



Risk Management and Audit Committee (RMAC) BUSINESS PAPER THURSDAY 27/02/2025

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 read 'S. Hoyne'.

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, 27 February 2025 at 9:30am

Stephen Hoyne
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 of the open portion of the Risk Management Audit Committee Meeting held Thursday 24 October 2024, 5 pages, be confirmed.



RISK MANAGEMENT AND AUDIT COMMITTEE

MINUTES

LITCHFIELD COUNCIL COMMITTEE MEETING

Minutes of Meeting

held in the Council Chambers, Litchfield
on Thursday 24 October 2024 at 9.30am

Present	Greg Arnott Shane Smith Cr Rachael Wright Mayor Doug Barden	Chairperson Independent 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	Matthew Ward	Partner – KPMG

1. OPENING OF THE MEETING

The Chairperson, Greg Arnott opened the Meeting at 9:32am.

2. APOLOGIES AND LEAVE OF ABSENCE

Moved: Cr Wright
Seconded: Independent Member Shane Smith

THAT the Risk Management and Audit Committee accept apologies from Deputy Mayor Harlan and Councillor Sidey.

CARRIED (3-0)

3. DISCLOSURES OF INTEREST

The Chair advised his recent appointment to the Risk and Audit Committee of the Australian Rural Remote Community Services.

Mayor Barden left the meeting at 9.35am

Mayor Barden returned to the meeting at 9.36am

4. CONFIRMATION OF MINUTES

Moved: Cr Wright

Seconded: Independent Member Shane Smith

THAT the Risk Management and Audit Committee confirm the full minutes, 6 pages, of the open portion of the Risk Management and Audit Committee Meeting held Thursday 29 August 2024.

CARRIED (3-0)

5. BUSINESS ARISING FROM THE MINUTES

Moved: Independent Member Shane Smith

Seconded: Cr Wright

THAT the Risk Management and Audit Committee:

1. receives and notes the Action Sheet, and
2. notes that the update relating to the 'Risk Management Framework Audit – Update and Management Responses' item will be received by the Committee at its February 2025 meeting.

CARRIED (3-0)

6. PRESENTATIONS

Presentation by External Auditors KPMG – Confidential

****to be delivered at Item 10.02****

Matthew Ward of KPMG joined the meeting at 9.39am

10. CONFIDENTIAL ITEMS

Moved: Cr Wright
Seconded: Independent Member Shane Smith

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

10.1 Confirmation of Confidential Minutes

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

10.2 Annual Financial Statements and Closing Audit Report 2023-2024

(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.

CARRIED (3-0)

The meeting was closed to the public at 9:41am.

Moved: Cr Wright
Seconded: Independent Member Shane Smith

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

CARRIED (3-0)

The meeting returned to open session at 10:43am.

Items moved from Confidential:

10.02 Annual Financial Statements and Closing Audit Report 2023-2024

Moved: Independent Member Shane Smith
Seconded: Cr Wright

THAT the Risk Management and Audit Committee:

1. endorse the draft Litchfield Council 2023-2024 General Purpose Financial Statements, as at Attachment A, are suitable for certification by the Chief Executive Officer for inclusion in the Annual Report and presented to Council;

10.02 Annual Financial Statements and Closing Audit Report 2023-2024 (Continued)

2. endorse the draft Thorak Regional Cemetery Special Purpose Financial Statements 2023- 2024, as at Attachment B, are suitable for certification by the Chief Executive Officer for inclusion in the Annual Report and presented to Council;
3. endorse the Summary of Financials, as at Attachment C, are suitable for inclusion in the Annual Report and presented to Council;
4. receive and note the closing audit report from KPMG for 30 June 2024 financial year, as at Attachment D; and
5. makes public its resolution on this matter.

CARRIED (3-0)

10.01 Confirmation of Confidential Minutes

Moved: Independent Member Shane Smith
Seconded: Cr Wright

THAT the Risk Management and Audit Committee:

1. confirm the full minutes, 2 pages of the confidential portion of the Risk Management and Audit Committee Meeting held Thursday 29 August 2024; and
2. make public its resolution on this matter.

CARRIED (3-0)

Independent Member Shane Smith left the meeting at 10.45am

Independent Member Shane Smith returned to the meeting at 10.46am

7. ACCEPTING OR DECLINING LATE ITEMS

Nil.

8. OFFICERS REPORTS

8.01 2023-2024 Key Performance Indicators Summary

Moved: Independent Member Shane Smith
Seconded: Cr Wright

THAT the Risk Management and Audit Committee notes the Key Performance Indicators, at Attachment A, for inclusion into the 2023-2024 Annual Report.

CARRIED (3-0)

9. OTHER BUSINESS

Nil.

10. CLOSE OF MEETING

The Chair closed the meeting at 11:03am.

