and locations.</p> <p>Authentication for wireless network (According to the most recent documentation)</p> <p>Main Office - uses WPA2-Enterprise - and requires users AD credentials</p> <p>Taminmin Library - uses WPA2-Personal with a pre shared key for staff</p> <p>Taminmin Library - Public access no encryption</p>
User Security Awareness	 Information	<p>The Council does not perform any formal user awareness training on security processes or policy. Staff are advised when required on security events and recommended actions to consider.</p>

Recommendations

Reference	Finding/Action	Rating
Mobile Devices	The MDM solution implementation has not been completed. We recommend that testing is completed so that MDM solution proposed can be validated as an appropriate control for Council's mobile phones.	Low2C Low-Possible
Externally available services	MFA (multi-factor authentication) is another layer of security and protection in the event users log-in IDs and passwords are comprised. MFA is a security system that requires more than one method of authentication from independent categories of credentials to verify the user's identity for a login or other transaction. We recommend that Council work with its Managed Service provider to implement appropriate MFA systems for its Core Applications and Internet facing services.	Information2D Low-Unlikely
Wireless Network	The Council's wireless network at Taminmin Library is currently configured to use pre-shared keys for authentication to the Corporate Network. This exposes the risk of an attacker obtaining this passphrase and gaining a foothold into the Corporate Network. Pre-shared keys can be shared without control and make it difficult to revoke access as all endpoints must be re-configured. We recommend that a certificate-based authentication method for devices required to connect to the Corporate Network be implemented ensuring trusted devices can only gain access.	Moderate2C Low-Possible
User Security Awareness	We recommend that a regular general awareness program is conducted to assist with the uplift of security culture for Council's staff.	Information2D Low-Unlikely

3.2 Review of Patch Management Process





Control Area	Result	Observations
Overview of Patching Processes		<p>Fourier Technologies as part of its Managed Service is engaged to perform patching on weekly basis, as per an agreed schedule. Zero-day exploits are managed by reporting alerts. Critical updates are applied within 24 hours. Patching reports are provided to the Information Manager weekly.</p> <p>The Patch Management process is conducted in the following manner:</p> <ul style="list-style-type: none"> a. Patch Detection - 12:00 AM and 11:00 AM every day of every month. b. Patch Pre-Download - 12:00 PM and 4:00 PM every Wednesday of every month. c. Patch Installation - 7:00 PM every Thursday of every month. d. Patch Reboot - 9:00 PM every Thursday of every month.
Workstation Patching		<p>Patching is performed on weekly basis, as per an agreed schedule. Patching reports are provided to the Information Manager monthly.</p>
Infrastructure Patching		<p>Patching is performed on weekly basis, as per an agreed schedule. Patching reports are provided to the Information Manager monthly.</p>

Recommendations

Reference	Finding/Action	Rating
Patching	<p>Minimal devices fail to install critical patches that are approved.</p> <p>All devices must be turned ON during the patching schedule to ensure updates are performed.</p> <p>We recommend that advice to all staff is given by the Information Manager to ensure all devices remained turned on during each Thursday evening to promote good patch management for laptops and workstations.</p>	<p>Information1E Insignificant-Rare</p>

3.3 Review of User Management Processes



Users with access to organisation's systems hold a level of inherit trust within the network, and therefore often are the target of attackers seeking to gain a foothold. This risk is reduced through the implementation of policies and procedures to enforce appropriate user access management.

Control Area	Result	Observations
Physical Access	 Low	<p>Access to the building is protected by keys issued and used by staff.</p> <p>Keys are allocated to Staff via the key register. This key gives them access to the building and various rooms including the Server room.</p> <p>The pin codes are associated with the motion sensor system for the main building. Management and select staff have a pin code allocation.</p> <p>There is no schedule to review or change users pin codes, so once allocated that number will stay the same.</p>
Server Room/Data Centre Access	 Moderate	<p>The Server Room at the main office is protected by door locks.</p> <p>The Server Room is a shared room that has the Data Centre components as part of it.</p> <p>Key access to the Server Room is alike the other general doors in the LCO Office.</p> <p>The Server Room is shared with a few staff who at times need to access it for the following:</p> <ul style="list-style-type: none"> • Meter Board • Safe • Solar invertors • Key Register • Telephone system and associated NBN FW connection <p>There is no policy or procedure governing access to the Server Room. Nothing essentially stops someone from accessing the room however, unless staff member who do not need to access the above room for above stated items, then they will not go into the room on a trust basis.</p>
Policies and Procedures	 Information	<p>Council have the following policies which govern use of the organisations ICT resources:</p> <p>COR05 Acceptable Use - Information and Communication Technology</p> <p>HR06 - Internet and Email Policy</p> <p>Council informs that procedures relating to these policies are planned to be created.</p>
User Access Review	 Low	<p>Reviews on User Access to systems are performed when employees are onboarded or offboarded to/from the system.</p> <p>No annual review of system user access is performed.</p> <p>The Auditors will request a view of the users on the system who can access the Authority Application system and associated modules.</p>

Recommendations

Reference	Finding/Action	Rating
Physical Access	Due to keys allocated to staff having access to the building which includes the Server Room, it is recommended that Council consider a review to change users pin codes on a quarterly basis.	Low2B Low-Likely
Server Room/Data Centre Access	<p>Access to the Server Room is not secure and is easily accessible to employees with no auditing mechanisms in place. The level of access is inappropriate due to the sensitive nature of network equipment potentially being tampered or otherwise.</p> <p>It is recommended that access to the Server Room be governed by a policy and procedure. An audit logbook should be implemented where staff who access the room must complete date/time and the purpose of their entry.</p> <p>Keys to the Server Room should be allocated to the Information Manager only, with other spare keys situated in a secure area that includes input to the audit logbook.</p> <p>The audit logbook should be reviewed on a weekly basis by an appropriate Manager.</p>	Moderate4B Major-Likely
User Access Review	<p>User access reviews are performed on an adhoc basis. User access to any organisation's IT network environment provides an inherit level of trust and could potentially be a target of attackers wanting to gain a foothold within the environment.</p> <p>Regular reviews of user access are integral in ensuring inappropriate user accounts are not created, or kept active, particularly those users which have terminated their employment with Council.</p> <p>It is recommended that as a minimum an annual review is performed on all users' accounts across all systems confirming that terminated users have been disabled/ or deleted and that current user privileges align with the persons job requirements.</p>	Low3C Moderate-Possible

3.4 Review of Operating Systems

Control Area	Result	Observations
Servers	 High	<p>There are several Servers (VMs) running Microsoft Windows Server 2008 versions. Microsoft Support for this Operating System version has expired, and security updates are no longer distributed to safeguard these systems.</p> <p>New vulnerabilities emerge on this platform and there are no guarantees that patches for remediation will limit exposure of these hosts to potential compromise.</p>
Workstations/Laptops	 Information	<p>There is one Workstation running Windows 7. Microsoft Support for this Operating System version has expired, and security updates are no longer distributed to safeguard these systems.</p> <p>New vulnerabilities emerge on this platform and there are no guarantees that patches for remediation will limit exposure of these hosts to potential compromise.</p>

Recommendations

Reference	Finding/Action	Rating
Servers	We recommend either upgrading the existing Virtual Machines (VMs) Server Operating systems to Windows Server 2016 as a minimum or replace the VMs as part of a new deployment project that includes installation of Windows Server 2016 as a minimum requirement.	High4C Major-Possible
Workstations/Laptops	We recommend replacing any Workstation running Windows 7 with a new device that has Windows 10 Professional installed as a minimum requirement.	Information2C Low-Possible






Please see attached table for your information regarding status.

OPERATING SYSTEM	INSTANCES	DEVICES
Microsoft Windows Server 2016 Datacenter x64 Edition	1	LSC-MAGIQ
Microsoft Windows Server 2016 Standard x64 Edition	1	LSC-LFD-MS01
Microsoft Windows Server 2008 R2 Standard x64 Edition Service Pack 1	4	LC-FP02
Microsoft Windows Server 2008 R2 Standard x64 Edition Service Pack 1		LC-SEPM01
Microsoft Windows Server 2008 R2 Standard x64 Edition Service Pack 1		LC-INFOMAP01
Microsoft Windows Server 2008 R2 Standard x64 Edition Service Pack 1		LC-DC02
Microsoft Windows 10 Pro	72	FT-41674
Microsoft Windows 10 Pro		Client-46214
Microsoft Windows 10 Pro		Client-44915
Microsoft Windows 10 Pro		CLIENT-40014
Microsoft Windows 10 Pro		Client-45361
Microsoft Windows 10 Pro		FT-41654
Microsoft Windows 10 Pro		FT-41657
Microsoft Windows 10 Pro		FT-41655
Microsoft Windows 10 Pro		CLIENT-45965
Microsoft Windows 10 Pro		Client-36321
Microsoft Windows 10 Pro		client-39804

OPERATING SYSTEM	INSTANCES	DEVICES
Microsoft Windows 10 Pro		Client-44738
Microsoft Windows 10 Pro		Client-46042
Microsoft Windows 10 Pro		CLIENT-41566
Microsoft Windows 10 Pro		CLIENT-45963
Microsoft Windows 10 Pro		Client-46213
Microsoft Windows 10 Pro		CLIENT-45782
Microsoft Windows 10 Pro		CLIENT-45964
Microsoft Windows 10 Pro		FT-40901-NMON-TAM-LIB
Microsoft Windows 10 Pro		Client-46045
Microsoft Windows 10 Pro		FT-41710
Microsoft Windows 10 Pro		FT-41711
Microsoft Windows 10 Pro		FT-41712
Microsoft Windows 10 Pro		FT-41713
Microsoft Windows 10 Pro		CLIENT-40013
Microsoft Windows 10 Pro		FT-41714
Microsoft Windows 10 Pro		CLIENT-40748
Microsoft Windows 10 Pro		Client-44724
Microsoft Windows 10 Pro		Client-39807
Microsoft Windows 10 Pro		Client-45292
Microsoft Windows 10 Pro		FT-41720
Microsoft Windows 10 Pro		CLIENT-45958
Microsoft Windows 10 Pro		Client-46216
Microsoft Windows 10 Pro		FT-41721
Microsoft Windows 10 Pro		Client-45961
Microsoft Windows 10 Pro		CLIENT-46530
Microsoft Windows 10 Pro		CLIENT-47352
Microsoft Windows 10 Pro		Client-46217
Microsoft Windows 10 Pro		Client-46215
Microsoft Windows 10 Pro		FT-40902 - Main Office NMON
Microsoft Windows 10 Pro		CLIENT-44980
Microsoft Windows 10 Pro		Client-46043
Microsoft Windows 10 Pro		Client-45478
Microsoft Windows 10 Pro		CLIENT-45002
Microsoft Windows 10 Pro		CLIENT-45959
Microsoft Windows 10 Pro		Ft-41656
Microsoft Windows 10 Pro		CLIENT-44725
Microsoft Windows 10 Pro		CLIENT-45962
Microsoft Windows 10 Pro		CLIENT-40706
Microsoft Windows 10 Pro		CLIENT-39713
Microsoft Windows 10 Pro		CLIENT-44917
Microsoft Windows 10 Pro		CLIENT-45100
Microsoft Windows 10 Pro		CLIENT-45280

OPERATING SYSTEM	INSTANCES	DEVICES
Microsoft Windows 10 Pro		CLIENT-45955
Microsoft Windows 10 Pro		CLIENT-44723
Microsoft Windows 10 Pro		CLIENT-44916
Microsoft Windows 10 Pro		CLIENT-45957
Microsoft Windows 10 Pro		CLIENT-01075
Microsoft Windows 10 Pro		CLIENT-45291
Microsoft Windows 10 Pro		CLIENT-40008
Microsoft Windows 10 Pro		Client-44914
Microsoft Windows 10 Pro		CLIENT-11111
Microsoft Windows 10 Pro		CLIENT-45967
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Microsoft Windows 10 Pro		CLIENT-45001
Microsoft Windows 10 Pro		Client-44735
Microsoft Windows 10 Pro		CLIENT-40747
Microsoft Windows 10 Pro		CLIENT-45966
Microsoft Windows 10 Pro		CLIENT-44737
Microsoft Windows 10 Pro		Client-39862
Microsoft Windows 10 Pro		CLIENT-45960
Microsoft Windows 10 Pro		CLIENT-40009
Microsoft Windows 10 Enterprise	1	DESKTOP-FRO1HTE
Microsoft Windows 2008 Standard Server x64 Edition Service Pack 2	2	LC-PDC
Microsoft Windows 2008 Standard Server x64 Edition Service Pack 2		APP01
Microsoft Windows 7 Ultimate x64 Edition Service Pack 1	1	LSC-DWN-FME01
Microsoft Windows Server 2012 Standard x64 Edition	1	SQL01








3.5 Review of Authentication Methods

Control Area	Result	Observations																										
User Authentication	 Information	Domain Users are unable to log onto servers directly unless they have been granted permissions to the local Administrators Group Policy or Backup Operators Group Policy. Access for Remote Desktop permissions is limited.																										
Administrators Authentication	 Information	Server access is granted to Domain Users in the Domain Administrators Group Policy. Administrators are allocated to the Administrators Group Policy.																										
Account Password Policy	 Information	<p>Account Passwords for Domain Users is governed by the following the policy:</p> <table><tr><th colspan="2">Account Policies/ Password Policy</th></tr><tr><th>Policy</th><th>Setting</th></tr><tr><td>Enforce password history</td><td>14 passwords remembered</td></tr><tr><td>Maximum password age</td><td>30 days</td></tr><tr><td>Minimum password age</td><td>0 days</td></tr><tr><td>Minimum password length</td><td>8 characters</td></tr><tr><td>Password must meet complexity requirements</td><td>Enabled</td></tr><tr><td>Store passwords using reversible encryption</td><td>Disabled</td></tr></table> <table><tr><th colspan="2">Account Policies/ Account Lockout Policy</th></tr><tr><th>Policy</th><th>Setting</th></tr><tr><td>Account lockout duration</td><td>5 minutes</td></tr><tr><td>Account lockout threshold</td><td>5 invalid logon attempts</td></tr><tr><td>Reset account lockout counter after</td><td>5 minutes</td></tr></table>	Account Policies/ Password Policy		Policy	Setting	Enforce password history	14 passwords remembered	Maximum password age	30 days	Minimum password age	0 days	Minimum password length	8 characters	Password must meet complexity requirements	Enabled	Store passwords using reversible encryption	Disabled	Account Policies/ Account Lockout Policy		Policy	Setting	Account lockout duration	5 minutes	Account lockout threshold	5 invalid logon attempts	Reset account lockout counter after	5 minutes
Account Policies/ Password Policy																												
Policy	Setting																											
Enforce password history	14 passwords remembered																											
Maximum password age	30 days																											
Minimum password age	0 days																											
Minimum password length	8 characters																											
Password must meet complexity requirements	Enabled																											
Store passwords using reversible encryption	Disabled																											
Account Policies/ Account Lockout Policy																												
Policy	Setting																											
Account lockout duration	5 minutes																											
Account lockout threshold	5 invalid logon attempts																											
Reset account lockout counter after	5 minutes																											
Wireless Network Authentication	 Moderate	<p>This policy applies to all Local Area Network (LAN) access.</p> <p>The Council implements an internal wireless network at all office sites and locations.</p> <p>Authentication for wireless network (According to the most recent documentation)</p> <p>Main Office - uses WPA2-Enterprise - and requires users AD credentials</p> <p>Taminmin Library - uses WPA2-Personal with a pre shared key for staff</p> <p>Taminmin Library - Public access no encryption</p>																										
Logging and Auditing	 Information	<p>Logging and Auditing is a powerful mechanism allowing early warning of potential threats and issues affecting systems.</p> <p>Windows Server logging and auditing is configured providing standard reporting across performance, access, security, and capacity. SolarWinds N-Central is deployed by the Managed Service Provider to generate alerts when certain criteria are triggered.</p> <p>Logs are stored both locally on the Servers and within SolarWinds N-Central reporting tools.</p> <p>SolarWinds N-Central generates alerts based on thresholds prompting action based on the incident.</p>																										

Recommendations

Reference	Finding/Action	Rating
Wireless Network	We recommend that a certificate-based authentication method for devices required to connect to the Corporate Network be implemented ensuring trusted devices can only gain access.	Moderate2C Low-Possible
Account Password Policy	We recommend that an Account Policy be added to lock Domain Users out after certain time of inactivity (30 min) where the Domain User is required to log back onto the workstation/laptop.	Information2D Low-Unlikely

3.6 Review of Workstation hardening


Control Area	Result	Observations
Endpoint Protection	 Information	Sophos Endpoint software is installed on all workstations/laptops. This governs and controls the following, but not limited to: * prevents downloading of risky file types (Active X, dll's etc) and warns on .exe and msi files * blocks access to websites categorised as inappropriate (adult, criminal, violent) * provides AV protection
User Access Control	 Information	UAC is enabled on all workstations, requiring Administrator permissions to install software and prompts before running unknown executables. Workstations are not accessible outside of the LAN.
External Devices/Workstation Local Drives	 Moderate	Domain Users can still plug in external devices to USB ports and to copy/move files or potentially run a program. This is a potential security risk especially if auto play is enabled. If you have a shared or public computer that several people use, you might want to restrict access to its local drives to prevent users from deleting important data. This can be performed by using Local Group Policies. No disk encryption is currently used.
Email Filtering	 Information	Domain Users access Microsoft O365 as the Email serving solution. Trend Micro is deployed to filter Domain Users mailboxes for spam and malware. Regular education on email protection to prevent malicious messages from being opened and compromising systems should be adopted.
Microsoft Office Macros	 Moderate	Restriction on Microsoft Office Macros is not present.
File Share Access	 Information	Methods of group security permissions are deployed to prevent Domain User access to restricted files and folders.
Windows Firewall	 Information	Windows Firewall on workstations/laptops are disabled.

