



Risk Management and Audit Committee (RMAC) BUSINESS PAPER Thursday 30/05/2024

Meeting to be held commencing 9.30am
In the Council Chambers at 7 Bees Creek Road, Freds Pass

A handwritten signature in black ink, appearing to be 'S. Hoyne', written over a circular stamp or mark.

Stephen Hoyne, 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 Council Chambers, Litchfield
on Thursday, 30 May 2024 at 9:30am**

Stephen Hoyne
Chief Executive Officer

Number	Agenda Item	Page
1	Opening of Meeting	4
2	Apologies and Leave of Absence	4
3	Disclosures of Interest	4
4	Confirmation of Minutes	4
4.01	Confirmation of Minutes	
5	Business Arising from the Minutes	4
5.01	Council Action Sheet	
6	Presentations	13
	KPMG – Item 10.04 Risk Management Framework Audit Report	
7	Accepting or Declining Late Items	13
8	Officers Reports	13
8.01	Internal Audit Plan Update	14-17
8.03	FIN08 Risk Management	18-24
9	Other Business	25
10	Confidential Items	25
10.01	Confirmation of Confidential Minutes	
10.02	NTG Compliance Review	
10.03	Interim Audit Report	



	10.04 Risk Management Framework Audit Report	
11	Close of Meeting	25

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 of the open portion of the Risk Management Audit Committee Meeting held Thursday 29 February 2024, 7 pages, be confirmed.



RISK MANAGEMENT & AUDIT COMMITTEE

MINUTES

LITCHFIELD COUNCIL COMMITTEE MEETING

Council Chambers, Litchfield

Thursday, 29 February 2024 at 9:30am

Present	Greg Arnott Cr Mark Sidey Cr Mathew Salter Mayor Doug Barden	Chairperson Committee Member Committee Member Ex-Officio
Staff	Stephen Hoyne Maxie Smith Rodney Jessup Rebecca Taylor Megan Leo	Chief Executive Officer Director Corporate and Community Director Infrastructure and Operations Program Leader Policy and Governance Executive Support
Presenters	Nil	

1. OPENING OF THE MEETING

The Chairperson, Greg Arnott opened the meeting at 9:31am.

2. APOLOGIES AND LEAVE OF ABSENCE

Nil.

3. DISCLOSURES OF INTEREST

Chairperson, Mr Greg Arnott, declared the following disclosure of interest:

- Chief Executive Officer at Machado Joseph Disease (MJD) Foundation.

4. CONFIRMATION OF MINUTES

4.01 Confirmation of Minutes

Moved: Cr Sidey
Seconded: Chairperson Greg Arnott

THAT the full minutes of the open portion of the Risk Management Audit Committee Meeting held Wednesday 25 October 2023, 7 pages, be confirmed.

CARRIED (3-0)

5. BUSINESS ARISING FROM THE MINUTES

Moved: Cr Sidey
Seconded: Cr Salter

THAT the Risk Management and Audit Committee receive and note the Action Sheet.

CARRIED (3-0)

6. PRESENTATIONS

Nil.

7. ACCEPTING OR DECLINING LATE ITEMS

Nil.

8. OFFICERS REPORTS

8.01 Meeting Schedule and Workplan

Moved: Cr Sidey
Seconded: Chairperson Greg Arnott

THAT the Risk Management and Audit Committee endorse the meeting schedule and workplan for 2024.

CARRIED (3-0)

8.02 Internal Audit Plan

Moved: Cr Salter
Seconded: Cr Sidey

THAT the Risk Management and Audit Committee receive and note the progress on the internal audits.

CARRIED (3-0)

8.03 Risk Register

Moved: Cr Salter
Seconded: Cr Sidey

THAT the Risk Management and Audit Committee note the updated Risk Register at Attachment A.

CARRIED (3-0)

8.04 WHS Audit Progress Report

Moved: Cr Salter
Seconded: Cr Sidey

THAT the Risk Management and Audit Committee receive and note this report.

CARRIED (3-0)

10. CONFIDENTIAL ITEMS

Moved: Cr Salter
Seconded: Cr Sidey

THAT pursuant to Section 93 of the *Local Government Act 2019* and Regulation 51 of the *Local Government (General) Regulations* the meeting be closed to the public to consider the following Confidential Items:

10.1 Confirmation of Confidential Minutes

Regulation 51(1) For section 293(1) of the Act, the following information is prescribed as confidential:

(d) information subject to an obligation of confidentiality at law, or in equity.