MINUTES TO BE CONFIRMED

Thursday 27 February 2025

.....
Chairperson
Greg Arnott

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	Completed – included in the risk register at Item 10.03
29/08/2024	<p>10.02 Risk Management Framework Audit – Update and Management Responses THAT the Risk Management and Audit Committee:</p> <ol style="list-style-type: none"> 1. receive and note management responses to the Risk Management Framework Audit recommendations, at Attachment A; 2. note that an update on the Risk Management Framework Audit will be presented to RMAC at its next meeting in October; 3. note that additional external resources may be required, and that if additional resources cannot be procured that timelines will be extended; and 4. make public its resolution on this matter. 		Status update provided at Item 10.03

6. Presentations

7. Accepting or Declining Late Items

8. Officer Reports



RMAC REPORT

Agenda Item Number:	8.01
Report Title:	Meeting Schedule and Workplan
Author:	Rebecca Taylor, Policy & Governance Program Leader
Recommending Officer:	Maxie Smith, Director Corporate and Community
Meeting Date:	27/02/2025
Attachments:	Nil

Executive Summary

This report presents the proposed RMAC meeting schedule and workplan for 2025.

Recommendation

THAT RMAC endorse the meeting schedule and workplan for 2025.

Background

In accordance with the FIN09 Risk Management and Audit Committee policy, RMAC monitors the integrity of the annual financial statements and the annual report, review internal controls and risk management systems and monitor internal and external audits.

The policy also requires the committee to meet quarterly and allows for at least once a year for the committee to meet with Council's external auditor without management present.

The below table presents the proposed meeting schedule and workplan for 2025, meeting all necessary requirements.

27 February 2025 9:30am	<ul style="list-style-type: none"> Review progress on internal audit action plans Review risk register Review annual external audit plan
29 May 2025 9:30am	<ul style="list-style-type: none"> Review progress on internal audit action plans Review risk register FIN15 Purchasing Card Policy – Council Member and CEO
28 August 2025 9:30am	<ul style="list-style-type: none"> Review progress on internal audit action plans Review risk register Fraud Protection Policy

<p>23 October 2025 9:30am*</p> <p><i>*This meeting date is subject to change due to timing of delivery of audit and annual report.</i></p>	<ul style="list-style-type: none"> • Review 2024/2025 financial statements • Review auditor’s draft management letter • Review 2024/2025 Key Performance Indicators results • Meet with external auditors • Review management response to auditor’s findings 2024/2025
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Links with Strategic Plan

Performance – An Effective and Efficient Organisation

Legislative and Policy Implications

In accordance with the FIN09 Risk Management and Audit Committee policy.

Risks

Nil identified

Financial Implications

Not applicable.

Community Engagement

Not applicable.



RMAC REPORT

Agenda Item Number:	8.02
Report Title:	Internal Audit Plan
Author:	Rebecca Taylor, Policy and Governance Program Leader
Recommending Officer:	Maxie Smith, Director Corporate and Community
Meeting Date:	27/02/2025
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 Council's Risk Management Governance Framework, internal and external audits is one of the three lines of defence for the management of risk. It provides independent assurance to the Council, Risk Management and Audit Committee and Management on the effectiveness of business operations.

Internal Audit: Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO with input from the Risk Management and Audit Committee.

External Audit: Appointed by the Council on the recommendation of the Risk Management and Audit Committee to report independently to the Mayor and CEO on the annual financial statements.

In accordance with the internal audit plan, at Attachment A, there are two internal audits overdue from the 2021-22 financial period and two audits from the 2023-24 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. The consultant is progressing works with a draft for the first reserve having been presented to Council. A program for the remaining assessments is continuing. The internal audit of Council's reserve management arrangements has been delayed whilst this work is undertaken. Furthermore, a review of all leases, licences and user agreements is currently being undertaken.

Council's Road Inspection Regime

A consultant has been engaged to develop a road inspection regime for Council, and works are progressing. An audit cannot be carried out until the regime has been finalised and implemented. The audit will remain on the internal audit schedule until complete.

Cyber Security

Litchfield Council conducts regular assessments of our security posture leveraging the MyCISO platform and the Australian Cyber Security Centre (ACSC) Essential 8 framework. In this review the maturity of 33 controls are reviewed from a catalogue of over 1,000. It's unpractical to implement or even review 1,000 controls, but this simply highlights that this review is not exhaustive and security maturity ratings will differ from one framework to another.

The ACSC Essential Eight is designed to protect Microsoft Windows-based internet-connected networks as we run at Litchfield.

Risk Register Audit

The confidential section of this agenda provides an update on the Risk Register audit, conducted in April 2024.

Work has yet to begin for the audits scheduled for the 2024-25 period.

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

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 KPMG Audit Plan 2025

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.

10.03 Risk Register Update

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.

11 Close of Meeting