Recommendations

Reference	Finding/Action	Rating
External Devices	<p>We recommend for Corporate Network Domain Users that access to local drive is disabled. Consideration should be given to the use of Roaming Profiles so that data is always backed up and stored on a server which makes important data recoverable.</p> <p>We recommend that disk encryption methods be considered for shared or public computers be enabled.</p>	<p>Moderate3C</p> <p>Moderate-Possible</p>

Microsoft Office Macros	<p>We recommend Council consider disabling Microsoft O365 from running Macro enabled documents unless specifically required. This can be performed by deploying Group Policy Objects.</p> <p>The Group Policy Object could include trusted locations when opening macro enabled documents.</p>	<p>Moderate2C Low-Possible</p>
Windows Firewalls	<p>We recommend that Council consider enabling Windows Firewall on all workstations and laptops where exceptions are granted to minimise any potential risks by an attacker access the Network environment via a Domain Users device.</p> <p>This can be performed by enabling Windows Firewall with the required port and application exceptions.</p>	<p>Information2C Low-Possible</p>




3.7 Review of Change Management

Control Area	Result	Observations
Overview of Change Management Processes and Procedures		<p>From an IT Governance perspective, the Change Management procedures are minimal.</p> <p>Domain User requests are usually generated through Council's Authority CRM system which generates a ticket which is forwarded to the Managed Service Provider's Helpdesk System. Tracking can be performed in both systems.</p> <p>Fourier Technologies adheres to their internal policy for the provision of the Managed Service which requires that any changes to Security permissions needs Council management or authorised persons approval (e.g. new / change to user accounts, add software to machine). Whilst this is a Fourier Technologies procedure there is no Council policy to enforce staff requirements.</p> <p>It is not evident that proper documentation, evaluation, testing and fail back procedures are implemented as part of any Council internal Change Management process.</p>

Recommendations

Reference	Finding/Action	Rating
Overview of Change Management Processes and Procedures	<p>Appropriate oversight is integral to ensuring the correct operation for IT environments. Change Management promotes that any changes made to the IT environment with a network is reviewed and performed in a manner to minimise any damage caused.</p> <p>We recommend that Council consider defining an internal process for IT changes or leverage the Managed Service Providers process to ensure the appropriate phases are tracked. This process should include the reason for change, approval to perform the change, confirmation of testing before deployment and confirmation of the implementation.</p>	Information2E

3.8 Disaster Recovery

Control Area	Result	Observations
Overview of Disaster Recovery capability	 Moderate	<p>Reliance on information systems to facilitate business operations is paramount. Resilience for these systems to ensure continued business operations is extremely important.</p> <p>The Council's IT Server Network (VMs) is virtualised using VMware with back-ups performed nightly.</p> <p>Veeam Software as a Backup Management Solution was installed by a legacy Manager Service Provider. The license for this product has expired and the solution no longer functions.</p> <p>There is no secondary network IT Server infrastructure. In the event the primary Server infrastructure becomes unavailable due to fire or other disaster destroying the environment, there is no immediate recovery mechanisms in place.</p> <p>Council has recently deployed a High Availability and Fault Tolerant solution for its Network Routers and Switches at the Main Office. In the event a primary device fails a secondary unit can be actioned for production quickly.</p>
Policies and Procedures	 Moderate	<p>Council has a Cyclone Emergency Management and Recovery Plan which governs how the IT Server Network, Workstations and other related equipment will be managed in the event a Cyclone weather situation is forecasted.</p> <p>Disaster Recovery and Business Continuity Plans for IT specifically is not in place.</p>
Back-up, Maintenance and Testing	 Low	<p>Backups are performed nightly:</p> <ul style="list-style-type: none"> * Backup Profile LSC C&L Daily at 10PM * Vault Location: \\172.17.2.229\backups\solarwinds_backup\ <p>All listed Server VMs are backed up using SolarWinds Backup Solution:</p> <ul style="list-style-type: none"> lc-infomap lc-sepm01 sql01 lc-pdc lc-fp02 app01 lsc-dwn-fme01 lc-dc02 <p>Daily SQL Server DB backups to NAS Y:\ drive on SQL01</p> <p>RPO – Data can be recovered from previous nights backup.</p> <p>All VMs backed up to the SolarWinds Vault location are synchronised to the On-Premise allocated NAS located at the Litchfield Main Office DC Room racks. This is performed to provide a secondary backup of Server VMs because of the Veeam Software solution no longer functioning.</p>

Recommendations


Reference	Finding/Action	Rating
Disaster Recovery capability	<p>Although Server VMs are backed up daily there is no Disaster Recovery or Business Continuity measures in place for IT.</p> <p>This exposes the Council to the risk of prolonged outage or limitations to recover quickly in the event the primary IT Server Network becomes unavailable.</p> <p>It is recommended that Council puts in place a Disaster Recovery and Business Continuity Plan to cover measures taken for the continuation of business operations in the event the primary IT Server Network environment becomes unavailable.</p>	<p>Moderate4C Major-Possible</p>

4. External Penetration Testing

External Penetration Testing methodology is used to examine network security to validate vulnerabilities where potential exploitation can be performed to breach systems or the network.

The methodology performs tests and examinations using a range of automated and manual processes. The result of these tests is then analysed and investigated to identify the extent of any vulnerabilities.

4.1 Identification of WAN facing services

Control Area	Result	Observations
WAN Facing Services		<p>The following have been identified as the only Wide Area Network facing services accessible externally:</p> <p>InfoXpert (MagiqDocs) - port 12443 from Australia IP's only ESX1 - port 444 from Fourier WAN IMM1 port 445 from Fourier WAN ESX2 - port 446 from Fourier WAN IMM2 - port 447 from Fourier WAN RDP access to LC-PDC - port 3390 from Fourier WAN only RDP access to LC-SEPM01 - port 3389 (default port) connects to LC-SEPM01 Australia IP's only</p>


4.2 Penetration Testing on the Firewall

Fourier Technologies utilised our security assessment tool that connects to the OpenVAS Manager to provide for a full-featured user interface for vulnerability management. The OpenVAS scanner is a comprehensive vulnerability assessment system that can detect security issues in all manner of servers and network devices. Results are delivered to an email address for analysis, allowing to start re-mediating any risks your systems face from external threats.

4.2.1 Hosted Information



Scan Started	Scan Completed	Source IP Address
23/6/2020	24/6/2020	110.145.251.106





4.2.2 Findings



Control Area	Result	Observations
Penetration Test		<p>Fourier Technologies used their security assessment tool which was setup to perform "Full and Deep" scan conducted on the Litchfield WAN IP (110.145.251.106).</p>


Result Overview

Host	High	Medium	Low	Log	False Positive
110.145.251.106 lit3026069.lnk.telstra.net	1	6	2	0	0
Total: 1	1	6	2	0	0

Test	Result	Observations
VMware vCenter and ESXi updates address critical security issues.	 High	<p>Vulnerability Detection Result ESXi Version: 5.5.0 Detected Build: 1746974 Fixed Build: 3029944</p> <p>Affected Software/OS VMware ESXi 5.5 without patch ESXi550-201509101 VMware ESXi 5.1 without patch ESXi510- 201510101 VMware ESXi 5.0 without patch ESXi500-201510101 VMware vCenter Server 6.0 prior to version 6.0 update 1 VMware vCenter Server 5.5 prior to version 5.5 update 3 VMware vCenter Server 5.1 prior to version 5.1 update u3b VMware vCenter Server 5.0 prior to version 5.u update u3e</p> <p>VMware ESXi OpenSLP Remote Code Execution VMware ESXi contains a double free flaw in OpenSLP's SLPD ProcessMessage function. Exploitation of this issue may allow an unauthenticated attacker to execute code remotely on the ESXi host.</p> <p>VMware vCenter Server JMX RMI Remote Code Execution VMware vCenter Server contains a remotely accessible JMX RMI service that is not securely configured. An unauthenticated remote attacker that can connect to the service may be able use it to execute arbitrary code on the vCenter server.</p> <p>VMware vCenter Server vpxd denial-of-service vulnerability VMware vCenter Server does not properly sanitise long heartbeat messages. Exploitation of this issue may allow an unauthenticated attacker to create a denial-of-service condition in the vpxd service.</p> <p>Solution type: VendorFix Apply the missing patch(es)</p>
VMware has updated vSphere third party libraries	 Moderate	<p>Vulnerability Detection Result ESXi Version: 5.5.0 Detected Build: 1746974 Fixed Build: 2068190</p> <p>Affected Software/OS VMware vCenter Server 5.5 prior to Update 2 VMware vCenter Update Manager 5.5 prior to Update 2 VMware ESXi 5.5 without patch ESXi550-201409101-SG</p> <p>a. vCenter Server Apache Struts Update The Apache Struts library is updated to address a security issue. This issue may lead to remote code execution after authentication.</p> <p>b. vCenter Server tc-server 2.9.5 / Apache Tomcat 7.0.52 updates tc-server has been updated to version 2.9.5 to address multiple security issues. This version of tc-server includes Apache Tomcat 7.0.52.</p> <p>c. Update to ESXi glibc package glibc is updated to address multiple security issues.</p> <p>d. vCenter and Update Manager, Oracle JRE 1.7 Update 55 Oracle has documented the CVE identifiers that are addressed in JRE 1.7.0 update 55 in the Oracle Java SE Critical Patch Update Advisory of April 2014</p> <p>Solution type: VendorFix Apply the missing patch(es)</p>

SSL/TLS: SSLv3 Protocol CBC Cipher Suites Information Disclosure Vulnerability (POODLE)	 Moderate	Vulnerability Detection Result This host may be prone to an information disclosure vulnerability. Successful exploitation will allow a man-in-the-middle attackers to gain access to the plain text data stream. The flaw is due to the block cipher padding not being deterministic and not covered by the Message Authentication Code. Solution type: Mitigation Possible Mitigations are: - Disable SSLv3 - Disable cipher suites supporting CBC cipher modes - Enable TLS_FALLBACK_SCSV if the service is providing TLSv1.0+
446/tcp SSL/TLS: Deprecated SSLv2 and SSLv3 Protocol Detection	 Moderate	Vulnerability Detection Result It was possible to detect the usage of the deprecated SSLv2 and/or SSLv3 protocol on this system. An attacker might be able to use the known cryptographic flaws to eavesdrop the connection between clients and the service to get access to sensitive data transferred within the secured connection. Solution type: Mitigation It is recommended to disable the deprecated SSLv2 and/or SSLv3 protocols in favour of the TLSv1+ protocols. - Disable SSLv3 - Disable cipher suites supporting CBC cipher modes - Enable TLS_FALLBACK_SCSV if the service is providing TLSv1.0+
447/tcp SSL/TLS: Report Weak Cipher Suites SSL/TLS: Di e-Hellman Key Exchange Insufficient DH Group Strength Vulnerability	 Moderate	Vulnerability Detection Result This routine reports all SSL/TLS cipher suites accepted by a service where attack vectors exists only on HTTPS services. The SSL/TLS service uses Di e-Hellman groups with insufficient strength (key size < 2048). An attacker might be able to decrypt the SSL/TLS communication offline Solution type: Mitigation The configuration of this service should be changed so that it does not accept the listed cipher suites anymore. Deploy (Ephemeral) Elliptic-Curve Di e-Hellman (ECDHE) or use a 2048-bit or stronger Di e-Hellman group. For Apache Web Servers: Beginning with version 2.4.7, mod_ssl will use DH parameters which include primes with lengths of more than 1024 bits.
3389/tcp SSL/TLS: Report Weak Cipher Suites SSL/TLS: Certificate Signed Using A Weak Signature Algorithm	 Low	Vulnerability Detection Result This routine reports all Weak SSL/TLS cipher suites accepted by a service. NOTE: No severity for SMTP services with 'Opportunistic TLS' and weak cipher suites on port 25/tcp is reported. The remote service is using a SSL/TLS certificate in the certificate chain that has been signed using a cryptographically weak hashing algorithm. An attacker might be able to decrypt the SSL/TLS communication offline.

		<p>The following hashing algorithms used for signing SSL/TLS certificate are considered cryptographically weak and not secure enough for ongoing use:</p> <ul style="list-style-type: none"> - Secure Hash Algorithm 1 (SHA-1) - Message Digest 5 (MD5) - Message Digest 4 (MD4) - Message Digest 2 (MD2) <p>Solution type: Mitigation The configuration of this service should be changed so that it does not accept the listed weak cipher suites anymore.</p> <p>Servers that use SSL/TLS certificates signed with a weak SHA-1, MD5, MD4 or MD2 hashing algorithm will need to obtain new SHA-2 signed SSL/TLS certificates to avoid web browser SSL/TLS certificate warnings</p>
<p>general/tcp</p> <p>VMSA-2016-0002: VMware product updates address a critical glibc security vulnerability (remote check)</p> <p>VMware product updates address OpenSSL security vulnerabilities (remote check)</p>	 <p>Moderate</p>	<p>Vulnerability Detection Result glibc update for multiple products. The glibc library has been updated in multiple products to resolve a stack buffer overflow present in the glibc getaddrinfo function.</p> <p>VMware ESXi, Fusion, Player, and Workstation updates address important guest privilege escalation vulnerability. A kernel memory corruption vulnerability is present in the VMware Tools 'Shared Folders' (HGFS) feature running on Microsoft Windows. Successful exploitation of this issue could lead to an escalation of privilege in the guest operating system</p> <p>OpenSSL libraries have been updated in multiple products to versions 0.9.8za and 1.0.1h in order to resolve multiple security issues.</p> <p>Solution type: VendorFix Apply the missing patch(es)</p>
<p>Medium 445/tcp</p> <p>SSL/TLS: Report Vulnerable Cipher Suites for HTTPS</p> <p>SSL/TLS: Report Weak Cipher Suites</p> <p>SSL/TLS: Di-e-Hellman Key Exchange Insufficient DH Group Strength Vulnerability</p>	 <p>Moderate</p>	<p>Vulnerability Detection Result These rules are applied for the evaluation of the vulnerable cipher suites: - 64-bit block cipher 3DES vulnerable to the SWEET32 attack (CVE-2016-2183).</p> <p>Ciphers using 64 bit or less are considered to be vulnerable to brute force methods and therefore considered as weak (CVE-2015-4000). - 1024 bit RSA authentication is considered to be insecure and therefore as weak.</p> <p>An attacker might be able to decrypt the SSL/TLS communication offline</p> <p>Solution type: Work The configuration of this service should be changed so that it does not accept the listed cipher suites anymore.</p> <p>Deploy (Ephemeral) Elliptic-Curve Di-e-Hellman (ECDHE) or use a 2048-bit or stronger Di-e-Hellman group (see the references). For Apache Web Servers: Beginning with version 2.4.7, mod_ssl will use DH parameters which include primes with lengths of more than 1024 bits.</p>


general/tcp VMware ESXi updates address a cross-site scripting issue (remote check)	 Low	Vulnerability Detection Result The ESXi Host Client contains a vulnerability that may allow for stored cross-site scripting (XSS). The issue can be introduced by an attacker that has permission to manage virtual machines through ESXi Host Client or by tricking the vSphere administrator to import a specially crafted VM. Solution type: VendorFix Apply the missing patch(es)
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Recommendations


Reference	Finding/Action	Rating
Potential Penetration Mitigation	<p>We recommend that a project be instigated by the Information Manager with the Managed Service Provider to facilitate the solution fixes identified by the penetration testing analysis.</p> <p>A Re-Assigned approach can be taken by deployment of an alternate solution converting the VMware ESXi and VCenters across to a Microsoft Hypervisor Platform.</p>	Moderate3C Moderate-Possible

4.3 Malware and Virus Protection

Name	Type	Version	Release
Sophos Endpoint Server Advanced	Server	10.8.7	May 2020
Sophos Endpoint Advanced	Workstations	10.8.7	May 2020

Control Area	Result	Observations
AV Protection and Malware Prevention	 Information	<p>Sophos Endpoint Advanced is deployed on all servers and workstations.</p> <p>Sophos Endpoint Advanced mitigates the following threats:</p> <ol style="list-style-type: none"> 1. Intercept X for Server leverages a broad set of protections to stop zero-day attacks, exploits, and hackers. 2. CryptoGuard defends against ransomware, working at the file system level to detect and intercept unsolicited file encryption. 3. Intercept X for Server is designed to stop even the most stubborn hacker from using exploit techniques to harvest credentials. 4. Intercept X for Server also includes detection and response technology to provide complete visibility so admins will know how an attack got in, where it went, what it touched, and what you should do next

4.4 Logging and Auditing

Control Area	Result	Observations
Monitoring	 High	There is no monitoring configured or logs on alerts if a penetration is attempted on the firewall.

Recommendations

Reference	Finding/Action	Rating
Monitoring	It is recommended to enable some sort of monitoring and notification on the Sophos firewall that sends out an email if a penetration activity has been attempted.	High3C Moderate-Possible

5. Firewall/Router Configuration Review







The methodology used for examining the perimeter architecture was to investigate and reference the vendors relevant technical documentation and validate that the configuration of the appliances met the appropriate best practice and standards.

The methodology also extracted the configuration settings for firewall rules from each device and evaluated against industry hardening guides and best practices. The results were then reviewed to identify the extent of any vulnerabilities which may need mitigation.

5.1 Firewall Information

Name	Type	Model	OS Version
litch-fw01	Sophos Appliance	XG230v2	SFOS 17.5.12 MR-12.HF062020.1
litch-fw02	Sophos Appliance	XG230v2	SFOS 17.5.12 MR-12.HF062020.1

5.2 Device Management

Control Area	Result	Observations
Hardware Maintenance	 Information	Sophos XG230v2 was first shipped in August 2017. No end of life (EOL) or end of sale (EOS) has been declared by Sophos. Installation of the appliances were installed at Litchfield Council's Office in April 2020.
Software Maintenance	 Information	The Software version installed is SFOS 17.5.12 MR-12.HF062020.1. SFOS 17 and 17.5 are currently supported and maintained by Sophos with no EOL notification announced or end of life declared. SFOS 17.5 was released in April 2020.
Remote Management	 Low	Access to the Management interface is only accessible via a Fourier IP address and locked to the LAN. For added security and best practice it is recommended to block access from user computers.
Authentication	 Low	One main Admin account is enabled. Password does not meet complexity requirements and should be changed. A backup Admin account has been configured. Details of the credentials are stored in Fourier Technologies Configuration Management System.
Configuration Hardening	 Information	Logon Disclaimer is not enabled
Ruleset	 Information	LAN to LAN access is open on the network. Any device on the LAN can connect to any other device using proper protocols and credentials (RDP, SSH, Web) LAN to WAN has policies in place (default workplace policy) to prevent browsing to sites marked by specific categories (Weapons, Gambling, Pornography, Criminal Activity etc).

		WAN to LAN is restricted to the Fourier IP (except RDP rule which is restricted to Australian IP).
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The following diagram presents how device access is granted:

Zone	Admin services				Authentication services				Network services			Other services					
	HTTPS	Telnet	SSH	NTLM	Captive portal	Radius SSO	Client Authentication	Chromebook SSO	Ping/Ping6	DNS	Wireless Protection	SSL VPN	Web proxy	User Portal	Dynamic Routing	SMTP Relay	SNMP
LAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
WAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DMZ	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
VPN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
WiFi	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Recommendations

Reference	Finding/Action	Rating
Remote Management	It is recommended that Council consider block access from user computers to the Sophos Appliance management interface.	Low2D Low-Unlikely
Authentication	Password does not meet complexity requirements and should be changed.	Low2C Low-Possible

5.3 Logging and Monitoring

Control Area	Result	Observations
Logging	 Information	Logging is enabled on the Sophos Appliance/s to standard settings. Logging is stored on the device/s.
Monitoring	 High	These devices have been recently deployed. Monitoring and Alerts for these devices have not yet been configured.

Recommendations

Reference	Finding/Action	Rating
Monitoring	It is recommended that Monitoring and Alerts be configured for the devices as a priority.	High2C Low-Possible



6. Windows Server Configuration Review

Servers are the core platform which store, process, and transaction the information and data assets of the organisation. These devices are constantly exposed to potential attacks.

The application of strong controls to these device configurations minimise the risk of any compromise which could cause damage or financial loss.

The methodology is to assess critical configuration settings and compare them to industry standards and authorised benchmarks. The results of the assessment identify any security vulnerabilities that need to be mitigated.