10.2 Management Response 2022-2023 Audit Findings

Regulation 51(1) For section 293(1) of the Act, the following information is prescribed as confidential:

(e) subject to sub-regulation (3) – information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.

10.3 KPMG Audit Plan 2024

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(e) subject to sub-regulation (3) – information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.

10.4 Cyber Security Audit

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(c) information that would, if publicly disclosed, be likely to:
(iii) prejudice the security of the council, its members or staff.

CARRIED (3-0)

The meeting moved to the Confidential Session at 10:01am.

Moved: Cr Salter
Seconded: Cr Sidey

THAT pursuant to Section 93(2) of the *Local Government Act 2019* and Regulation 51(1) of the *Local Government (General) Regulations* the meeting be re-opened to the public.

CARRIED (3-0)

The meeting was moved to Open Session at 10:22am.

Items moved from Confidential:

10.01 Confirmation of Confidential Minutes

Moved: Chairperson Greg Arnott
Seconded: Cr Sidey

THAT the Risk Management and Audit Committee:

1. confirm the full minutes of the confidential portion of the Risk Management Audit Committee Meeting held Wednesday 25 October 2023, 4 pages; and
2. make public its resolution on this matter.

CARRIED (3-0)

10.02 Management Response – 2022-2023 Audit Findings

Moved: Cr Sidey
Seconded: Cr Salter

THAT the Risk Management and Audit Committee:

1. receive and note managements response to identified matters in the KPMG Audit Closing Report for financial year ended 30 June 2023, as at Attachment A Management Response to Identified Matters; and
2. make public its resolution on this matter.

CARRIED (3-0)

10.03 KPMG Audit Plan 2024

Moved: Cr Salter
Seconded: Cr Sidey

THAT the Risk Management and Audit Committee:

1. receive and note the KPMG Audit Plan and Strategy for the year ended 30 June 2024; and
2. make public its resolution on this matter.

CARRIED (3-0)

10.04 Cyber Security Internal Audit – Update

Moved: Cr Salter
Seconded: Cr Sidey

THAT the Risk Management and Audit Committee:

1. receive and note this report; and
2. make public its resolution on this matter.

CARRIED (3-0)

9. OTHER BUSINESS

Cr Salter queried the onboarding process of Mobile Workforce staff. The Policy and Governance Program Leader advised that Council has induction processes for all new employees catered to the position/type of works they undertake. The induction process is run by HR in conjunction with the new employees supervisor with an external HSE Consultant validating applicable competencies.

11. CLOSE OF MEETING

The Chair closed the meeting at 10:29am.

12. NEXT COMMITTEE MEETING

30 May 2024, 9.30am in Council Chambers.

MINUTES TO BE CONFIRMED

30 May 2024.

.....
Greg Arnott
Chairperson

unconfirmed

5. Business Arising from the minutes

THAT Council receives and notes the Action Sheet.

Meeting Date	Agenda Item & Resolution	Action Officer	Status
31/05/2023	<p>8.03 Risk Register encourages the finalisation of the draft Roads Maintenance Inspection Program in response to RP15, Inadequate Asset Sustainability Practices, requirement.</p>	CEO	Remains outstanding.
06/09/2023	<p>9. Other Business THAT the Risk Management and Audit Committee recommended that the emerging risks entailed in:</p> <ol style="list-style-type: none"> 1. Cost increases for waste management; and 2. The management of counter disaster responses, be referred to the Risk Register Internal Auditor; and <p>That this matter be included in the Key Issues Summary to Council.</p>	CEO	Item to be raised during the risk register review.
25/10/2023	<p>10.03 Local Government Compliance Review 2022 – Corrective Actions Closure Correspondence request Management provide to the Risk Management and Audit Committee, at the meeting closest to its receipt, correspondence from the Local Government Division, Department of the Chief Minister and Cabinet advising their agreement that all Issues identified in the Compliance Review 2022 Final Report have been addressed and are considered complete; and make public its resolution on this matter.</p>	CEO	Completed – Item 10.02 of this agenda.

6. Presentations

7. Accepting or Declining Late Items

8. Officer Reports



RMAC REPORT

Agenda Item Number:	8.01
Report Title:	Internal Audit Plan
Author:	Rebecca Taylor, Policy and Governance Program Leader
Recommending Officer:	Maxie Smith, Director Corporate and Community
Meeting Date:	30/05/2024
Attachments:	A: Internal Audit Plan

Executive Summary

The purpose of this report is to provide an update to RMAC on the progress of the internal audits.

Recommendation

THAT RMAC receive and note the progress on the internal audits.

Background

In accordance with the internal audit plan, at Attachment A, there are three internal audits overdue from the 2021/22 and 2022/23 financial period. Below is an update on each audit.

Council's Reserve Management Arrangements

Council has requested Council staff to engage a consultant or auditor to determine the cost of maintaining Council's eight recreation reserves. A consultant has now been engaged. The internal audit of Council's reserve management arrangements has been delayed whilst this work is undertaken.

Council's Road Inspection Regime

A consultant has been engaged to develop a road inspection regime for Council. An audit is unable to be carried out until the regime has been finalised and implemented. The audit will remain on the internal audit schedule until complete.

Cyber Security

Council is taking steps to increase security in two areas that have been identified as high risk due to a lack of mitigation in the Essential Eight report presented to RMAC in February 2024. To achieve this, the council is introducing a Security Essentials Managed Security Services Agreement which will cover Application Control, Vulnerability Management, and Virtual CISO as a Service. This arrangement will enhance the council's information security management and help ensure compliance with the ACSC Essential Eight Framework, as identified in the recent audit.

Management has opted to include Virtual CISO as a Service, which will provide biannual audits and reviews of Essential Eight compliance without the need to undertake an additional audit process.

Risk Register Audit

The Risk Register audit is now complete and the audit report is provided within this agenda.

Links with Strategic Plan

Performance - An Effective and Efficient Organisation

Legislative and Policy Implications

This item is consistent with FIN08 Risk Management and FIN09 Risk Management and Audit Committee.

Risks

Nil identified.

Financial Implications

Budget allowances are made for internal audits.

Community Engagement

Not applicable.

Internal Audit	Status	FY	Description	Risk Profile	Risk Rating	Control Rating
Audit and review of Council's reserve management arrangements	Underway	21/22	Council has been managing Howard Park and Knuckeys reserves since 2015 with five other reserves managed by local associations. This review will examine the reserve management arrangements and make recommendations as to the risks to Council.	RP10 - Ineffective Management of Public Facilities / Venues / Events	Moderate	Inadequate
Audit of compliance with Roads Inspection Regime	Underway	21/22	Council has a regime of roads inspection determining intervals, level of inspection and documentation required. The audit will identify if the regime is adhered to and is appropriately mitigating risk for Council.	RP15 - Inadequate Asset Sustainability Practices	Moderate	Inadequate
Audit of the implementation of the 2019 work health and safety management framework	Completed	22/23	Litchfield Council initiated a Council wide WHS review in 2019 in order to address a Risk Control Action which identified the requirement to undertake a review on the existing health and safety management systems used by Council and to identify and implement new systems as required. This audit will assess the level of implementation and effectiveness of the WHS framework developed as result of the 2019 review	RP8 - Inadequate Safety and Security Practices	High	Inadequate
Audit of Councils Human Resource policies for legislative compliance	Not required – Compliance Review was undertaken by NTG	22/23	An updated Local Government Act will be enacted in July 2021. A component of this Act requires Councils to adopt a series of HR principles in the form of a policy. This Audit will conduct a desktop review of Councils HR polices to assess if the policies are fit for purpose and compliant with relevant legislation. The outcome of this audit will inform the risk rating for the risk profile RP16	RP16 - Ineffective HR Management / Employment Practices	Moderate	Adequate
Audit of the Payroll system in comparison to the current Enterprise Agreement	Completed	22/23	Following internal inconsistencies in the payroll area, an audit is required to identify where payroll is incorrect when compared to the current Enterprise Agreement and calculate the correct payments that should be made for employees.	RP16 - Ineffective HR Management / Employment Practices	Moderate	Adequate

Cyber Security	Underway	23/24	Action two items identified in ACSC Essential 8 Maturity testing	RP5 – External Theft and Fraud (inc Cyber Crime)	Moderate	Adequate
Risk Register	Underway	23/24	Audit Council's risk register for appropriateness		N/A	N/A
Asset Management	Not progressed	24/25	Audit of how Council does Asset Management to identify the gaps and risks associated.	RP15 - Inadequate Asset Sustainability Practices	Moderate	Inadequate



RMAC REPORT

Agenda Item Number:	8.02
Report Title:	FIN08 Risk Management Policy
Author:	Rebecca Taylor, Policy and Governance Program Leader
Recommending Officer:	Maxie Smith, Director Corporate and Community
Meeting Date:	30/05/2024
Attachments:	A: Draft FIN08 Risk Management

Executive Summary

This report presents to the Risk Management and Audit Committee policy FIN08 Risk Management Policy.