6.1 Critical Patch Status

Control Area	Result	Observations
Windows 2008 Servers	 High	<p>Windows Server 2008 and Windows Server 2008 R2 reached the end of their support lifecycle on January 14, 2020. End of support also means the end of security updates.</p> <p>The following servers are running Windows 2008 versions:</p> <ul style="list-style-type: none"> LC-FP02 LC-SEPM01 LC-INFOMAP01 LC-DC02 LC-PDC APP01 <p>Purchasing an extended security update subscription for your servers is available from Microsoft to remain protected until you're ready to upgrade to a newer Windows Server version.</p> <p>These updates are provided for up to three years after the end of support lifecycle date.</p>
Server Patch Status	 Information	<p>Patch management for the following 2016 Servers has been placed on hold because of possible corruption to the applications running:</p> <ul style="list-style-type: none"> LSC-MAGIQ LSC-LFD-MS01 SQL01 <p>Advise is required from Third Parties regarding patch authenticity.</p> <p>If the Customer directs that they be re-enabled the following schedule would be adopted -</p> <ul style="list-style-type: none"> Pilot = Patched on 3rd Sunday of the month Production = Patched on 4th Sunday of the month Patch Window = 4:00AM - 8:00AM AEST Hyper-V and Veeam Server = Quarterly (January, April, July, & October) Not Hyper-V and Veeam Server = Monthly Classification of updates that are auto-approved = Critical Updates, Security Updates, Definition Updates

Recommendations

Reference	Finding/Action	Rating
Windows 2008 Servers	We recommend Council considers purchasing an extended security update subscription for your servers from Microsoft if there are no plans to upgrade to newer Windows Server versions in the short term.	High4C Major-Possible


6.2 Group Policy Settings







Control Area	Result	Observations
Group Policy Configuration	 Low	<p>Group Policies configured to enable security:</p> <ul style="list-style-type: none"> 1 - Logon Auditing - All attempted logon failures are recorded 2- Default Domain Controllers Policy - enables standard settings on domain controllers (Audit Policies, User Rights Assignment) 3 - Default Domain Policy - Enables global policies for domain objects. Password policy, lockout policies 4 - Logoff disconnected users - Logs off users from TS servers after a period of disconnection <p>Group Policies compromising security</p> <ul style="list-style-type: none"> 1 - Enable RDP access - allows all users RDP access to all workstations. If this is a requirement then maybe only allow certain authorised users RDP access to all workstations.

Recommendations

Reference	Finding/Action	Rating
Group Policy Configuration	<p>We recommend that the following best practice (GPOs) group policy objects be enforced:</p> <ul style="list-style-type: none"> 1. Moderating Access to Control Panel 2. Prevent Windows from storing passwords using LAN Manager Hash 3. Disable Command Prompt 4. Disallow Removable Media Drives 5. Restrict Software Installations 	Low4C

6.3 Configuration Hardening

Control Area	Result	Observations
Spoofing	 Moderate	<p>Authentication can be impersonated by someone or something.</p> <p>Server/s configurations store local copies of domain passwords. This allows for logins when Domain Controllers become unavailable.</p> <p>Local password policies for Servers are not enforced.</p> <p>The Server Domain password policies meet industry standards.</p> <p>The Server/s could be compromised if an attacker were to gain control of the machine.</p>

Tampering	 Low	<p>There are no rules on the Servers against mounting and using removable drives.</p> <p>Screensavers or timeouts have been enforced through GPOs.</p> <p>There is no legal notice configured. Lack of a legal notice reduces the likelihood of legal action being possible against any successful attacker.</p>
Repudiation	 Low	<p>Only minimal logging is kept. Last use / modified date etc.</p> <p>The trade-off in increasing logging is decreased performance and excess data requirements. Logging can require additional GB of drive space per day (2-3) and somewhere to store the logging.</p>
Information Disclosure	 Low	<p>No Remote Desktop Servers have been deployed.</p> <p>Litchfield Council uses SSL VPN and authenticates before getting access to Server resources. Users must be members of a VPN group.</p> <p>Any previous users are displayed in the login prompt.</p> <p>No legal notice is displayed after login.</p>
Denial of Service	 Information	<p>Managed through the Sophos Appliance Firewall which is configured by default.</p>
Elevation of privilege	 Moderate	<p>The default administrator account has not been renamed. This potentially is ideal for brute force attacks since it cannot be disabled or locked out.</p>
Lateral Movement	 Low	<p>Windows Firewall is disabled for domain traffic.</p> <p>Some general network hardening on the hosts is recommended by disabling peer to peer networking, Enable ICMP redirects, Disable IP source routing and disable remote access to the PnP interface.</p>

Recommendations

Reference	Finding/Action	Rating
Spoofing	<p>Recommended that a Local Password Policy be implemented via GPOs on all Servers that meets the minimum Industry Standard:</p> <p>Maintain history of at least 10 passwords Maximum password age of 90 days Minimum password age of 1 day Minimum password length of 8 characters Password complexity enabled Account lock-out duration of 15 minutes Account lock-out threshold of 3 attempts</p> <p>Servers should be configured to store no passwords.</p>	Moderate3C Moderate-Possible

Tampering	It is recommended to disable the auto-run feature by implementing a local policy.	Low2D Low-Unlikely
Information Disclosure	It is recommended that configuration of registry keys is performed to remove previous usernames from being displayed. This will negate it being utilised by an attacker to enumerate valid usernames.	Low2C Low-Possible
Elevation of Privilege	It is recommended that the Administrator Account be re-named, and the description of the account also changed.	Moderate3C Moderate-Possible
Lateral Movement	It is recommended that GPOs are configured to disabling peer to peer networking, Enable ICMP redirects, Disable IP source routing and disable remote access to the PnP interface. Registry settings to be also adjusted to meet these objectives.	Low2C Low-Possible

7. Appendix A – Risk Categories

The following tables are used to rate the risk due to exposures. The methodology is based on ISO 31000.

■ Impact

Level	Description	Examples
1	Insignificant	Read only access to user/unprivileged data Service fingerprinting where known vulnerabilities exist External sever ping Audit records not correlated
2	Low	Read/Write access to user/unprivileged data Read only access to system/privileged data User service Compromise User service denial-of-service Single IP address denial-of-service Lack of user activity auditing
3	Moderate	User account compromise Service denial-of-service User denial-of-service User disciplinary actions or sanctions Lack of privileged activity auditing Lack of configuration control/documentation
4	Major	Server/device administrative compromise External routed network compromise Read/Write access to system/privileged data Server/device denial-of-service
5	Catastrophic	Domain administrative compromise Data Centre/Network denial-of-service Business can no longer function

■ Likelihood

Logical Controls

Level	Description	Examples
A	Almost Certain	Demonstrated compromise
B	Likely	Exploit tool publicly available No exploit tool required Device control does not alert
C	Possible	Publicly analysed vulnerability Published manual process available Detective control alerts via email
D	Unlikely	Vulnerability announced but no public disclosure Physical access required Specialist knowledge required Detective control alerts in real-time
E	Rare	Brute force required Attack is theoretically possible Detective control is monitored by a person in real-time

Administrative Controls






Level	Description	Examples
A	Almost Certain	Behaviours actively encouraged
B	Likely	Policy does not exist or is ambiguous Staff are not trained
C	Possible	Policy exists but not enforced Staff training is out of date
D	Unlikely	Policy breach will cause disciplinary action Documentation does not exist Staff training is not regular or reinforced
E	Rare	Policy breach will cause civil or criminal charges Documentation exists but is incomplete Staff are not independently certified

Physical Controls

Level	Description	Examples
A	Almost Certain	Open door
B	Likely	Un-monitored public access areas
C	Possible	Loss of power due to supply failure
D	Unlikely	Temperature or humidity outside of normal operating range
E	Rare	Fire, flood or other major environmental damage

■ Risk

Likelihood	Impact				
	Insignificant	Low	Moderate	Major	Catastrophic
Almost Certain (Possible Weekly)	Moderate	High	High	Extreme	Extreme
Likely (Possible Monthly)	Moderate	Moderate	High	High	Extreme
Possible (Possible Annually)	Low	Moderate	Moderate	High	High
Unlikely (Maybe once in 5 years)	Low	Low	Moderate	Moderate	High
Rare (Maybe once in 20 years)	Information	Low	Low	Moderate	Moderate

Symbol	Risk	Description/Action
	Extreme	Immediate action required. This is a critical problem that is almost certain to cause some loss
	High	Senior Management attention needed. Failing to implement this recommendation as soon as possible introduces a high probability of loss of some sort
	Moderate	Management responsibility must be specified. It is possible that failing to implement this recommendation will result in a loss of some sort. Rectification should be performed at the next scheduled maintenance
	Low	Manage by routine procedures. This issue should be considered during normal administrative duties and planning processes
	Information	Informational possible exposure

8. Appendix B – Definitions

8.1 Assessment Methodology

Discovery

Obtaining as much information as possible on the target organisation to establish the footprint.

Enumeration

Determining the level of intrusiveness.

Vulnerability Mapping

During the penetration testing the tools and process map the profile of the environment against publicly known or possibly unknown vulnerabilities.

Exploitation

Exploitation assessment is conducted once vulnerabilities are mapped to see if these can be manipulated.

8.2 Risk Management

Corrected

The exposure is such that the level of risk to the business may result in a higher cost if the vulnerability is not addressed or fixed. Fixing the problem will cost less than the data is worth.

Mitigated

The vulnerability is not able to be rectified due to limitations in the technology, or the platforms, or business requirements. In this case other controls are implemented to reduce the level of exposure.

Recognised

These exposures and vulnerabilities must be highlighted to the management of the organisation; however, the level of risk is low in that the cost to rectify the exposure may be more than what the business is willing to invest. The data is not worth the cost of protecting it.

Reassigned

The vulnerability is such that the risk to the information is best addressed by transferring the risk. E.g. Insurance, Deployment of new technology platform.

8.2 Security Terms

Council can gain an understanding of security terms through a glossary of abbreviations and cyber security meanings used in the Australian Government Information Security Manual:

<https://www.cyber.gov.au/acsc/view-all-content/advice/cyber-security-terminology>

Reference	Page No	Action	Sponsor	Budget	Duration	Risk	FY20/21	FY21/22	FY22/23	FY23/24
3. Baseline Security										
3.1 General										
Mobile Devices	Page 10	Completion of MDM solution implementation	IM	Internal	1 month	Low				
Externally available services	Page 10	Implement appropriate MFA systems for its Core Applications and Internet facing services	IM	\$20-\$30,000	1 month	Information				
Wireless Network	Page 10	Implementation of a certificate-based authentication method for public based devices required to connect to the	IM	\$2-\$3,000	2 days	Moderate				
User Security Awareness	Page 10	Conduct of regular general awareness program to uplift of security culture for Council's staff	IM	Internal	Annually	Information				
3.2 Review of Patch Management Process										
Patching	Page 11	IM advice to all staff to ensure all devices remained turned on during each Thursday evening	IM	Internal	Weekly	Information				
3.3 Review of User Management Processes										
Physical Access	Page 13	Conduct a review to change users pin codes on a quarterly basis.	IM	Internal	Quarterly	Low				
Server Room/Data Centre Access	Page 13	Access to the Server Room be governed by a policy and procedure.	IM	Internal	Weekly	Moderate				
User Access Review	Page 13	Perform annual review on all users' accounts across all systems	IM	Internal	Annually	Low				
3.4 Review of Operating Systems										
Server OS Versions	Page 14	New deployment project that includes installation of Windows Server 2016 as a minimum requirement	IM	\$45-\$50,000	2-3 months	High				
Workstations/Laptops OS Versions	Page 14	Replace any Workstation running Windows 7 with a new device that has Windows 10 Professional installed	IM	\$5-\$10,000	2-5 days	Information				
3.5 Review of Authentication Methods										
Wireless Network (Duplicate Recommendation from 3.1.G)	Page 18	Implementation of a certificate-based authentication method for public based devices required to connect to the	IM	\$2-\$3,000	2 days	Moderate				
Account Password Policy	Page 18	Account Policy be added to lock Domain Users out after certain time of inactivity (30 min)	IM	Internal	1 day	Information				
3.6 Review of Workstation hardening										
External Devices	Page 19	Disable Corporate Network Domain Users access to local drive	IM	Internal	1 day	Moderate				
	Page 19	Implementation of Roaming Profiles so that data is always backed up and stored on a server	IM	\$2-\$3,000	2 days	Moderate				
	Page 19	Deploy disk encryption methods for shared or public computers	IM	Internal	1 day	Moderate				
Microsoft Office Macros	Page 20	Disable Microsoft O365 from running Macro enabled documents unless specifically required	IM	Internal	1 day	Moderate				
Windows Firewalls	Page 20	Enable Windows Firewall on all workstations and laptops where exceptions are granted	IM	Internal	1 day	Information				
3.7 Review of Change Management										
Change Management Processes and Procedures	Page 21	Define an internal process for IT change process to ensure the appropriate phases are tracked	IM	Internal	2-5 days	Information				
3.8 Disaster Recovery										
Disaster Recovery capability	Page 23	Develop Disaster Recovery and Business Continuity Plan for primary IT Server Network environment	IM	\$30-\$40,000	2-3 months	Moderate				
Reference		Action	Sponsor	Budget	Duration	Risk	FY20/21	FY21/22	FY22/23	FY23/24
4. External Penetration Testing										
4.2 Penetration Testing on the Firewall										
Potential Penetration Mitigation	Page 28	Facilitate solution fixes identified by the penetration testing analysis regarding external facing ports	IM	Internal	1 - 2 weeks	Moderate				
VMware ESXi and Vcenters Versions	Page 28	Re-Assign by deployment of an alternate solution converting the VMware ESXi and VCenters across to a Microsoft Hypervisor Platform. <i>Note This is being address as part of Server OS Version Reference</i>	IM	As per Server OS Version Project	2-3 Months	High				
4.4 Logging and Auditing										
Monitoring	Page 29	Enable monitoring and notification on the Sophos firewall that sends out an email for any penetration activity	IM	Internal	1 day	High				
Reference		Action	Sponsor	Budget	Duration	Risk	FY20/21	FY21/22	FY22/23	FY23/24
5. Firewall/Router Configuration Review										
5.2 Device Management										
Remote Management	Page 31	Block access from user computers to the Sophos Appliance management interface	IM	Internal	1 day	Low				
Authentication	Page 31	Configure Password complexity requirements	IM	Internal	1 day	Low				
5.3 Logging and Monitoring										
Monitoring	Page 31	Monitoring and Alerts be configured for the devices	IM	Internal	1 day	High				
Reference		Action	Sponsor	Budget	Duration	Risk	FY20/21	FY21/22	FY22/23	FY23/24
6. Windows Server Configuration Review										
6.1 Critical Patch Status										
Windows 2008 Servers	Page 33	Purchase extended security update subscription from Microsoft in the short term if there are no plans to upgrade to newer Windows Server versions in the short term	IM	\$5-\$10,000	1 week	High				
	Page 33	Upgrade Windows Server 2008 versions to Windows 2016 or 2019 if applicable	IM	\$10-\$20,000	1 month	High				
6.2 Group Policy Settings										
Group Policy Configuration	Page 33	Implement best practice (GPOs) group policy objects to be enforced	IM	\$2-\$3,000	1 week	Low				
6.3 Configuration Hardening										
Spoofing	Page 34	Implement Local Password Policy via GPOs on all Servers that meets the minimum industry Standard	IM	Internal	1 day	Moderate				
	Page 34	Servers to be configured to store no passwords	IM	Internal	1 day	Moderate				
Tampering	Page 35	Disable the auto-run feature by implementing a local policy.	IM	Internal	1 day	Low				
Information Disclosure	Page 35	Configuration of registry keys is performed to remove previous usernames from being displayed	IM	Internal	1 day	Low				
Elevation of Privilege	Page 35	Re-name the Administrator Account and the change description of the account	IM	Internal	1 day	Moderate				
Lateral Movement	Page 35	Configure GPOs to disable peer to peer networking, Enable ICMP redirects, Disable IP source routing and disable remote access to the PnP interface	IM	Internal	1 day	Low				



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Reference	Page No	Action	Sponsor	Budget	Duration	Risk	FY20/21	FY21/22	FY22/23	FY23/24	Management Response
3. Baseline Security											
3.1 General											
Mobile Devices	Page 10	Completion of MDM solution implementation	IM	Internal	1 month	Low					Agreed
Externally available services	Page 10	Implement appropriate MFA systems for its Core Applications and Internet facing services	IM	\$20-\$30,000	1 month	Information					Agreed with the intent of the action. Further analysis required to establish workability for Council and value for money.
Wireless Network	Page 10	Implementation of a certificate-based authentication method for public based devices required to connect to the Corporate Network	IM	\$2-\$3,000	2 days	Moderate					Agreed
User Security Awareness	Page 10	Conduct of regular general awareness program to uplift of security culture for Council's staff	IM	Internal	Annually	Information					Agreed
3.2 Review of Patch Management Process											
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3.3 Review of User Management Processes											
Physical Access	Page 13	Conduct a review to change users pin codes on a quarterly basis.	IM	Internal	Quarterly	Low					Agreed
Server Room/Data Centre Access	Page 13	Access to the Server Room be governed by a policy and procedure.	IM	Internal	Weekly	Moderate					Agreed with the intent of the action. Further review for restriction to access need to be done. Solution should be to remove items from server room to reduce reason for access by non-relevant staff.
User Access Review	Page 13	Perform annual review on all users' accounts across all systems	IM	Internal	Annually	Low					Agreed
3.4 Review of Operating Systems											
Server OS Versions	Page 14	New deployment project that includes installation of Windows Server 2016 as a minimum requirement	IM	\$45-\$50,000	2-3 months	High					Agreed - Actioned through Server replacement
Workstations/Laptops OS Versions	Page 14	Replace any Workstation running Windows 7 with a new device that has Windows 10 Professional installed	IM	\$5-\$10,000	2-5 days	Information					Agreed with the intent of the action. A review needs to be undertaken as Council is dependent of external updates in his space, e.g. operating system of the cremator and printer for disability parking licenses.
3.5 Review of Authentication Methods											
Wireless Network (Duplicate Recommendation from 3.1 General)	Page 18	Implementation of a certificate-based authentication method for public based devices required to connect to the Corporate Network	IM	\$2-\$3,000	2 days	Moderate					Agreed
Account Password Policy	Page 18	Account Policy be added to lock Domain Users out after certain time of inactivity (30 min)	IM	Internal	1 day	Information					Agreed
3.6 Review of Workstation hardening											
External Devices	Page 19	Disable Corporate Network Domain Users access to local drive	IM	Internal	1 day	Moderate					Agreed with intent of the action. Further analysis is required to ensure staff can continue to add document to the Business system (Authority).
	Page 19	Implementation of Roaming Profiles so that data is always backed up and stored on a server	IM	\$2-\$3,000	2 days	Moderate					Agreed with the intent of the action. More information is required to assess the impact of the process on the network.
	Page 19	Deploy disk encryption methods for shared or public computers	IM	Internal	1 day	Moderate					Agreed with intent of the action. Need to analysis impact on public library service provision and usage of shared PCs internally.
Microsoft Office Macros	Page 20	Disable Microsoft O365 from running Macro enabled documents unless specifically required	IM	Internal	1 day	Moderate					Agreed with the intent of the action. Further review required to ensure there is no impact on the Business Systems templates.
Windows Firewalls	Page 20	Enable Windows Firewall on all workstations and laptops where exceptions are granted	IM	Internal	1 day	Information					Agreed
3.7 Review of Change Management											
Change Management Processes and Procedures	Page 21	Define an internal process for IT change process to ensure the appropriate phases are tracked	IM	Internal	2-5 days	Information					Agreed
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Tampering	Page 35	Disable the auto-run feature by implementing a local policy.	IM	Internal	1 day	Low					Agreed
Information Disclosure	Page 35	Configuration of registry keys is performed to remove previous usernames from being displayed	IM	Internal	1 day	Low					Agreed with the intent of the action. Further review required to way out risk with workability for staff.
Elevation of Privilege	Page 35	Re-name the Administrator Account and the change description of the account	IM	Internal	1 day	Moderate					Agreed
Lateral Movement	Page 35	Configure GPOs to disable peer to peer networking. Enable ICMP redirects, Disable IP source routing and disable remote access to the PnP interface	IM	Internal	1 day	Low					Agreed



RMAC REPORT

Agenda Item Number:	8.2
Report Title:	Procurement Improvement Committee Update
Author:	Jaimie O'Connor, Executive Assistant
Recommending Officer:	Daniel Fletcher, Chief Executive Officer
Meeting Date:	22/10/2020
Attachments:	Attachment A - PIC Meeting Minutes 24 September 2020 Attachment B - Procurement Action List and Status summary Attachment C - DRAFT PACMan Terms of Reference

Executive Summary

This report provides an update regarding the Procurement Improvement Committee (PIC), its outstanding improvement actions, the future of the PIC meeting and the current outcomes from the latest meeting held 24 September 2020. See below updated table of outstanding actions:

Count of Current Status		Column Labels	
Row Labels	Complete	In progress	Grand Total
2016 December Council Report	2	1	3
2017 Procurement Audit	35	5	40
2018 Probity Review	17		17
2018 Procurement Maturity Roadmap	11	10	21
2019 Contract Management Audit	1	10	11
2019 RFQ Probity Review	8		8
Risk Action Sheet		2	2
Grand Total	74	28	102

Updated to reflect the completion of the Customer Service Complaints Policy approved by Council September 2020 and the Procurement Manual and Tender documents rollout.

Contained within the minutes from the latest PIC meeting, note that future PIC meetings will form part of a larger committee titled PACMan – Procurement, Asset Management & Capital Works Management Committee.

Recommendation

THAT RMAC;

1. Note the content of this report
2. Note minutes from the Procurement Improvement Committee dated 24 September 2020 including reference to future of the PIC meetings (Attachment A)

3. Note the updated Procurement Improvement Committee action item list (Attachment B)

Background

Whilst there still appears to be a long list of outstanding actions within the PIC Improvement Action list it was noted in the latest PIC meeting that there is a lot of commonality in the desired outcomes of the audit findings and as such we aim to consolidate some of these items in the action list so that the commentary is easily understood and the outcomes are more readily identifiable.

Achievements over the past month as follows; The Procurement Manual training has been rolled out with All Staff reading and acknowledging their understanding of the Procurement Manual. Further to this there is now a working group established to finalise our Project Management Framework and supporting document as well as evaluations underway of our Contract Management module within Authority. KPMG have been engaged to conduct Probity Training (date to be confirmed for late October early November) with ALL Staff which will also finalise the training requirements within the Action list.

Acknowledging the lack of momentum with both the Procurement Improvement committee and the Asset Management committee it was decided and supported that moving forward we would establish a 'super' committee consisting of Procurement, Asset Management and Capital Works (PACMan). These three bodies of work have several crossover points and common memberships and by combining them it is believed we will have a Central source of information that can both report through to the Executive Team, RMAC and Council as needed. There are many benefits to combining these meetings and regularity is one of them as well as fluidity of information. Please see the 'draft' Terms of Reference (Attachment C). The first PACMan meeting is scheduled for 26 October 2020.

Links with Strategic Plan

A Well-Run Council - Good Governance

Legislative and Policy Implications

Nil

Risks



While there are policies and procedures in place that do mitigate our risk overall in the areas of procurement and contract management it could still be perceived that staff within the whole organisation are not adequately trained or aware of these processes and policies and that there is in general a lack of understanding of the importance of correct procurement practices according to legislation and regulation thus the category risk rating. Finalising training in probity and acknowledgment of the Procurement manual should further mitigate these risks.

Financial Implications

Nil

Community Engagement

Nil



MINUTES

PROCUREMENT IMPROVEMENT COMMITTEE

**Notice of Meeting
to be held in Executive Conference Room
on Thursday, 24th September 2020**

Daniel Fletcher
Chief Executive Officer

Attendees: Daniel Fletcher, Silke Maynard, Phil Joyce, Ken Fox (Consultant),
Rebecca Taylor, Charissa Monteleone, Arun Dias

Apologies: NIL

Minutes Taken By: Jaimie O'Connor

1 Welcome

2 Apologies

3 Review of Previous Minutes

4 Updates

4.1 Update on RMAC meeting

Rebecca provided an overview of the last RMAC meeting. Highlighting that the RMAC Chair expressed disappointment regarding the outstanding actions. Further to this there was an overall feeling of disappointment from Councillors that our key procedures are lacking and internal controls are failing within Council.

Request that PIC members provide support to Council staff and training in procurement where required.

4.2 Future of the PIC meeting

Based on the outstanding actions for RMAC and taking a step back we have been developing the outline for combining three meetings being;

- Procurement, Asset Management and Capital Works.
- This will provide a cohesive and central point of information as well as enabling the DIO to coordinate actions from these meetings simultaneously.

- It is planned that information will go through to the Capital Works meeting on Monday 28th September.
- The new committee will be PACMan Committee.

5 Disclosures of interest

NIL

6 Outstanding Action Items

6.1 KPI Reporting

a) Insufficient Quotes (FM circulate reports)

- Highlighted that the terminology used for Insufficient Quote reasoning should reflect the actual legislation. Wording should be standardised.
- Suggested there be a form created to work through the process.
- Acknowledged there is in fact already a form in place – may require review and update with further functionality such as drop down / easy selection.

ACTION: Rebecca move form template from Corporate templates to Procurement templates

ACTION: Arun review the current form in place for suitability and functionality

b) Split Orders (FM circulate reports)

- Silke highlighted that there are Purchase orders raised that could be perceived to be order splitting based on the amounts and way they have been raised.
(see attached report) Note: referring to Digga Dave, Darwin Mazda, Veolia.
- Charissa stated that Veolia orders look to be lack of training in the correct way for raising those types of order. Silke reminded to be cautious as these are red flags so we need to ensure training is up to date.

c) Total contract cost relative to awarded value – MIA provide report outcome

- As the contract management module is not in place across the board it can be difficult to obtain the required information to fulfil this report requirement. However, Charissa has stated she has access to the Contract Management module and can run the report.

ACTION: Charissa run the report and send to Phil to distribute to PIC

6.2 Contract Management

- #### a) Report re: suitability of Authority for Contract management – update from FM
- Arun has contacted CIVICA regarding the Contract Management module and training etc. Seem to have no interest or urgency from them. Made enquiries

with a third party training firm and also enquired with Darwin City Council. They only use the front-end of the system.

- Utilising the module would enable us to monitor and approve variations, as well as whole contract management information management.
- Carolyn can provide further training as required. Charissa already has been using the system and has a good understanding of how it works.
- Silke added maybe we can set it up in the TEST environment to see the complete functionality. Request Bec to ensure from a records point of view we are not doubling up the information. Also added, NTG are setting further framework around variations and how they are reported. Draft is expected in October.
- Silke noted, the ICT review will happen however we shouldn't hold off on whether we proceed with this module as it needs to be in place.
 - If authority changes can be made to align with legislation;
 - If there are options to include schedule of rates; Y
 - Contract life estimate; Y
 - Cost of period contracts;
- Daniel would like a clear decision as to whether we use Authority Contract Module so the following should take place;

ACTION: Start using the test environment – seek assistance from Carolyn, Charissa to assess and also advise if there are any unnecessary components in the module

ACTION: Arun provide a report (Council format) overview of Contract Management module and the risks associated with using the system.

b) Alternative SaaS program – update from MIA

Ken will contact Local Buy for NT Suppliers then can supply list of all panels to us. Will also provide feedback to Local Buy of additional suppliers. At the next meeting we can view the list as this Item requires a definite outcome. Phil will obtain further information regarding Vendor Panel at the Procurement Symposium.

ACTION: Ken liaise with local buy and discuss with Phil. A report/ presentation is to be prepared for the next meeting.

6.3 Procurement Manual

- Confirmation of training for All Staff and acknowledgment forms distributed (scheduled at staff meeting 17th September)

6

Ongoing Action Item

7.1 Action Sheet

<https://infoXpert.edrms/docs/CORPORATE%20MANAGEMENT/MEETINGS/Procurement%20Improvement%20Committee>

Item #6 – Probity Training – Arun was seeking training information from KPMG – Phil also suggested TDH or Strathman Partners. Further to this there may be material available from the Procurement Symposium.

ACTION: Training to be delivered at the OCTOBER Staff Meeting

Item #20 – Project Management Framework – Ken has sent an outline to Jaimie – will be tidied and distributed for review.

ACTION: to be finalised at next meeting

Item #28 – Procurement information has been distributed, Probity training to be carried out with suggestion of a Q&A format / multiple choice (see item #6) Required to pass training to sit on a Panel

ACTION: Ken to develop (Danny may have access to eLearning material), provide outcome (report) to RMAC

Item #33 – Progress Payment template – Carol Gaulke had a template already.

ACTION: Locate template and ensure available

Item #35 – Contract Management Training – training can be delivered at the ALL STAFF meetings (notify Debbie to extend meeting)

Item #43 – develop variation register for contracts

Item #65 – ongoing per 6.2 (Arun will update comments)

Item #66 – Post Contract Closeout – include information in the comments

Item #79 – Corporate Membership with IPWEA should enable access to documents and communities of practice > check on cost of Corporate Membership > advise to ET

ACTION: Obtain price of Corporate Membership to IPWEA

Item #80 – reminder any training requirements can be carried out at ALL STAFF meetings – schedule as required (update Action List)

Item #81 – Nicky has been engaged to assist with providing information to our website

NOTE: there are a number of actions that have crossover and could be combined

ACTION: Ken and Jaimie to review outstanding actions and consolidate where possible.

7.2 Risk Register

<https://infoXpert.edrms/docs/CORPORATE%20MANAGEMENT/RISK%20MANAGEMENT/Risk%20Register>

No Change

8

General Business

- Project & Contract Management framework
 - Ken has updated document for review. Further work required to then flesh out the actual project and contract guidelines. Draft documents due: TBC

ACTION: Jaimie to send out what we have to date

- Procurement Symposium
 - MIA team attending. Expected outcomes; TBC

NEXT MEETING: 26th October - PACMan

Current Status	In progress
----------------	-------------

Key Action/Document Required	Due (Updated)	Action	Count of Status (for RMAC/external)
Contract Management Procedure	1/09/2020	Contract Management - Contractor performance reports	1
		Contract Management - Monitor and report on KPIs	1
		Contract Management - Review variation procedures and implement changes as identified	1
		Develop a standard Progress Payments template to support the request for interim contract payments that are submitted to Directors for sign off	1
		Develop checklist for current and new contracts, including documentation required	1
		Develop Contract Management System	1
		Develop process of internal approval of cost variations, including written acceptance to the contractor	1
		Develop variation procedure and template, to be included in Project Management Framework	1
		Include checklist in Project Management Framework	1
		Include contractor performance (KPI's, reports and issues) in checklist, to be included in Project Management Framework	1
		Include kick-off meeting in checklist, to be included in Project Management Framework	1
		Include records of contractor performance in checklist, to be included in Project Management Framework	1
		Include site visits in checklist, to be included in Project Management Framework	1
		Planning - Contract expiry review and respond	1
		Planning - Post contract reviews pre tender	1
Contract Management Procedure Total			15
Project Management Framework	1/12/2020	Contract Management - Supplier engagement surveys	1
		Develop Project Management Framework	1
		Enablers - Contract Management System planning	1
		Enablers - Procurement Community of Practice	1
		Extend the requirement for all capital projects to be supported by Project Briefs as part of the budget development process	1
		Include risk assessment in Project Management Framework	1
		Planning - Capital bids	1
		Require that more detailed Project Briefs are prepared and are authorised by a Director prior to commencing any procurement activity	1
Project Management Framework Total			8
Training	1/12/2020	Develop and implement Conflict of Interest training for existing staff and include it in Induction Training for new staff	1
		Enablers - Policy / procedure training	1
		Implement Procurement Audit Findings	1
		Provide contract management training for staff	1
Training Total			4
Authority Contracts Module Procedure	1/06/2020	Set up Contracts Module in Authority with accompanying procedure	1
Authority Contracts Module Procedure Total			1
Grand Total			28

Item	Source	Action	Due (Original)	Due (Updated)	Key Action/Document Required	Status (for RMAC/external)
6	2017 Procurement Audit	Develop and implement Conflict of Interest training for existing staff and include it in Induction Training for new staff	Sep-17	Dec-20	Training	Will be combined with training in Procurement Manual etc
19	2017 Procurement Audit	Extend the requirement for all capital projects to be supported by Project Briefs as part of the budget development process	Jun-18	Dec-20	Project Management Framework	Information currently captured informally across documents, will be included within Project Management Framework. Due date amended to December 2020
20	2017 Procurement Audit	Require that more detailed Project Briefs are prepared and are authorised by a Director prior to commencing any procurement activity	Sep-17	Dec-20	Project Management Framework	Information currently captured informally across documents, will be included within Project Management Framework. Due date amended to December 2020
33	2017 Procurement Audit	Develop a standard Progress Payments template to support the request for interim contract payments that are submitted to Directors for sign off	Sep-17	Sep-20	Contract Management Procedure	Captured currently through memos required for payments. Will be formalised in Contract Management Procedure. Due date amended to September 2020
35	2017 Procurement Audit	Provide contract management training for staff	Dec-17	Dec-20	Training	Will occur through other identified training. Requires inclusion in Induction Training.
43	2016 December Council Report	Develop process of internal approval of cost variations, including written acceptance to the contractor	N/A	Sep-20	Contract Management Procedure	Captured currently through memos required for variations. Will be formalised in Contract Management Procedure. Due date amended to September 2020
65	2018 Procurement Maturity Roadmap	Planning - Contract expiry review and respond	Jul-18	Sep-20	Contract Management Procedure	To be included in Contract Management Procedure. Due date amended to September 2020
66	2018 Procurement Maturity Roadmap	Planning - Post contract reviews pre tender	Jul-18	Sep-20	Contract Management Procedure	To be included in Contract Management Procedure. Due date amended to September 2020
70	2018 Procurement Maturity Roadmap	Contract Management - Review variation procedures and implement changes as identified	Jul-18	Sep-20	Contract Management Procedure	Captured currently through memos required for variations. Will be formalised in Contract Management Procedure. Due date amended to September 2020
77	2018 Procurement Maturity Roadmap	Contract Management - Supplier engagement surveys	Nov-18	Dec-20	Project Management Framework	To be included in Project Management Framework. Due date amended to December 2020
78	2018 Procurement Maturity Roadmap	Contract Management - Contractor performance reports	Nov-18	Sep-20	Contract Management Procedure	To be included in Contract Management Procedure. Due date amended to September 2020
79	2018 Procurement Maturity Roadmap	Enablers - Procurement Community of Practice	Nov-18	Dec-20	Project Management Framework	To be included in Project Management Framework. Due date amended to December 2020
80	2018 Procurement Maturity Roadmap	Enablers - Policy / procedure training	Nov-18	Dec-20	Training	Will occur through other identified training. Requires inclusion in Induction Training.
81	2018 Procurement Maturity Roadmap	Planning - Capital bids	Mar-19	Dec-20	Project Management Framework	To be included in Project Management Framework. Due date amended to December 2020
82	2018 Procurement Maturity Roadmap	Contract Management - Monitor and report on KPIs	Mar-19	Sep-20	Contract Management Procedure	To be included in Contract Management Procedure. Due date amended to September 2020
83	2018 Procurement Maturity Roadmap	Enablers - Contract Management System planning	Mar-19	Dec-20	Project Management Framework	To be included in Project Management Framework. Due date amended to December 2020
92	2019 Contract Management Audit	Develop Project Management Framework	Dec-19	Dec-20	Project Management Framework	To be included in Project Management Framework. Due date amended to December 2020
94	2019 Contract Management Audit	Include risk assessment in Project Management Framework	Dec-19	Dec-20	Project Management Framework	To be included in Project Management Framework. Due date amended to December 2020
95	2019 Contract Management Audit	Set up Contracts Module in Authority with accompanying procedure	Dec-19	Jun-20	Authority Contracts Module Procedure	Contracts module in place, procedure required.
96	2019 Contract Management Audit	Develop checklist for current and new contracts, including documentation required	Aug-19	Sep-20	Contract Management Procedure	Checklist prepared. Occurring in practice, due date amended to September 2020 to enable Contract Management Procedure to be completed
97	2019 Contract Management Audit	Include checklist in Project Management Framework	Dec-19	Sep-20	Contract Management Procedure	Checklist prepared. Occurring in practice, due date amended to September 2020 to enable Contract Management Procedure to be completed
98	2019 Contract Management Audit	Include kick-off meeting in checklist, to be included in Project Management Framework	Aug-19	Sep-20	Contract Management Procedure	Checklist prepared. Occurring in practice, due date amended to September 2020 to enable Contract Management Procedure to be completed
99	2019 Contract Management Audit	Include site visits in checklist, to be included in Project Management Framework	Aug-19	Sep-20	Contract Management Procedure	Checklist prepared. Occurring in practice, due date amended to September 2020 to enable Contract Management Procedure to be completed
100	2019 Contract Management Audit	Develop variation procedure and template, to be included in Project Management Framework	Aug-19	Sep-20	Contract Management Procedure	Captured currently through memos required for variations. Will be formalised in Contract Management Procedure. Due date amended to September 2020
101	2019 Contract Management Audit	Include contractor performance (KPI's, reports and issues) in checklist, to be included in Project Management Framework	Aug-19	Sep-20	Contract Management Procedure	To be included in Contract Management Procedure. Due date amended to September 2020
102	2019 Contract Management Audit	Include records of contractor performance in checklist, to be included in Project Management Framework	Aug-19	Sep-20	Contract Management Procedure	To be included in Contract Management Procedure. Due date amended to September 2020
A1	Risk Action Sheet	Implement Procurement Audit Findings	Jun-18	Dec-20	Training	Underway as per actions identified. Completion of documents and training will resolve identified outstanding actions.
A2	Risk Action Sheet	Develop Contract Management System	Jun-18	Sep-20	Contract Management Procedure	Underway as per actions identified



TERMS OF REFERENCE

PACMan COMMITTEE

Introduction

These Terms of Reference set out the operating framework for the PACMan Committee. The PACMan Committee is an amalgamation of three organisational committee's consisting of; Procurement, Asset Management and Capital Works. The name in full being, Procurement, Asset Management & Capital Works Management Committee.

Purpose

- Provide efficiency in planning and resourcing current projects and allow a cohesive approach to Council's Strategic Plan with continued improvement
- Provide structured and concise information to both Infrastructure, Finance and the Executive Team facilitating reporting deadlines, decision making and forward planning
- Provide a centralised information source for reporting to the Risk Management Audit Committee
- Ensuring accountability to Local Government Legislation and Regulations and assessing internal processes and policies in order to meet these requirements

Objectives

PROCUREMENT

- Develop, set and maintain strategic direction for Litchfield Council's procurement processes.
- Establish and monitor the implementation of the Procurement Policy and Manual (or Guidelines).
- Develop and monitor Key Performance Indicators (KPIs) in relation to procurement processes.
- Report on procurement activities, including audit recommendations, in line with established KPIs and as required by the Executive Team.