Recommendation

THAT RMAC approve the draft FIN08 Risk Management, at Attachment A, for presentation at the June Ordinary Council meeting.

Background

FIN08 Risk Management policy has a review date of May 2024. The policy has now been reviewed in accordance with Council's Risk Management and Governance Framework and relevant legislation.

The following changes were made;

- Reference to Risk Management Standards updated to AS/NZS ISO 31000:2018 Risk Management;
- Reference to Risk Management and Audit Committee updated; and
- Minor formatting and grammar changes.

Consideration of the recent internal audit of the Risk Management and Governance Framework and associated Risk Register was taken into consideration. No changes to the policy was required.

Links with Strategic Plan

Performance - An Effective and Efficient Organisation

Legislative and Policy Implications

This item is consistent with the Local Government (General) Regulations 2021, Council's Risk Management and Governance Framework and AS/NZS ISO 31000:2018 Risk Management.

Risks

Nil identified.

Financial Implications

Not applicable.

Community Engagement

Not applicable.

Risk Management **POLICY FIN08**

Name	FIN08 Risk Management
Policy Type	Council
Responsible Officer	Chief Executive Officer
Approval Date	20/05/2020 18/06/2024
Review Date	19/05/2024 17/06/2028

1. Purpose

Risk Management is an important part of Litchfield Council's corporate governance and covers areas such as strategic management, internal controls, business development, project management and, finance, ~~etc.~~ It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and council policies ~~ss/rulings~~ are complied with and financial reporting is accurate and reliable. Effective risk management in Council operations is critical in achieving its goals and objectives.

2. Scope

This policy applies to all Council officers and Elected Members.

3. Definitions

For the purposes of this Policy, the following definitions apply:

Risk	The effect of uncertainty on objectives.
Risk Management	A coordinated set of activities and methods that is used to direct an organisation and to control the many risks that can affect its ability to achieve objectives.

4. Policy Statement

~~4.1.~~ Council is committed to maintaining an effective risk management environment. This policy is based on the following principles:

4.1.

~~4.1.1.~~ Managing risks relating to the stewardship of public resources requires effective internal controls.

4.1.1.

~~4.1.2.~~ Council requires a framework for an effective risk management system which conveys to managers that they are responsible for ensuring that risks are identified, controls are established, documented, maintained and adhered to across the council and to all employees that they are responsible for adhering to those controls.

4.1.2.

~~4.1.3.~~ Council must ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

4.1.3.

~~4.2.~~ The Risk Management Process

4.2.

4.2.1. The process followed by Council in developing the framework shall be based on ~~Australian/New Zealand Standard~~ AS/NZS ISO 31000:2018 Risk Management~~009~~.

~~4.2.1.1.~~ Establish Goals ~~and~~ Context – Effective risk management requires a thorough understanding of the goals and context of Council to assist in establishing the assessment criteria for risk management.

4.2.1.1.

~~4.2.1.2.~~ Identify Risks – Identify the risks most likely to impact on the achievement of Council's objectives.

4.2.1.2.

~~4.2.1.3.~~ Analyse Risks – Assess effectiveness of risks in terms of likelihood and consequence to identify the current risk level.

4.2.1.3.

~~4.2.1.4.~~ Evaluate Risks – Determine whether the risks are acceptable or unacceptable and document findings.

4.2.1.4.

~~4.2.1.5.~~ Treat Risks – Treat risks by one of the following methods - discontinuing activity that generates it, reducing likelihood of occurrence, reducing consequence of occurrence, transfer the risk or retain the risk.

4.2.1.5.

~~4.2.1.6.~~ Consultation/Communication – These are important elements to ensure that all stakeholders understand why actions are required. These stakeholders include all staff and elected members.

4.2.1.6.

4.2.1.7. Monitor/Review – Responsible officers must be identified for each internal control and provide feedback to managers on progress with controls. The Managers monitor the effectiveness of risk treatments and report progress to the Senior Management Team and the Audit Committee at regular intervals.

4.3. Risk Management Approach

- 4.2.1 Council will maintain an internal control framework, which will be based upon a proactive risk management culture.
- 4.2.2 The types of risks identified in the framework will be those which may prevent council from meeting its objectives or not maximising its opportunities.
- 4.2.3 It is recognised that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of the risk occurring to within acceptable limits of risk.
- 4.2.4 Council will develop a culture that emphasises integrity, ethical values and competence.