ASSET MANAGEMENT

- Develop and recommend improvements to Asset Management Policy;

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Date Generated: 20/09/2020	Date Reviewed:	Version:



- Develop and review Council's strategy for asset management, including practices and procedures to achieve best practice;
- Provide linkage across Council's Departments with respect to ongoing management of Council assets;
- Promote and raise assets management awareness to the Council, staff, users and community;
- Develop and implement processes and procedures that allows for "whole of life" and continued management and ownership of assets including all asset life cycle management functions;
- Prioritise development of asset management plans include allocation of funding and improvement plans for individual asset groups, using the principles of lifecycle analysis; and
- Develop processes and procedures that ensure the asset registers are maintained, data mapping is carried out effectively and enable required reports to Council to meet their statutory, legal and asset management responsibilities.

CAPITAL WORKS

- Ensure that the Capital Projects as defined by the Litchfield Municipal Plan are planned, managed and delivered effectively
- Ensure that the Capital Projects program of works is adequately managed and that key personnel are included in the administration of project schedules and task allocation
- Discuss and develop documentation to support the tracking of projects ensuring that resourcing and accountability to projects is maintained
- Communicate to Project Sponsors (ET) any risks or recommendations in regards to resourcing, budget and time constraints.
- Provide updated commentary and percentages of completion to Finance for reporting to Council

Definitions

For the purpose of these Terms of Reference:

- "Member" means a member of the Committee
- "Council" means the Litchfield Council.

Membership

The Committee shall be made up of Council Officers based on their classification and provide adequate representation for their areas of responsibility. There are three levels of membership to ensure efficiency and time consciousness. Group A being the Executive Team, Group B being the primary accountable staff and Group C being staff members

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whose interest is on an as required basis dependant on agenda items or specific project inclusions.

Group A (ET)

Chief Executive Officer
Director Infrastructure and Operations (chair)
Director Community and Corporate Services

Group B

Manager Infrastructure and Assets
Project Engineer
Finance Manager
Contracts and Projects Engineer
Asset Engineer
Works Administrator

Group C

Manager Operations & Environment
Manager Planning & Regulatory Services
Information Manager
Governance & Risk Project Officer

Any other person requested by the members to join on an ad-hoc basis

Meetings

The Committee shall meet no less than once per month. It is recommended that meetings align with reporting responsibilities to Finance.

Chairperson

The Chairperson shall be the Director Infrastructure and Operations.

If the Chairperson is unable to attend a meeting, the Committee shall nominate an acting chair for that meeting.

The Chairperson is responsible for the conduct of meetings, ensuring fair and equitable opportunities for views and opinions to be voiced and discussed by the Committee.

Responsibilities of the Chairperson include:

- Guiding the meeting according to the agenda and time available;
- Ensuring all discussion items end with a decision, action or definite outcome; and
- Updating the Action List workbook specific to the area of responsibility
- Develop the draft agenda and minutes

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Agenda and Action List

Prior to Committee meetings, an agenda is prepared. The agenda will set out the business to be dealt with at the meeting.

The EA to the DIO will prepare the agenda, however, all Committee members can nominate items of business to be included on the meeting agenda.

The agenda and other documentation necessary for conducting a meeting will be made available to Committee members at least three days before each meeting.

Minutes will be documented and sent to Committee members within 7 days.

The Action List will be updated during meetings by the EA to the DIO however it is expected that all members of the Committee will update or request an update as items are actioned.

Meeting Protocol

The Committee shall adhere to normal meeting protocols.

Conflict of Interest

A 'conflict of interest' is when a person has to make a decision on an issue in which they have, or are perceived to have, a personal interest or benefit in a specific outcome. The conflicts can often be based around financial matters (pecuniary interest) such as contracts or the terms and conditions of a rental.

Any committee members with a conflict of interest or perceived conflict of interest must declare the interest prior to discussion of the item.

'Disclosures of Interest' will be a standing item on the agenda.

Reporting

The Committee will report formally to ET via the Director Infrastructure and Operations by way of distribution of minutes.

Amendment

Review within 12 months of establishment.

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Date Generated: 20/09/2020	Date Reviewed:	Version:



RMAC REPORT

Agenda Item Number:	8.3
Report Title:	2019-20 Annual Financial Statements
Recommending Officer:	Silke Maynard, Director Community and Corporate Services
Meeting Date:	22/10/2020
Attachments:	Attachment A - Litchfield Council Financial Statements 2019-20 Attachment B – Thorak Regional Cemetery Financial Statements 2019-20

Executive Summary

To provide the RMAC with the Financial Statements with Audit Clearance for review.

Recommendation

THAT the RMAC confirms the draft 2019-20 Financial Statements are suitable for certification by the Chief Executive Officer for inclusion in the Annual Report and presented to Council.

Background

FIN09 – Risk Management and Audit Committee Policy contains that the following outline of the role of the Risk Management and Audit Committee:

4.9 – Financial Reporting

4.9.1.1 – The Committee shall monitor the integrity of the

- Annual financial statement of the Council, reviewing the significant financial reporting issues and judgements which they contain; and
- The annual report.

4.9.1.2 – The Committee shall review and challenge where necessary:

- The consistency of, and/or any changes to, accounting policies;
- The methods used to account for significant of unusual transactions where different approaches are possible;
- Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- The clarity of disclosure in the Council's financial reports and the context in which statements are made; and

- *All material information presented with the financial statements.*

As highlighted above in FIN09, the responsibility of the Risk Management and Audit Committee is to ensure that Litchfield Council's 2019-20 Financial Statements contains an accurate assessment of Council's operations.

The external auditors will attend the meeting for the Committee to raise any questions.

The complete Annual Report 2019-20 will be presented to Council at a Special Council Meeting scheduled to be held on Wednesday 11 November 2020 for adoption.

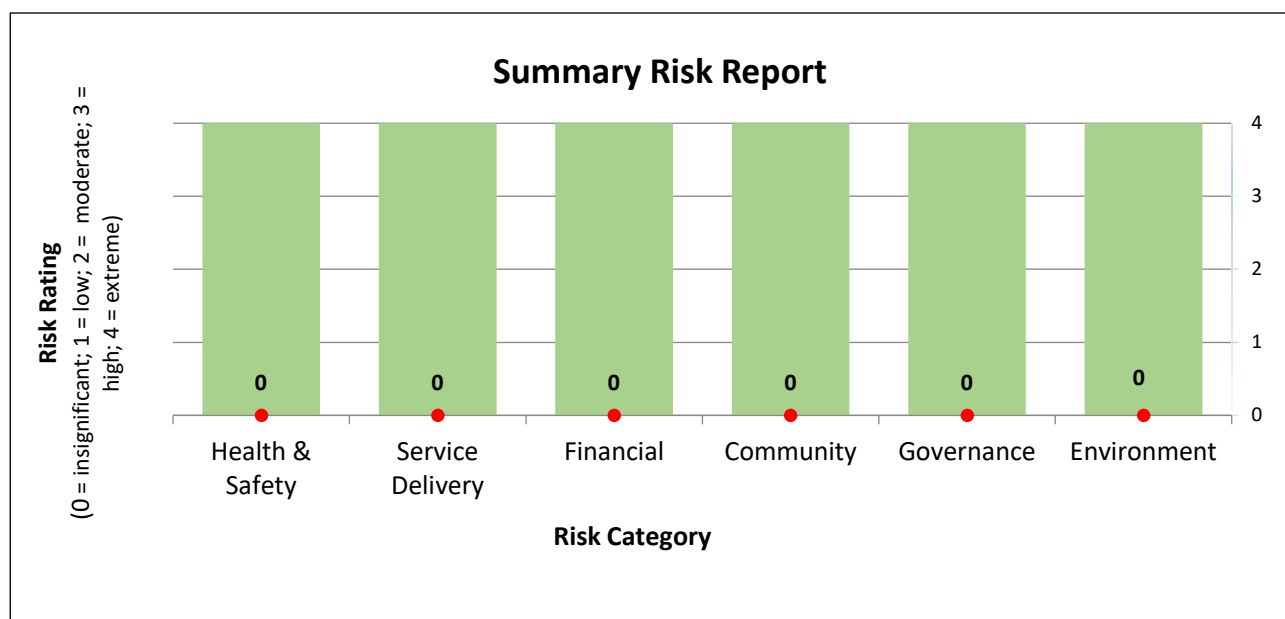
Links with Strategic Plan

A Well-Run Council - Good Governance

Legislative and Policy Implications

This paper is consistent with FIN09 Risk Management and Audit Committee Policy.

Risks



Financial Implications

Nil

Community Engagement

Nil

Litchfield Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

Community effort is essential



General Purpose Financial Statements
for the year ended 30 June 2020

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General Purpose Financial Statements
for the year ended 30 June 2020

Chief Executive Officer's Statement

I, Daniel Fletcher, the Chief Executive Officer of Litchfield Council, hereby certify that the Annual Financial Statements:

- have been drawn up in accordance with the applicable Australian Accounting Standards, the *Local Government Act* and the *Local Government (Accounting) Regulations* so as to present fairly the financial position of the Council and the results for the year ended 30 June 2020; and
- are in accordance with the accounting and other records of Council.

Daniel Fletcher
CHIEF EXECUTIVE OFFICER

Date: dd Month 2020

Statement of Comprehensive Income
for the year ended 30 June 2020

\$	Notes	2020	2019
Income			
Rates	2a	10,685,293	10,431,217
Statutory Charges	2b	137,049	155,368
User Charges	2c	1,757,340	1,612,219
Grants, Subsidies and Contributions	2g	3,855,333	4,942,103
Investment Income	2d	689,534	815,990
Reimbursements	2e	543	22,198
Other Income	2f	153,975	136,571
Total Income		17,279,066	18,115,666
Expenses			
Employee Costs	3a	6,643,444	6,646,145
Materials, Contracts & Other Expenses	3b	6,798,893	7,637,181
Depreciation, Amortisation & Impairment	3c	13,166,270	12,921,357
Total Expenses		26,608,608	27,204,683
Operating Surplus / (Deficit)		(9,329,541)	(9,089,017)
Asset Disposal & Fair Value Adjustments	4	(31,186)	(103,011)
Amounts Received Specifically for New or Upgraded Assets	2g	408,072	4,064,461
Physical Resources Received Free of Charge	2i	-	1,010,687
Net Surplus / (Deficit) ¹		(8,952,655)	(4,116,880)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(1,558,056)	-
Total Other Comprehensive Income		(1,558,056)	-
Total Comprehensive Income		(10,510,711)	(4,116,880)

¹ Transferred to Statement of Changes in Equity

Statement of Financial Position

as at 30 June 2020

\$	Notes	2020	2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	1,803,190	2,305,545
Trade & Other Receivables	5b	2,925,552	3,327,702
Other Financial Assets	5c	22,099,870	21,371,107
Total Current Assets		26,828,612	27,004,354
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	7a	301,369,855	309,111,797
Other Non-Current Assets	6	4,365,021	3,739,185
Total Non-Current Assets		305,734,877	312,850,982
TOTAL ASSETS		332,563,488	339,855,336
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	4,703,436	2,652,453
Borrowings	8b	33,370	-
Provisions	8c	604,637	576,397
Total Current Liabilities		5,341,443	3,228,850
Non-Current Liabilities			
Provisions	8c	432,240	473,646
Total Non-Current Liabilities		432,240	473,646
TOTAL LIABILITIES		5,773,683	3,702,496
Net Assets		326,789,805	336,152,840
EQUITY			
Accumulated Surplus		9,779,074	17,011,621
Asset Revaluation Reserves	9a	294,301,835	295,859,891
Other Reserves	9b	22,708,896	23,281,328
Total Council Equity		326,789,805	336,152,840

Statement of Changes in Equity

for the year ended 30 June 2020

			Asset		
\$	Notes	Accumulated Surplus	Revaluation Reserve	Other Reserves	Total Equity
2020					
Balance at the end of previous reporting period		17,011,621	295,859,891	23,281,328	336,152,840
Adjustments (Correction of Prior Period Errors)	23a	2,500,000	-	-	2,500,000
Adjustments (due to compliance with revised Accounting Standards) - not retrospective	23b	(725,546)	-	(626,777)	(1,352,324)
Restated Opening Balance		18,786,075	295,859,891	22,654,551	337,300,516
Net Surplus / (Deficit) for Year		(8,952,655)	-	-	(8,952,655)
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(1,558,056)	-	(1,558,056)
Other Comprehensive Income		-	(1,558,056)	-	(1,558,056)
Total Comprehensive Income		(8,952,655)	(1,558,056)	-	(10,510,711)
Transfers between Reserves		(54,345)	-	54,345	-
Balance at the end of period		9,779,074	294,301,835	22,708,896	326,789,805
2019					
Balance at the end of previous reporting period		22,733,631	295,859,891	21,676,198	340,269,720
Net Surplus / (Deficit) for Year		(4,116,880)	-	-	(4,116,880)
Total Comprehensive Income		(4,116,880)	-	-	(4,116,880)
Transfers between Reserves		(1,605,130)	-	1,605,130	-
Balance at the end of period		17,011,621	295,859,891	23,281,328	336,152,840

Statement of Cash Flows

for the year ended 30 June 2020

\$	Notes	2020	2019
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates		10,211,238	10,228,155
Statutory Charges		138,664	-
User Charges		1,941,338	1,922,517
Grants, Subsidies and Contributions (operating purpose)		3,918,933	4,433,105
Investment Receipts		689,534	782,982
Reimbursements		543	22,198
Other Receipts		2,135,821	328,366
<u>Payments</u>			
Payments to Employees		(7,166,459)	(6,059,479)
Payments for Materials, Contracts & Other Expenses		(7,878,640)	(8,525,621)
Net Cash provided by (or used in) Operating Activities	11b	3,990,971	3,132,223
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,371,660	4,064,461
Sale of Replaced Assets		79,213	58,989
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,938,575)	(2,002,288)
Expenditure on New/Upgraded Assets		(2,228,164)	(4,378,519)
Net Purchase of Investment Securities		(728,763)	(784,391)
Net Cash provided by (or used in) Investing Activities		(4,444,629)	(3,041,748)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayment of Lease Liabilities		(18,510)	-
Repayment of Bonds & Deposits		(30,187)	-
Net Cash provided by (or used in) Financing Activities		(48,697)	-
Net Increase (Decrease) in Cash Held		(502,355)	90,475
plus: Cash & Cash Equivalents at beginning of period	11	2,305,545	2,215,070
Cash & Cash Equivalents at end of period	11	1,803,190	2,305,545
Additional Information:			
plus: Investments on hand - end of year	5a	22,099,870	21,371,107
Total Cash, Cash Equivalents & Investments		23,903,059	23,676,652

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

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n/a - not applicable

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations, the requirements of the *Local Government Act*, the Local Government (Accounting) Regulations and other relevant Northern Territory legislation.

The financial report was authorised for issue on (insert date).

1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.3 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

Litchfield Council is incorporated under the NT *Local Government Act* and has its principal place of business at 7 Bees Creek Road, Freds Pass NT. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances

between activity areas and controlled entities have been eliminated.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports.

3 Income Recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2017/19	\$3,073,489	\$3,027,805	+\$45,684
2018/19	\$3,262,720	\$3,166,490	+\$96,230
2019/20	\$3,206,801,	\$3,148,419	+\$58,382

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *Local Government Act*. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Infrastructure, Property, Plant & Equipment

5.1 Land under roads

The Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has

been recognised as in the opinion of the Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

5.2 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

5.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

5.5 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are shown in Note 7.

5.6 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance & Deposits

Amounts other than unconstrained grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on costs) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for unused sick leave.

7.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

8 Leases

Accounting policy applicable from 01 July 2019

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

8.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i.) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

ii.) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

9 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

10 New and amended accounting standards and interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Litchfield Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Council applied AASB 15 and AASB 1058, for the first time from 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in Note 1 Significant Accounting Policies. The Council has elected to adopt the modified retrospective method on transition to the new standards with an initial application date of 1 July 2019. The cumulative effect of initially applying AASB 15 and AASB 1058 is recognised at the date of initial application as an adjustment to the opening balance of Accumulated Surplus. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related Interpretations.

The Council has determined the impact of the new standards will mainly impact the timing of revenue recognition in relation to special purpose grants. These grants are provided to the Council to construct or acquire an asset to be controlled by the Council. They are accounted for under AASB 1058 and as

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

such, amounts received in relation to these grants are recorded as a liability "Amounts in Advance" and recorded in revenue as the asset is constructed. The impact of adopting the new standards as at 1 July 2019 was an increase to liabilities of \$626,777 and a decrease to Accumulated Surplus of \$626,777.

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058.

The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

	Amounts prepared under	
	AASB 15/1058	Previous AASB
	\$'000	\$'000
Grants, subsidies and contributions	\$3,855,333	\$5,509,290

AASB 16 Leases

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Council recognised Right of Use Assets worth \$51,880.

Adoption of AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The Council has lease contracts for Fleet and Printers. Before the adoption of AASB 16, the Council classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Council adopted AASB 16 using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with

the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of Accumulated Surplus as at 1 July 2019 and comparatives have not been restated.

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 (increase/(decrease)) is, as follows:

Assets	
Infrastructure, Property, Plant and Equip.	
- Right-of-Use-Assets	\$51,880
Total Assets	\$51,880
Liabilities	
Lease Liabilities	\$33,370
Total Liabilities	\$33,370
Accumulated Surplus	nil

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

**Effective for NFP annual reporting periods
beginning on or after 1 January 2020**

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-6 Amendments to Australia Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

**Effective for NFP annual reporting periods
beginning on or after 1 January 2021**

- AASB 17 Insurance Contracts

**Effective for NFP annual reporting periods
beginning on or after 1 January 2022**

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

11 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2. Income

\$	Notes	2020	2019
(a). Rates Revenues			
General Rates			
Residential		6,919,547	6,732,902
Commercial/Industrial		757,810	651,446
Other		72,671	74,330
Total General Rates		7,750,028	7,458,678
Other Rates (Including Service Charges)			
Waste Management Services		2,926,423	2,853,843
Road Seal Levy		8,842	118,696
Total Other Rates		2,935,265	2,972,539
Total Rates Revenues		10,685,293	10,431,217
(b). Statutory Charges			
Animal Registration Fees & Fines		137,049	155,368
Total Statutory Charges		137,049	155,368
(c). User Charges			
Cemetery Fees		1,379,778	1,119,814
Community Halls Hire		29,893	27,877
Sundry		5,323	4,905
Subdivision and Development Fees		140,397	266,294
Permit Fees		17,226	3,921
Waste Disposal Fees		164,622	167,083
Rate Search Fees		20,100	22,325
Total User Charges		1,757,340	1,612,219
(d). Investment Income			
Interest on Investments		-	-
- Banks & Other		427,839	588,626
Interest on Overdue Rates and Charges		261,694	227,364
Total Investment Income		689,534	815,990

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2. Income (continued)

\$	Notes	2020	2019
(e). Reimbursements			
Private Works		-	12,168
Other		543	10,030
Total Reimbursements		543	22,198
(f). Other Income			
Insurance & Other Recoupments		61,394	57,844
Sundry		92,581	78,727
Total Other Income		153,975	136,571
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		408,072	4,064,461
Total Amounts Received Specifically for New or Upgraded Assets		408,072	4,064,461
Other Grants, Subsidies and Contributions		410,073	4,942,103
Untied - Financial Assistance Grant		3,148,419	-
Roads to Recovery		296,841	-
Total Other Grants, Subsidies and Contributions		3,855,333	4,942,103
Total Grants, Subsidies, Contributions		4,263,405	9,006,564
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		296,841	6,533,296
State Government		3,963,564	2,470,268
Other		3,000	3,000
Total		4,263,405	9,006,564

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2. Income (continued)

\$	Notes	2020	2019
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		3,676,127	3,183,077
Less:			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Infrastructure		(3,006,172)	(868,951)
Subtotal		(3,006,172)	(868,951)
Plus:			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Infrastructure		-	1,362,001
Subtotal		-	1,362,001
Unexpended at the close of this reporting period		669,955	3,676,127
Net increase (decrease) in assets subject to conditions in the current reporting period		(3,006,172)	493,050
(i). Physical Resources Received Free of Charge			
Roads, Culverts & Footpaths		-	1,010,687
Total Physical Resources Received Free of Charge		-	1,010,687

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 2. Income (continued)

	Opening Balance 1 July 2019	Movements		Closing Balance 30 June 2020
\$		Received/ Receivable/ (Payable)	Expended	
(j). Reconciliation of Government Grants				
Grants (with discretion on use)				
General Purpose (Untied)				
Grants Commission Grant - General Purpose	290,810	526,336	526,336	290,810
Grants Commission Grant - Roads Funding	1,364,583	2,622,083	2,622,083	1,364,583
Subtotal	1,655,393	3,148,419	3,148,419	1,655,393
Specific Purpose (Recurrent)				
Roads to Recovery	-	1,183,429	296,841	886,588
Other	-	3,000	3,000	-
Northern Territory Libraries - Operational Grant	28,954	407,073	392,307	43,720
Subtotal	28,954	1,593,502	692,147	930,309
Total Other Grants	1,684,347	4,741,921	3,840,566	2,585,702
Grants Specifically for New/Upgraded Assets				
Specific Purpose (Recurrent)				
SPG - Howard Park Reserve - Irrigation Upgrades	3,232	-	3,232	-
SPG - Mobile Workforce Shed	187,963	-	187,963	-
Freds Pass Reserve Capital Upgrade \$3m (NTG)	163,955	-	163,955	-
Freds Pass Reserve Capital Upgrade \$2m (NTG)	1,946,144	-	1,482,867	463,277
SPG - Humpty Doo Village Green Hall Upgrade	12,832	-	12,832	-
Department Local Government Energy Efficiency Grant - Streetlights	162,800	-	73,057	89,743
NDRRA Monsoonal Trough January 2018	1,136,039	(420,100)	599,004	116,935
SPG - Howard Park Reserve - Playground Upgrade	9,208	-	9,208	-
Special Community Assistance and Local Employment Grant Offer (SCALE) 2019-20	-	560,700	-	560,700
Blackspot Program Funding	-	408,072	408,072	-
SPG Library Services Grant	25,000	-	25,000	-
Total Grants Specifically for New/Upgraded Assets	3,647,173	548,672	2,965,190	1,230,655
Recognised as revenue in advance of expenditure	5,331,520			3,816,357
Total Other Grants	5,331,520			3,816,357

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3. Expenses

\$	Notes	2020	2019
(a). Employee Costs			
Salaries and Wages		4,988,785	4,764,261
Employee Leave Expense		547,882	1,002,719
Superannuation - Defined Contribution Plan Contributions	17	497,981	564,169
Workers' Compensation Insurance		123,724	98,231
Temporary Staff		466,964	-
Other		132,576	216,765
Less: Capitalised and Distributed Costs		(114,468)	-
Total Operating Employee Costs		6,643,444	6,646,145
Total Number of Employees (full time equivalent at end of reporting period)		52	52
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		35,016	54,650
Bad and Doubtful Debts		6,041	8,609
Elected Members' Expenses		245,609	244,399
Lease Expense - Variable Payments		2,699	-
Subtotal - Prescribed Expenses		289,365	307,658
(ii) Other Materials, Contracts and Expenses			
Contractors		3,609,280	4,235,484
Energy		194,572	218,123
Maintenance		431,116	511,601
Legal Expenses		65,061	68,536
Parts, Accessories & Consumables		180,076	119,895
Professional Services		518,952	598,604
Sundry		510,315	458,398
Cemetery Operations		318,158	389,709
Insurance		294,150	257,360
Donations and Community Support		103,262	119,318
Computer / IT Costs		284,585	352,495
Subtotal - Other Material, Contracts & Expenses		6,509,528	7,329,523
Total Materials, Contracts and Other Expenses		6,798,893	7,637,181

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3. Expenses (continued)

\$	Notes	2020	2019
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings		1,069,206	947,707
Infrastructure			
- Sealed Roads		9,497,954	9,417,534
- Unsealed Roads		1,439,297	1,428,783
- Road Culverts		378,194	369,478
- Kerbs & Gutters		36,408	35,964
- Driveway Vehicle Crossings		103,650	103,598
- Footpaths		25,368	22,985
- Road Signs		46,260	42,785
- Point Generic		64,200	63,618
- Driveways		8,096	7,429
- Bicycle Paths		20,586	20,586
- Streetlights		42,190	39,004
Right-of-Use Assets		19,737	-
Plant & Equipment		63,946	44,086
Motor Vehicles		255,168	280,125
Thorak Buildings		67,842	67,842
Thorak Motor Vehicles		28,167	29,833
Subtotal		13,166,270	12,921,357
(ii) Impairment			
Nil			
Total Depreciation, Amortisation and Impairment		13,166,270	12,921,357

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	79,213	58,989
Less: Carrying Amount of Assets Sold	(110,399)	(162,000)
Gain (Loss) on Disposal	(31,186)	(103,011)
Net Gain (Loss) on Disposal or Revaluation of Assets	(31,186)	(103,011)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 5. Current Assets

\$	Notes	2020	2019
(a). Cash & Cash Equivalent Assets			
Cash on Hand at Bank		1,803,190	2,305,545
Total Cash & Cash Equivalent Assets		1,803,190	2,305,545
(b). Trade & Other Receivables			
Rates - General & Other		2,585,745	2,101,108
Accrued Revenues		111,679	237,512
Debtors - General		34,975	856,681
GST Recoupment		221,045	160,876
Prepayments		26,821	29,334
Subtotal		2,980,265	3,385,511
Less: Allowance for Doubtful Debts		(54,713)	(57,809)
Total Trade & Other Receivables		2,925,552	3,327,702
(c). Other Financial Assets (Investments)			
Bank Investments - Term Deposits		22,099,870	21,371,107
Total Other Financial Assets (Investments)		22,099,870	21,371,107

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

Note 6. Non-Current Assets

Capital Works-in-Progress		4,365,021	3,739,185
Total Other Non-Current Assets		4,365,021	3,739,185

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 7a. Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/6/2019				Asset Movements during the Reporting Period						as at 30/6/2020			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Transition adjustment - AASB 16	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
							New / Upgrade	Renewals							
Land - Council Owned	2	14,387,856	-	-	14,387,856	-	-	-	-	-	(1,367,856)	13,020,000	-	-	13,020,000
Land - Drainage	3	6,638,569	1,936,631	-	8,575,200	-	-	-	-	-	(190,200)	6,448,369	1,936,631	-	8,385,000
Buildings	2	34,169,360	489,813	11,058,255	23,600,918	-	2,504,334	-	-	(1,069,206)	-	34,169,361	2,994,147	12,127,461	25,036,046
Infrastructure															
- Sealed Roads	3	331,613,100	3,209,731	140,484,382	194,338,449	-	-	1,071,248	-	(9,497,954)	-	331,613,101	4,280,979	149,982,338	185,911,743
- Unsealed Roads	3	50,162,000	378,833	26,856,616	23,684,217	-	-	918	-	(1,439,297)	-	50,162,001	379,751	28,295,914	22,245,838
- Road Culverts	3	36,755,158	548,354	9,256,100	28,047,412	-	18,930	522,889	-	(378,194)	-	36,755,158	1,090,173	9,634,293	28,211,037
- Storm Waste Drains	3	608,490	-	-	608,490	-	-	-	-	-	-	608,490	-	-	608,490
- Kerbs & Gutters	3	1,765,900	59,780	758,964	1,066,716	-	-	4,128	-	(36,408)	-	1,765,900	63,908	795,372	1,034,435
- Driveway Vehicle Crossings	3	10,440,385	50,474	2,981,650	7,509,209	-	-	-	-	(103,650)	-	10,440,386	50,474	3,085,300	7,405,560
- Footpaths	3	799,800	157,201	292,185	664,816	-	-	-	-	(25,368)	-	799,800	157,201	317,553	639,448
- Road Signs	3	719,180	108,942	337,476	490,646	-	-	6,184	-	(46,260)	-	719,180	115,126	383,736	450,570
- Point Generic	3	1,089,960	197,816	454,362	833,414	-	-	-	-	(64,200)	-	1,089,960	197,816	518,562	769,215
- Driveways	3	281,450	60,285	42,083	299,652	-	-	-	-	(8,096)	-	281,450	60,285	50,179	291,556
- Bicycle Paths	3	711,000	-	325,586	385,414	-	-	-	-	(20,586)	-	711,000	-	346,171	364,829
- Streetlights	3	1,562,142	-	841,163	720,979	-	-	-	-	(42,190)	-	1,562,142	-	883,353	678,789
- Other Infrastructure		-	-	-	-	-	-	-	-	-	-	21,229	-	21,229	-
Right-of-Use Assets		-	-	-	-	51,880	-	-	-	(19,737)	-	-	51,880	19,737	32,143
Plant & Equipment	2	586,300	191,633	254,111	523,822	-	-	357,950	-	(63,946)	-	586,299	549,583	318,057	817,825
Furniture & Fittings		-	-	-	-	-	-	-	-	-	-	587,995	-	587,995	-
Office Equipment	2	587,995	-	587,995	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicles	2	2,063,716	133,991	767,001	1,430,706	-	-	54,320	(110,399)	(255,168)	-	1,818,716	188,311	887,568	1,119,459
Thorak Buildings	2	2,403,600	25,396	603,282	1,825,714	-	-	-	-	(67,842)	-	2,403,600	25,396	671,123	1,757,873
Thorak Motor Vehicles	2	293,000	-	174,833	118,167	-	-	-	-	(28,167)	-	293,000	-	203,000	90,000
Thorak Land		-	-	-	-	-	-	2,500,000	-	-	-	2,500,000	-	-	2,500,000
Other Assets		21,229	-	21,229	-	-	-	-	-	-	-	-	-	-	-
Total Infrastructure, Property, Plant & Equipment		497,660,190	7,548,880	196,097,273	309,111,797	51,880	2,523,264	4,517,636	(110,399)	(13,166,270)	(1,558,056)	498,357,137	12,141,660	209,128,941	301,369,855
Comparatives		497,940,190	854,491	183,293,916	315,500,765	-	4,378,519	2,315,870	(162,000)	(12,921,357)	-	497,660,190	7,548,880	196,097,273	309,111,797

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

\$

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Fair value hierarchy level 2 valuations - Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$

Valuation of Assets (continued)

Transfers between fair value hierarchy levels

In the course of revaluing (name the asset classes), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Highest and best use - For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land. Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Building and Other Structures and Infrastructure were valued as at 30 June 2018. Land assets were valued as at 30 June 2020.

Capitalisation Thresholds

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

	\$
Land	No threshold. All items will be recognised
Building & Other Structures	5,000
Roads	
- Sealed	10,000
- Pavement	10,000
- Unsealed	10,000
- Earthworks	10,000
- Road Culverts	5,000
- Stormwater Drainage	10,000
- Kerbs & Gutter	1,000

(continued on next page)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property (continued)

\$

Valuation of Assets (continued)

Capitalisation Thresholds (continued)

	\$
- Driveway Vehicle Crossings	10,000
- Footpaths	No threshold. All items will be recognised
- Road Signs	No threshold. All items will be recognised
- Inverts	10,000
- Point Generic	No threshold. All items will be recognised
- Driveways	10,000
- Bicycle Paths	No threshold. All items will be recognised
Office Furniture	5,000
Plant & Equipment	5,000
Motor Vehicles	5,000

Estimated Useful Lives

Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

	Years
Land	No limited useful life
Building & Other Structures	8 to 100 years
Roads - Surface - Sealed	13 to 25 years
Roads - Surface - Unsealed	10 to 15 years
Roads - Pavement	40 years
Roads - Earthworks	100 years
Kerbs & Gutter	50 years
Road Culverts	100 years
Footpaths	20 to 50 years
Driveway Vehicle Crossings	100 years
Road Signs	15 years
Inverts	30 years
Point Generic	15 to 70 years
Driveways	20 to 50 years
Bicycle Paths	20 to 50 years
Office Equipment	5 to 10 years
Plant & Equipment	3 to 20 years
Motor Vehicles	5 to 15 years
Right-of-Use Assets	2 to 3 years

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 8. Liabilities

\$	Notes	2020 Current	2020 Non Current	2019 Current	2019 Non Current
(a). Trade and Other Payables					
Goods & Services		1,412,298	-	1,252,161	-
Payments Received in Advance					
- Rates		736,127	-	-	-
- Grants, Subsidies, Contributions - Operating		63,600	-	-	-
- Grants & Contributions - Capital		1,590,367	-	-	-
- Other		448,636	-	334,605	-
Accrued Expenses - Employee Entitlements		190,558	-	687,910	-
Accrued Expenses - Other		8,241	-	93,981	-
Deposits, Retentions & Bonds		253,609	-	283,796	-
Total Trade and Other Payables		4,703,436	-	2,652,453	-
(b). Borrowings					
Lease Liabilities	17	33,370	-	-	-
Total Borrowings		33,370	-	-	-
(c). Provisions					
Employee Entitlements (including oncosts)		604,637	432,240	576,397	473,646
Total Provisions		604,637	432,240	576,397	473,646

Note 9. Reserves

\$	1/7/2019	Increments (Decrements)	Transfers	Impairments	30/6/2020
(a). Asset Revaluation Reserve					
Land - Council Owned	125,175,674	(1,558,056)	-	-	123,617,618
Buildings	15,583,834	-	-	-	15,583,834
Infrastructure					
- Road Culverts	27,923,542	-	-	-	27,923,542
- Kerbs & Gutters	761,825	-	-	-	761,825
- Driveway Vehicle Crossings	9,290,043	-	-	-	9,290,043
- Footpaths	263,238	-	-	-	263,238
- Road Signs	958,744	-	-	-	958,744
- Point Generic	711,325	-	-	-	711,325
- Driveways	4,076,579	-	-	-	4,076,579
- Bicycle Paths	551,219	-	-	-	551,219
- Roads	109,927,734	-	-	-	109,927,734
- Inverts	6,141	-	-	-	6,141
Plant & Equipment	204,947	-	-	-	204,947
Motor Vehicles	425,046	-	-	-	425,046
Total Asset Revaluation Reserve	295,859,891	(1,558,056)	-	-	294,301,835
Comparatives	295,859,891	-	-	-	295,859,891

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 9. Reserves (continued)

\$	1/7/2019	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2020
(b). Other Reserves					
Developer Contributions Reserve	842,260	109,131	(183,804)	-	767,587
Waste Management Reserve	4,603,914	180,791	-	-	4,784,705
Asset Reserve	11,094,709	468,448	-	-	11,563,157
Election Reserve	100,000	-	-	-	100,000
Disaster Recovery Reserve	500,000	-	-	-	500,000
Strategic Initiatives Reserve	500,000	-	-	-	500,000
Unexpended Grants Reserve	5,331,520	5,290,593	(6,805,756)	-	3,816,357
Thorak Regional Cemetery	308,925	356,423	-	-	665,348
Unexpended Capital Works Reserve	-	11,742	-	-	11,742
Total Other Reserves	23,281,328	6,417,128	(6,989,560)	-	22,708,896
Comparatives	21,676,198	10,048,822	(8,443,692)	-	23,281,328

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Disaster Recovery Reserve

This reserve will fund expenses occurred due to storms, storm surges, and floods or any other natural disaster. The fund will enable Litchfield Council to recover from these disasters and return to operations. Where external funds are received after an event for the purpose of disaster recovery, these funds shall be used to replenish this reserve.

Strategic Initiatives Reserve

This reserve will fund strategic initiatives and Information Technology improvements for the future development of Litchfield Council in line with the Municipal Plan and the Long Term Financial Plan. Specific Initiatives must be identified in order to have funds allocated.

Election Reserve

This reserve will fund expenses related to Local Government elections and By-Elections.

Asset Reserve

This reserve holds funding for renewal, replacement or upgrading of existing assets and/or the establishment of new assets in line with Council's Asset Management Plans.

Waste Management Reserve

This reserve holds funding for activities related to Waste Management. This could be the renewal, replacement or upgrading of existing assets and/or the establishment of new assets in line with Council's Asset Management Plan for Waste Management or strategic development of the Waste Service delivery.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 9. Reserves (continued)

\$

Developer Contributions Reserve

This reserve holds contributions received by the Council from developers in line with Litchfield Council Developer Contribution Plan. Restrictions apply as set out in both the Plan and under provisions outlined in the Planning Act.

Unexpended Grants and Contributions

This reserve holds the balance of unexpended grants and contributions received from external contributors. The funds are held in the reserve until expensed in line with the individual funding agreements.

Thorak Regional Cemetery

These funds represent the funds transferred to Council from City of Darwin when Council assumed responsibility in 2008 and the operating surplus from operation of the Thorak Regional Cemetery since 2008. Funds are reserved for the renewal, replacement or upgrading of existing assets and/or the establishment of new assets in line with Council's Asset Management Plan at Thorak Regional Cemetery.

Unexpended Capital Works Reserve

This reserve holds the balance of unexpended capital works excluding all grant funded projects.