4.4. Roles and Responsibilities

- 4.3.1 The Chief Executive Officer is responsible for establishing Internal Controls and associated framework, which ensures Council objectives are achieved efficiently and effectively as required by Section 6(1) of the Local Government (General) Regulations. Updates on changes to the framework will be presented to the Risk Management ~~Internal~~-Audit Committee before being presented to Council for adoption.
- 4.3.2 The Chief Executive Officer must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal controls and is responsible for ensuring Council employees conduct their duties in accordance with internal control policies, procedures and practices of Council.

~~4.5.~~ Elements of the Internal Control Framework

4.5.

4.5.1. The essential elements of an effective internal control framework are:

- Structure and culture of Council;
- Delegations of Authority;
- Policies and procedures;
- Trained and properly qualified staff;
- Information Technology controls;
- Review process e.g. internal audit;
- Liaison with auditors and legal advisors;
- Senior Management compliance assurance;
- Risk identification and assessment.

~~4.6.~~ Accounting and Policy Manual

4.6.

~~4.6.1.~~ The Local Government (General) Regulations prescribes that a council must maintain an internal accounting policies and procedures.

4.6.1.

~~4.6.2.~~ The Accounting and Policy Manual includes the following:

4.6.2.

~~4.6.2.1.~~ ~~A~~n organisation chart showing the functions of the council, its committees and responsible officers;

4.6.2.1.

~~4.6.2.2.~~ ~~A~~a statement of the duties and responsibilities of the CEO and responsible officers;

4.6.2.2.

~~4.6.2.3.~~ ~~A~~a statement of the principal accounting policies of the council;

4.6.2.3.

~~4.6.2.4.~~ ~~I~~nformation about the timing and content of financial management reports to the council and the CEO;

4.6.2.4.

~~4.6.2.5.~~ ~~A~~a statement of the procedures the council considers necessary to facilitate the timely preparation of the council's annual financial statement;

4.6.2.5.

~~4.6.2.6.~~ ~~T~~he information necessary to ensure the proper operation of any computer-based accounting system in use;

4.6.2.6.

4.6.2.7. ~~D~~etails of all administrative and accounting procedures, policies and delegations of authority, including:

~~i.~~ details of internal control procedures; and

i.

~~ii.~~ details of personnel and financial delegations; and

ii.

~~iii.~~ a chart of accounts divided into assets, liabilities, income, expenses and council equity accounts; and

iii.

iv. procedures relating to the receipt and banking of money, the payment of salaries and wages, the allocation of machinery operating costs to council functions, the purchase of goods and services and the granting of credit to council debtors.

4.7. Review of Internal Controls Framework

4.6.1 Council will establish an internal audit plan to review internal controls.

4.6.2 The annual audit of financial statements provides review of internal controls.

~~4.6.3~~—The Litchfield Council Accounting and Policy Manual will be reviewed at least every twelve months following the annual financial audit to ensure all controls are current and appropriate. The Chief Executive Officer will inform the Risk Management and ~~Internal~~ Audit Committee of each review and update on progress with action plans identified during the reviews.

4.6.4.6.3

5. Associated Documents

Litchfield Council Policies

Litchfield Council Risk Management Governance Framework

6. References and Legislation

[Northern Territory Local Government Act 2019](#)

[Northern Territory Local Government \(General\) Regulations 2021](#)

[and associated Regulations and Ministerial Guidelines](#)

Australian/New Zealand Standard [31000:2018 Risk Management AS/NZS ISO 31000:2009](#)

7. Review History

Date Reviewed	Description of changes (Inc Decision No. if applicable)
19/11/2015	Policy Adopted
16/11/2016	Policy amended (16/0248)
20/05/2020	Remove requirement for annual review
09/08/2021	Minor administrative changes made, including formatting and new regulation titles. Policy review date to remain the same.
<u>18/06/2024</u>	<u>Minor content changes including reference to risk management standard. Minor formatting changes.</u>

9. Other Business

10. Confidential Items

Pursuant to Section 93 of the Local Government Act and Regulation 51 of Local Government (General) Regulations the meeting be closed to the public to consider the following confidential items:

10.01 Confirmation of Confidential Minutes

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(d) information subject to an obligation of confidentiality at law, or in equity.

10.02 NTG Compliance Review

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(a) information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual.

10.03 Interim Audit Report

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(e) subject to subregulation (3) – information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.

10.04 Risk Management Framework Audit Report

Regulation 51(1) for Section 293(1) of the Act, the following information is prescribed as confidential:

(e) subject to subregulation (3) – information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.

11 Close of Meeting