Note 10. Assets Subject to Restrictions

\$

Notes

2020

2019

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

Cash & Financial Assets

Unexpended amounts received from Federal Government

Developer Contributions	767,587	842,260
Unexpended amounts received from Federal and Territory Government	3,816,357	5,331,521
Total Cash & Financial Assets	4,583,944	6,173,781
Total Assets Subject to Externally Imposed Restrictions	4,583,944	6,173,781

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2020	2019
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	1,803,190	2,305,545
Balances per Statement of Cash Flows		1,803,190	2,305,545
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		(8,952,655)	(4,116,880)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		13,166,270	12,921,357
Non-Cash Asset Acquisitions		-	(1,010,687)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(408,072)	(4,064,461)
Net (Gain) Loss on Disposals		31,186	103,011
Rates prepayment adjustment		(725,546)	-
		3,111,183	3,832,340
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		405,246	(1,160,313)
Change in Allowances for Under-Recovery of Receivables		3,096	11,389
Net (Increase)/Decrease in Other Current Assets		(6,192)	-
Net Increase/(Decrease) in Trade & Other Payables		490,804	(137,859)
Net Increase/(Decrease) in Unpaid Employee Benefits		(13,166)	586,666
Net Cash provided by (or used in) operations		3,990,971	3,132,223
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	-	1,010,687
Amounts recognised in Income Statement		-	1,010,687
Total Non-Cash Financing & Investing Activities		-	1,010,687

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).													
	INCOME			EXPENSES			OPERATING SURPLUS (DEFICIT)			GRANTS INCLUDED IN INCOME			TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Actual 2020	Actual 2019
\$ '000														
General Public Services	9,137,189	9,120,819	9,136,475	6,476,089	6,971,823	4,568,399	2,661,100	2,148,996	4,568,076	545,220	526,336	583,018	46,152,408	28,473,539
Public Order & Safety	130,202	137,771	158,640	388,980	371,505	331,973	(258,778)	(233,734)	(173,333)	-	-	-	40,103	24,855
Economic Affairs	2,637,492	2,936,300	4,237,551	13,153,186	13,567,960	15,595,906	(10,515,694)	(10,631,660)	(11,358,355)	2,923,990	2,918,924	4,101,303	245,508,387	285,757,500
Environmental Protection	3,139,680	3,188,246	3,110,242	3,110,890	2,756,182	3,312,886	28,790	432,064	(202,644)	-	-	-	5,273,103	2,969,842
Housing & Community Amenities	-	-	-	45,000	42,190	83,365	(45,000)	(42,190)	(83,365)	-	-	-	678,790	720,979
Recreation, Culture & Religion	501,447	516,152	352,944	2,656,781	1,945,592	2,323,679	(2,155,334)	(1,429,440)	(1,970,735)	413,546	410,073	257,782	29,562,821	19,580,359
Cemetery	997,140	1,379,778	1,119,814	996,274	953,355	988,475	866	426,423	131,339	-	-	-	5,347,876	2,328,262
Total Functions/Activities	16,543,150	17,279,066	18,115,666	26,827,200	26,608,607	27,204,683	(10,284,050)	(9,329,541)	(9,089,017)	3,882,756	3,855,333	4,942,103	332,563,488	339,855,336

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 12b. Components of Functions

\$

The activities relating to Council functions are as follows:

GENERAL PUBLIC SERVICES

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services; also includes Natural Disaster relief.

PUBLIC ORDER & SAFETY

Fire protection; local emergency services; animal control and impounding; control of public places; control of signs, hoardings and advertising, community policing and probationary matters.

ECONOMIC AFFAIRS

General economic, agriculture and forestry, fuel and energy, other labour and employment affairs, CDEP and transport and other industries, saleyards and tourism.

ENVIRONMENTAL PROTECTION

Waste management, pollution reduction, protection of biodiversity and landscape and protection and remediation of soil, ground water and surface water.

HOUSING & COMMUNITY AMENITIES

Housing, housing and development, water supply and street lighting.

RECREATION, CULTURE AND RELIGION

Facilities and venues, recreation parks and reserves, culture and religion services, museums and libraries.

EDUCATION

Administration, inspection, support, operation, etc. of education programs and services.

CEMETERY

All activities related to the operation of the Thorak Regional Cemetery.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13. Financial Instruments

\$

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Short term deposits have an average maturity of 246 days and an average interest rate of 1.41% (2019: 271 days and 2.61%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 17% (2019: 17%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance is recognised and assessed annually when collection in full is no longer probable using the expected credit loss method.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$

Recognised Financial Instruments

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Leases

Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2020					
Financial Assets					
Cash & Equivalents	1,803,190	-	-	1,803,190	1,803,190
Receivables	394,010	-	-	394,010	394,520
Other Financial Assets	22,111,024	-	-	22,111,024	22,099,870
Total Financial Assets	24,308,224	-	-	24,308,224	24,297,580
Financial Liabilities					
Payables	1,673,069	-	-	1,673,069	1,674,148
Lease Liabilities	33,370	-	-	33,370	33,370
Total Financial Liabilities	1,706,439	-	-	1,706,439	1,707,518
2019					
Financial Assets					
Cash & Equivalents	2,305,545	-	-	2,305,545	2,305,545
Receivables	886,015	-	-	886,015	1,284,403
Other Financial Assets	21,371,107	-	-	21,371,107	21,371,107
Total Financial Assets	24,562,667	-	-	24,562,667	24,961,055
Financial Liabilities					
Payables	1,964,543	-	-	1,964,543	1,629,938
Total Financial Liabilities	1,964,543	-	-	1,964,543	1,629,938

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Note 14. Capital Expenditure and Investment Property Commitments

\$

Notes

2020

2019

(a). Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Buildings	482,080	-
Roads & Footpaths	121,187	711,305
	603,267	711,305

These expenditures are payable:

Not later than one year	603,267	711,305
	603,267	711,305

(b). Other Expenditure Commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Maintenance Contracts	463,195	1,114,870
	463,195	1,114,870

These expenditures are payable:

Not later than one year	463,195	1,114,870
	463,195	1,114,870

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 15. Financial Indicators

	Amounts 2020	Indicator 2020	Prior Periods 2019 2018	
\$				
1. Current Ratio				
Current Assets /less Externally Restricted Assets	22,244,667	4.16	10.28	7.01
Current Liabilities	5,341,443			
2. Debt Service Ratio				
Net Debt Service Cost	-	0.00	0.00	0.00
Operating Revenue	17,279,066			
3. Rate Coverage Percentage				
Rate Revenues	7,750,028	43.82%	41.17%	39.81%
Total Revenues	17,687,139			
4. Rates and Annual Charges Outstanding				
Rates & Annual Charges Outstanding	2,585,745	24.20%	22.46%	20.61%
Rates & Annual Charges Collectible	10,685,293			

Note 16. Leases

Council as a Lessee

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

Right of use assets

	Leased Assets \$	Total \$
2020		
Transfer from leased assets (former finance leases)	51,880	51,880
Depreciation charge	(19,737)	(19,737)
Balance at 30 June 2020	32,143	32,143

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 16. Leases

\$	2020	2019
Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:		
Balance at 1 July	-	-
Payments	33,370	-
Balance at 30 June	33,370	-
Classified as:		
Current	33,370	-
Non Current	-	-

Note 17. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the Northern Territory Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019/20; 9.50% in 2018/19). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Note 18. Interests in Other Entities

The principal activities and entities conducted other than in the Council's own name that have been included in these consolidated financial statements are:

Thorak Regional Cemetery (Ownership interest 100%)

All transactions and balances between Council and controlled entities have been eliminated

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 19. Non-Current Assets Held for Sale & Discontinued Operations

\$

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Note 20. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council did not have any notice of appeals against planning decisions made prior to reporting date.

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 21. Events After the Statement of Financial Position Date

Events that occur after the reporting date of 30 June 2020, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is dd Month 2020.

Council is aware of the following "non adjusting events" that merit disclosure;

Council was issued a Pollution Abatement Notice by the Northern Territory Environment Protection Authority (nt epa) on the 27th of July 2020. The notice relates to non-compliance to the Waste Management and Pollution Control Act 1998 (Act). As a cosequence, Council is expected to undertake investigation and remediation works. The cost of the remediation works and any potential fines as at the date of this report cannot be reliably estimated until further investigation and scope of remediation works are carried out.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 22. Related Party Transactions

\$	2020	2019
----	------	------

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 13 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Salaries, Allowances & Other Short-Term Employee Benefits	1,051,238	1,279,616
Total	1,051,238	1,279,616

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Planning and Building Application Fees	60,161	-
Total	60,161	-

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 23. Equity - Retained Earnings and Revaluation Reserves Adjustments

\$

(a). Correction of Error/s relating to a Previous Reporting Period

Land at Thorak Cemetery has been recognised in accordance with AASB 116.

The adjustment is recognised by adjusting the opening balance of the Accumulated Surplus as at 1 July 2019, no prior period balances have been re-stated.

(b). Changes in Accounting Policies due to Adoption of New Accounting Standards
- Not Retrospective

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below:

Adoption of AASB 1058 resulted in adjusting opening balances of the Equity accounts to recognise outstanding performance obligations for grant funded projects and adjustment to the Accumulated Surplus balance for Prepayments of Rates and Charges.

Adjustments to the current year figures for the year ended 30 June 2020

	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Statement of Financial Position			
Infrastructure, Property, Plant & Equipment	309,111,797	2,500,000	311,611,797
Total Assets	339,855,336	2,500,000	342,355,336
Trade and other payables	2,652,453	1,352,323	4,004,776
Total Liabilities	3,702,496	1,352,323	5,054,819
Unexpended Grants and Contributions	23,281,328	(626,777)	22,654,551
Accumulated Surplus	17,011,621	1,774,454	18,786,075
Total equity	336,152,840	1,147,677	337,300,517

Litchfield Council

General Purpose Financial Statements for the year ended 30 June 2020

Auditor's Report

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Litchfield Council

General Purpose Financial Statements for the year ended 30 June 2020

Auditor's Report

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Thorak Regional Cemetery

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

Thorak Regional Cemetery

General Purpose Financial Statements for the year ended 30 June 2020

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Thorak Regional Cemetery

General Purpose Financial Statements for the year ended 30 June 2020

Chief Executive Officer's Statement

I, Place name here... (go to parameters tab), the Chief Executive Officer of Thorak Regional Cemetery hereby certify that the Annual Financial Statements:

- have been drawn up in accordance with the applicable Australian Accounting Standards, the *Local Government Act* and the *Local Government (Accounting) Regulations* so as to present fairly the financial position of the Council and the results for the year ended 30 June 2020; and
- are in accordance with the accounting and other records of Council.

Place name here... (go to parameters tab)
CHIEF EXECUTIVE OFFICER

Place name here... (go to parameters tab)
MAYOR

Date: dd Month 2020

Thorak Regional Cemetery

Statement of Comprehensive Income

for the year ended 30 June 2020

\$	2020	2019
Income		
Interments	866,793	651,685
Cremations	280,541	249,662
Exclusive Rights Fees	5,328	5,052
Ground Maintenance	7,629	5,880
Chapel and Marquee Hire	34,279	31,395
Memorial installation and permits	42,903	36,658
Funeral Director Fees	3,981	3,792
Sundry Income	10,841	17,394
Administration Fee	102,932	85,099
Rent Income	21,397	23,886
Investment Income	3,154	9,311
Total Income	1,379,778	1,119,814
Expenses		
Salaries	465,112	430,608
Superannuation	49,725	45,294
Other Employee costs	5,765	6,709
Insurance	37,465	36,979
Legal Fees	1,076	18,987
Auditing Fees	7,416	9,600
Consultants	760	38,177
Administration Expenses	83,989	75,970
Motor Vehicle Expenses	29,657	36,912
Utilities	68,885	72,288
Telephone Expenses	13,550	14,040
Security	4,544	3,761
Grounds Maintenance	33,122	53,820
Repairs & Maintenance	48,932	36,846
Equipment Hire	352	-
Plant & Equipment Expenses	7,660	6,897
Grave Digging	44,947	43,680
Memorial Expenses	17,831	14,251
Sundry Expenses	5,953	5,730
Doubtful Debt	604	251
Depreciation Expenses	96,010	97,675
Total Expenses	1,023,355	1,048,475
Operating Surplus / (Deficit)	356,422	71,339
Net Surplus / (Deficit) ¹	356,422	71,339
Total Comprehensive Income	356,422	71,339

¹ Transferred to Statement of Changes in Equity

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

page 3

Thorak Regional Cemetery

Statement of Financial Position

as at 30 June 2020

\$	Notes	2020	2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	2a	1,061,933	644,631
Trade & Other Receivables	2b	59,704	42,755
Other Financial Assets	2c	334,571	341,626
Total Current Assets		1,456,208	1,029,012
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	3a	4,347,873	1,943,881
Total Non-Current Assets		4,347,873	1,943,881
TOTAL ASSETS		5,804,081	2,972,893
LIABILITIES			
Current Liabilities			
Trade & Other Payables	4a	353,076	399,601
Provisions	4b	55,863	46,164
Total Current Liabilities		408,939	445,765
Non-Current Liabilities			
Provisions	4b	54,193	42,600
Total Non-Current Liabilities		54,193	42,600
TOTAL LIABILITIES		463,131	488,365
Net Assets		5,340,950	2,484,528
EQUITY			
Accumulated Surplus		4,675,602	2,230,171
Reserves	5	665,348	254,357
Total Council Equity		5,340,950	2,484,528

Thorak Regional Cemetery

Statement of Changes in Equity for the year ended 30 June 2020

\$	Notes	Accumulated Surplus	Reserves	Total Equity
2020				
Balance at the end of previous reporting period		2,230,171	254,357	2,484,528
Adjustments (Correction of Prior Period Errors)		2,500,000	-	2,500,000
Restated Opening Balance		4,730,171	254,357	4,984,528
Net Surplus / (Deficit) for Year		356,422	-	356,422
Total Comprehensive Income		356,422	-	356,422
Transfers between Reserves		(410,991)	410,991	-
Balance at the end of period		4,675,602	665,348	5,340,950
2019				
Balance at the end of previous reporting period		2,230,171	183,018	2,413,189
Net Surplus / (Deficit) for Year		71,339	-	71,339
Total Comprehensive Income		71,339	-	71,339
Transfers between Reserves		(71,339)	71,339	-
Balance at the end of period		2,230,171	254,357	2,484,528

Thorak Regional Cemetery

Statement of Cash Flows

for the year ended 30 June 2020

\$	Notes	2020	2019
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		1,346,253	1,101,815
Investment Receipts		3,154	5,041
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(939,158)	(920,528)
Net Cash provided by (or used in) Operating Activities	6b	410,249	186,328
Cash Flows from Investing Activities			
<u>Receipts</u>			
Net Disposal of Investment Securities		-	2,292
<u>Payments</u>			
Net Purchase of Investment Securities		7,052	-
Net Cash provided by (or used in) Investing Activities		7,052	2,292
Cash Flows from Financing Activities			
Nil			
Net Increase (Decrease) in Cash Held		417,302	188,620
plus: Cash & Cash Equivalents at beginning of period	6	644,631	456,011
Cash & Cash Equivalents at end of period	6	1,061,933	644,631

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Contents of the Notes accompanying the Financial Statements

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n/a - not applicable

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies

1 Basis of Preparation

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Financial Reporting Framework

Thorak Regional Cemetery ("the Cemetery") is not a reporting entity because in the opinion of the Board of Trustees "the Board" there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Boards' reporting requirements under the Cemeteries Act and Cemeteries Regulations.

1.2 Compliance with Australian Accounting Standards

This special purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, and relevant Northern Territory legislation.

1.3 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.4 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying the Cemetery's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.5 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$).

2 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Cemetery obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Revenue from burials, cremation and internments is recognised when the services have been rendered to the public and can be measured reliably.

Grants, and other contributions are recognised as revenues when the Cemetery obtains control over, or the right to receive, the assets, it is probable that future economic benefits comprising the asset will flow to the Cemetery, and the amount can be reliably measured. Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as income in a previous reporting period which were obtained in respect of the Cemetery's operations for the current reporting period. Interest is recognised as it accrues, when it is probable that the future economic benefits will flow to Cemetery and it can be measured reliably.

3 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Board's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form part of Note 5.

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

4 Infrastructure, Property, Plant & Equipment

4.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Cemetery includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

4.2 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Additions acquired subsequent to a revaluation are recognised at cost until next revaluation of that asset class.

4.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Cemetery, best reflects the consumption of the service potential embodied in those assets.

5 Payables

5.1 Trade and Other Payables

Trade and other payables are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30

days after the month of invoice. No interest is payable on these amounts

5.2 Payments Received in Advance & Deposits

Amounts (other than grants) received from external parties in advance of service delivery, are recognised as liabilities until the service is delivered, or the amount is refunded.

6 Employee Benefits

6.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on costs) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on costs) to be made in respect of services provided by employees up to the reporting date.

No accrual is made for sick leave as the Cemetery experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Cemetery does not make payment for untaken sick leave.

6.2 Superannuation

The Cemetery makes employer superannuation contributions in respect of its employees to Statewide Super and a number of other Superannuation Funds selected by employees under the 'choice of fund' legislation.

The schemes have two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods.

7 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

8 New and amended accounting standards and interpretations

In the current year, Cemetery adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

Effective for NFP annual reporting periods beginning on or after 1 January 2020:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-6 Amendments to Australia Accounting Standards – Definition of a Business

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

Effective for NFP annual reporting periods beginning on or after 1 January 2021:

- AASB 17 Insurance Contracts

Effective for NFP annual reporting periods beginning on or after 1 January 2022:

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 2. Current Assets

\$	2020	2019
(a). Cash & Cash Equivalent Assets		
Cash on Hand at Bank	1,061,933	644,631
Total Cash & Cash Equivalent Assets	1,061,933	644,631
(b). Trade & Other Receivables		
Accrued Revenues	2,042	6,256
Debtors - General	57,662	36,499
Total Trade & Other Receivables	59,704	42,755
(c). Other Financial Assets (Investments)		
Bank Investments - Term Deposits	334,571	341,626
Total Other Financial Assets (Investments)	334,571	341,626

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

Note 3. Infrastructure, Property, Plant & Equipment

	as at 30/6/2019				Asset Movements during the Reporting Period		as at 30/6/2020			
	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions	Depreciation Expense (Note 3c)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
\$										
Land - Other	-	-	-	-	2,500,000	-	2,500,000	-	-	2,500,000
Buildings	2,428,996	-	603,282	1,825,714	-	(67,842)	-	2,428,996	671,123	1,757,873
Motor Vehicles	293,000	-	174,833	118,167	-	(28,167)	-	293,000	203,000	90,000
Total Infrastructure, Property, Plant & Equipment	2,721,996	-	778,115	1,943,881	2,500,000	(96,009)	2,500,000	2,721,996	874,123	4,347,873
Comparatives	2,721,996	-	680,440	2,041,556	-	-	2,721,996	-	778,115	1,943,881

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 4. Liabilities

	2020	2020	2019	2019
\$	Current	Non Current	Current	Non Current
(a). Trade and Other Payables				
Goods & Services	23,647	-	12,239	-
Payments Received in Advance	321,184	-	334,605	-
Accrued Expenses - Other	8,245	-	52,757	-
Total Trade and Other Payables	353,076	-	399,601	-

(b). Provisions

Employee Entitlements (including oncosts)	55,863	54,193	46,164	42,600
Total Provisions	55,863	54,193	46,164	42,600

Note 5. Reserves

	1/7/2019	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2020
\$					
Thorak Regional Cemetery	254,357	410,991	-	-	665,348
Total Other Reserves	254,357	410,991	-	-	665,348
Comparatives	183,018	71,339	-	-	254,357

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Thorak Regional Cemetery

These are cash backed reserves to meet anticipated future needs. This reserve is internally restricted and the amount relates to a perceived future requirement which is not currently a liability.

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 6. Reconciliation to Statement of Cash Flows

\$		2020	2019
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	2	1,061,933	644,631
Balances per Statement of Cash Flows		1,061,933	644,631
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		356,422	71,339
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		96,010	97,675
Investment Income		-	(9,311)
		452,432	159,703
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(16,949)	(1,428)
Net Increase/(Decrease) in Trade & Other Payables		(46,525)	31,519
Net Increase/(Decrease) in Unpaid Employee Benefits		21,291	-
Net Increase/(Decrease) in Other Provisions		-	(8,507)
Net Cash provided by (or used in) operations		410,249	181,287

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 7. Financial Instruments

\$

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Short term deposits have an average maturity of 189 days and an average interest rate of 0.65% (2019: 365 days and 2.70%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Unsecured, and do not bear interest. Cemetery is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Cemetery's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Cemetery.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Leases

Accounting Policy:

Accounted for in accordance with AASB 16.

Thorak Regional Cemetery

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

Note 7. Financial Instruments (continued)

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2020					
<u>Financial Assets</u>					
Cash & Equivalents	1,061,933	-	-	1,061,933	1,061,933
Receivables	59,704	-	-	59,704	59,704
Other Financial Assets	334,571	-	-	334,571	334,571
Total Financial Assets	1,456,208	-	-	1,456,208	1,456,208
<u>Financial Liabilities</u>					
Payables	353,076	-	-	353,076	353,076
Total Financial Liabilities	353,076	-	-	353,076	353,076
2019					
<u>Financial Assets</u>					
Cash & Equivalents	644,631	-	-	644,631	644,631
Receivables	42,755	-	-	42,755	42,755
Other Financial Assets	341,626	-	-	341,626	341,626
Total Financial Assets	1,029,012	-	-	1,029,012	1,029,012
<u>Financial Liabilities</u>					
Payables	399,601	-	-	399,601	399,601
Total Financial Liabilities	399,601	-	-	399,601	399,601

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Cemetery is the carrying amount, net of any doubtful debts. All Cemetery investments are made with authorised deposit taking institutions. Except as detailed in Note 2 in relation to individual classes of receivables, exposure is concentrated within the Cemetery boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Cemetery's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Cemetery will encounter difficulty in meeting obligations with financial liabilities. Liabilities have a range of maturity dates.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Cemetery has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Thorak Regional Cemetery

General Purpose Financial Statements for the year ended 30 June 2020

Auditor's Report

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Thorak Regional Cemetery

General Purpose Financial Statements for the year ended 30 June 2020

Auditor's Report

This page has been left blank for insertion of the Audit Report



RMAC REPORT

Agenda Item Number:	8.5 Review 2019-20 Annual KPI reporting
Report Title:	2019-20 Financial and KPI Summary
Recommending Officer:	Silke Maynard, Director Community and Corporate Services
Meeting Date:	22/10/2020
Attachments:	A: KPI reporting overview

Executive Summary

To provide RMAC with the KPI reporting for inclusion into the 2019-20 Annual Report for review.

Recommendation

THAT RMAC confirm the KPI reporting for inclusion into the 2019-20 Annual report.

Background

FIN09 – Risk Management and Audit Committee Policy contains that the following outline of the role of the Risk Management and Audit Committee:

4.9 – Financial Reporting

4.9.1.1 – The Committee shall monitor the integrity of the

- Annual financial statement of the Council, reviewing the significant financial reporting issues and judgements which they contain; and*
- The annual report.*

4.9.1.2 – The Committee shall review and challenge where necessary:

- The consistency of, and/or any changes to, accounting policies;*
- The methods used to account for significant of unusual transactions where different approaches are possible;*
- Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;*
- The clarity of disclosure in the Council's financial reports and the context in which statements are made; and*
- All material information presented with the financial statements.*

As highlighted above in FIN09, the responsibility of the Risk Management and Audit Committee is to monitor the integrity of the annual report and ensure it contains an accurate assessment of Council's operations.

The complete Annual Report 2019-20 will be presented to Council at a Special Council Meeting scheduled to be held on Wednesday 11 November 2020 for adoption.

The overall performance against the KPI's shown in the table below with detailed reporting in Attachment A.

	2019-20 KPI results	Percentage of all KPIs
Achieved	75	70%
Partially Achieved	25	23%
Not Achieved	8	7%
TOTAL	108	100%

Links with Strategic Plan

A Well-Run Council - Good Governance

Legislative and Policy Implications

This paper is consistent with FIN09 Risk Management and Audit Committee Policy.

Risks



Financial Implications

NIL

Community Engagement

NIL

Program	KPI	Target	Actual	2019/20 Result
Council Leadership	Community Survey – Satisfaction with Council’s role in Advocacy	>50%	70%	Achieved
	Community Survey – Strategic Direction	>55%	50%	Not Achieved
	Community Engagement Strategy – Actions Year 2 completed	90%	95%	Achieved
	Community Survey - overall satisfaction	>70%	56%	Not Achieved
	Community Survey - community engagement	>50%	35%	Not Achieved
	Social Media Management – Unique engagement clicks on Facebook	>1000	62,553	Achieved
	Elected Members training and development – Number of professional development sessions	> 2 sessions	2 sessions complete, 3 sessions deferred due to COVID-19	Achieved
	Supporting local businesses – hold three Litchfield Women in Business Network Events per annum	100%	2 face to face events plus 2 online events due to COVID-19	Achieved
	Media Monitoring and Management – Media response time	<24 hours	all media requests responded to in less than 24 hours	Achieved
Human Resources and Work Health & Safety	HR Policies, Procedures, Checklists reviewed, developed and compliant	Complete December 2019	Reviewed and compliant	Achieved
	Staff Turnover rate	<20%	1.85%	Achieved
	Staff Survey satisfaction	>70%	72%	Achieved
	Negotiation of new Enterprise Agreement and submission to Fair Work	Complete March 2020	Completed in September 2020	Partially Achieved
	Work Health and Safety Management System: Policies and procedures manual	Complete December 2019	To be completed in 2020-21	Not Achieved
	Workers compensation claims	<3	1	Achieved
Planning and Development	Comments submitted on applications to the NT Government within the required time frame	>95	100%	Achieved
	Plan approvals issued within 10 days	>90%	100%	Achieved
	Issue works permits associated with a Development Permit within five days	>95%	100%	Achieved

Program	KPI	Target	Actual	2019/20 Result
	Attendance at NT planning working groups	>75%	100%	Achieved
	Subdivision approvals and handover processes in accordance with Standards	Achieved	Achieved	Achieved
Infrastructure and Assets	Capital Works Program completed within budget	>90%	60%	Not Achieved
	Asset management plans including 10-year replacement programs	Complete	Two plans completed	Not Achieved
	Asset Management Policy and Plans – Asset Sustainability ratio	>60%	22%	Not Achieved
	Community Survey: Satisfaction with maintenance of local roads	>60%	62%	Achieved
	Community Survey: Satisfaction with roadside drainage	>60%	61%	Achieved
	Wet season network management – emergency works response time	<48 hours	Response below 48 hours	Achieved
	Develop road reporting process for temporary closed roads	Complete June 2020	Not completed	Not Achieved
Mobile Workforce (MWF)	Vegetation slashing and mowing 915 roads totalling 723 kilometres. Total distance travelled = 8676kms	2 rounds	2 rounds plus extra in Knuckey and Lambells Lagoon areas.	Achieved
	Fire breaks and weed management in accordance with plans	Complete	90% complete, weather prohibited completion	Partially Achieved
	Signs repaired within target timeframes	Urgent – 24 hours	response within 24 hours	Achieved
		Non-urgent – 15 days	response within 15 days	Achieved
	Community Survey: Satisfaction with weed management	>50%	35%	Not Achieved
	Bushfire management plan - Maintain firebreaks	1000km	firebreaks compliant	Achieved
	Hazard reduction burn	Compliant	Compliant	Achieved
	Widen firebreaks	Complete	Complete	Achieved
Waste Management	Waste tonnage transferred to Shoal Bay	<8,000 residential tonnes	6736 tonnes	Achieved
	Waste tonnage transferred to Shoal Bay	<1,000 commercial tonnes	472 tonnes	Achieved
	Community Survey: Satisfaction with waste transfer stations	>80%	83%	Achieved
	Cost per tonne of throughput – established baseline	\$TBD (2018-2019 \$299)	\$260	Achieved
	Community Survey: Satisfaction with waste recycling	>55%	52%	Not Achieved

Program	KPI	Target	Actual	2019/20 Result
	Community benefit fund income raised through recycling activities	5% annual increase	5.70%	Achieved
	Sale of processed materials (mulch, crushed concrete)	>80% sold within six months of processing	100%	Achieved
	Amount of total waste that is recycled	>30%	42%	Achieved
	Amount of total waste that is dry recyclables	>15%	15%	Achieved
	Explore incentives and education to boost recycling and food waste management	Complete January 2020	Not completed	Not Achieved
	Free residential green waste disposal in November	Complete November 2019	Complete	Achieved
	Prepare disaster Waste Plans	Complete November 2019	Not Completed	Not Achieved
Regulatory Services	Education program delivered to primary schools	>2	5	Achieved
	Dogs registered increased	>10%	16% decrease	Not Achieved
	Impounded dogs reclaimed by owner	>70%	63%	Not Achieved
	Develop baseline measure for satisfaction of service provided	To be developed	Not developed	Not Achieved
	Registered dogs are desexed	>65%	76%	Achieved
	Community Survey: Satisfaction with Animal Management	>50%	43%	Not Achieved
	Animal Management Plan implemented	Complete	Year 1 Complete	Achieved
	Customer requests actioned in <2 days	100%	responses in less than 2 days	Achieved
	Investigations completed within 14 days	>90%	100%	Achieved
	Abandoned vehicles removed within 7 days	>90%	100%	Achieved
Finance	Annual budget/Annual Report/Municipal Plan Compliant	100%	Delivered on time and in line with legislation	Achieved
	Monthly and annual financial reporting, including audit – unqualified audit	Complete	Delivered on time and in line with legislation	Achieved
	Long term rating strategy - own source revenue ratio-lowering Council's dependency on government grants and other funding sources	>60%	50%	Not Achieved
	Liquidity ratio	>1:1	4.22:1	Achieved

Program	KPI	Target	Actual	2019/20 Result
	Asset sustainability ratio	>60%	22%	Not Achieved
	Current Ratio	>1	4.22	Achieved
	Debt service ratio	<1	0	Achieved
	Review the customer request management system	Complete December 2019	Delayed to be completed November 2020	Not Achieved
	Rates and accounts receivable collection – current years rates outstanding as at 30 June 2020	>15%	9.20%	Achieved
	Prior years' rates outstanding as at 30 June 2020	<\$1m	\$1.4m	Not Achieved
	Investments placed in line with legislation and policy	100%	100%	Achieved
	Community Survey: Satisfaction in customer service	>60%	49%	Not Achieved
Information Services	Percentage of Service Desk requests closed against open requests during a period	90%	99.50%	Achieved
	Ensure Corporate Enterprise Solution is updated with the latest version (patch), available nationally	No more than 1 patch behind latest version	Latest Patches installed	Achieved
	Implementation of the Information and Communications and Technology Improvement Plan – Annual Actions Complete	>90%	52% Complete, 39% partially complete	Partially Achieved
	Manage Council's GIS – age of GIS Imagery of populated areas	<5 years	Imagery updated May 2020	Achieved
	Age of NTG Downloaded Data	<1 week	Data downloaded weekly	Achieved
Communtiy Development	Number of Council partnerships supported	10	22	Achieved
	Funding provided to community reserves	Funding agreements established	Agreements in Draft form negotiated with reserves	Partially Achieved
	Grants received by Council acquitted within agreed timeframes	100%	100%	Achieved
	Number of community events and programs supported through the Community Grants Scheme	10	21	Achieved
	Community Survey: Satisfaction with Recreation Reserves	>65%	79%	Achieved
	Community participation at the Australia Day event	>300	300	Achieved
	Playgrounds on Council owned land audited	100%	100%	Achieved
	Tree Management Plan implemented and documented	100%	100%	Achieved

Program	KPI	Target	Actual	2019/20 Result
Library Services	Visitors to the library – weekly door count	Increase by 20%	Increase of 12%	Not Achieved
	Promotion of services on library Facebook page	500 likes of Facebook page	681	Achieved
	Review of programs and services	100%	100%	Achieved
	Review feedback process for users	Established	Established	Achieved
	Shared Service Governance Framework developed	100%	Delayed, being developed in 2020/21	Not Achieved
	Collection improvements – annual loads	Increase by 20%	21% increase	Achieved
	Age of Collection	Decrease % of collection older than 10 years by 20%	26% increase	Achieved
	Addition of regular programs	2	2	Achieved
	Addition of one-off library events	3	3	Achieved
Governance and Risk	Compliance with legislative requirements as per Department of Local Government, Housing and Community Development Compliance Checklist (DOLG)	100%	100%	Achieved
	Maintain Policy Framework	100%	100%	Achieved
	Meeting Procedure By-Law	Complete June 2020	Completed in August 2020	Partially Achieved
	Complaints upheld breaches of the code of conduct by elected members	0	1 potential breach investigated by Local Government Disciplinary Committee (decision finalised on 1 July 2020)	Partially Achieved
	Risk Management Audit Committee Meetings per annum	4	5	Achieved
	Coordinate records management review and improvements – records held in storage reduced	By 10%	2.20%	Not Achieved
	Assist with policy development as per the Annual Policy Review Program	10 policies review	16	Achieved

Program	KPI	Target	Actual	2019/20 Result
Thorak Regional Cemetery	Implement Annual Internal Audit Plan – audits conducted	3	2 audit undertaken in line with review by Risk Management Audit Committee	Partially Achieved
	Compliance with legislative requirements	100%	100%	Achieved
	Achievement of operational budget	100%	100%	Achieved
	Community Survey: Importance of Thorak Regional Cemetery	>60%	Average level of importance is 8.5 out of 10	Partially Achieved
	Community Survey: Satisfaction with Thorak Regional Cemetery	>65%	91%	Achieved
	Chapel hire and amenities	>25%	income increase by 9%	Not Achieved
	Memorial Inspection	Annual	Complete	Achieved
	Maintenance of cemetery plant and equipment	Service levels defined	Service levels defined	Achieved
	Basic upkeep of buildings including cemetery house	Efficient service schedules	Service levels maintained	Achieved
	Sale of cemetery products	>10%	21.90%	Achieved



RMAC REPORT

Agenda Item Number:	8.6
Report Title:	Meeting Schedule and Workplan 2021
Author:	Rebecca Taylor, Research and Project Officer (WHS&Risk)
Recommending Officer:	Silke Maynard, Director Community and Corporate Services
Meeting Date:	22/10/2020
Attachments:	Nil

Executive Summary

To confirm the 2021 RMAC meeting schedule and workplan below.

23 February 2021 10.00 am	<ul style="list-style-type: none"> • Review Council response to auditor's management letter • Review progress on internal audit action plans • Review risk register • Review FIN12 Purchasing Card Policy
4 May 2021 10.00 am	<ul style="list-style-type: none"> • Review progress on internal audit action plans • Review annual external audit plan • Review 3 year internal audit plan
3 Aug 2021 10.00 am	<ul style="list-style-type: none"> • Review progress on internal audit action plans • Receive interim audit letter • Review risk register • FIN04 Financial reserves • INF01 Asset Management
12 October 2021 10.00 am This meeting date is subject to change due to timing of delivery of audit and annual report.	<ul style="list-style-type: none"> • Review 2020/2021 financial statements • Review Council response to auditor's interim management letter • Review 2020/2021 Annual Report compared with the Municipal Plan

The workplan is consistent with FIN09 Risk Management policy and the policy review schedule provided below.

Recommendation

THAT RMAC endorse the meeting schedule and workplan for 2021.

Background

The terms of reference for the RMAC are detailed in FIN09 Risk Management and Audit Committee Policy. FIN09 identifies that the RMAC monitors the integrity of the annual financial statements and annual report as well as stipulates that it meets quarterly.

GOV01 Policy Framework identifies that policies are to be reviewed at least every 4 years. The below table shows the review schedule of those policies relevant to RMAC terms of reference.

Policy	Review Year
FIN11 Related Party Disclosure	2021
INF01 Asset Management	2021
REG01 Disposal of Surrendered and Unclaimed Impounded Dogs	2021
FIN12 Purchasing Card	2021
FIN04 Financial Reserves	2021
FIN13 Borrowing	2021
FIN14 Investment	2021
GOV03 Privacy	2022
GOV12 Land Acquisition Policy	2022
FIN00 Accounting Policies Manual	2022
WHS01 Work Health and Safety	2022
FIN03 Procurement	2022

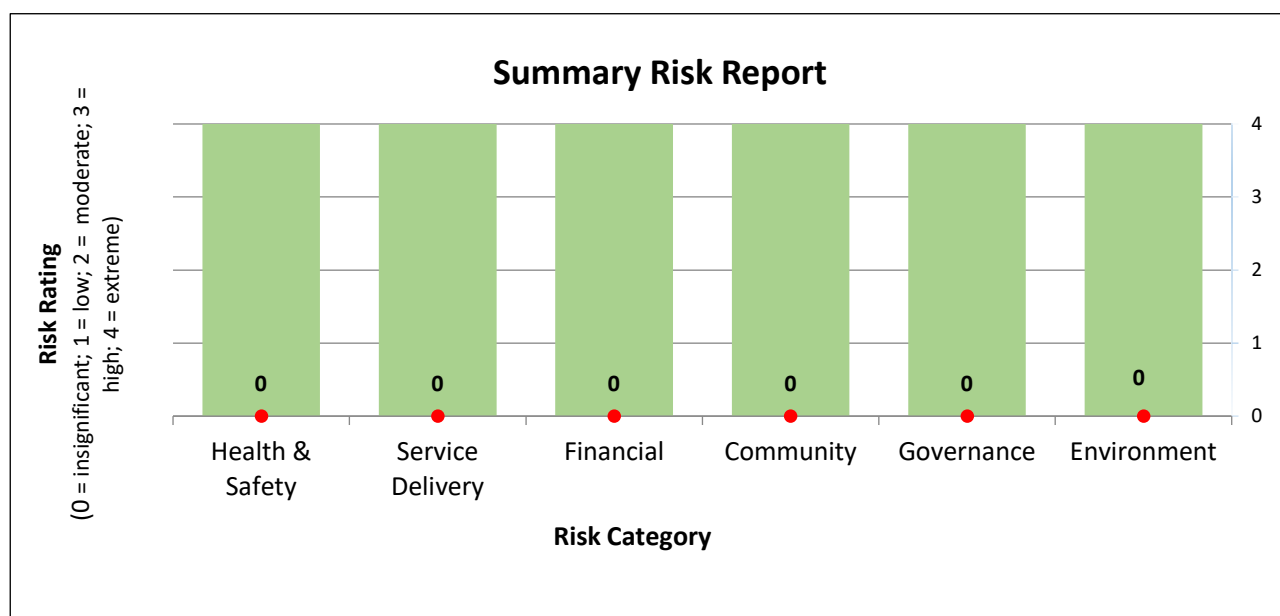
Links with Strategic Plan

A Well-Run Council - Good Governance

Legislative and Policy Implications

The suggested meeting dates are consistent with FIN09 Risk Management and Audit Committee policy attached.

Risks



Financial Implications

Nil

Community Engagement

Nil

9. Other Business

10. Confidential Items

Pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) regulations the meeting be closed to the public to consider the following Confidential Items:

10.1 Update on Regulatory Order Matter

Regulation 8(c) – information that would, if publicly disclosed, be likely to:

- (i) cause commercial prejudice to, or confer an unfair commercial advantage on, any person; or
- (ii) prejudice the maintenance or administration of the law; or
- (iii) prejudice the security of the council, its members or staff; or
- (iv) prejudice the interests of the council or some other person;

11 Close of Meeting