

LITCHFIELD COUNCIL



Community effort is essential

Risk Management and Audit Committee

**BUSINESS PAPER
Tuesday 6/02/2018**

Meeting to be held commencing 5:00pm
In Council Chambers at 7 Bees Creek Road, Freds Pass.

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.

AGENDA		
Number	Agenda Item	Page
1	Opening of Meeting	
2	Apologies and Leave of Absence	
3	Conflict of Interest	
4	Confirmation of Minutes	4
	<p>Recommendation:</p> <p>THAT the minutes of the Risk Management and Internal Audit Committee Meeting held Tuesday 10 October 2017, 5 pages, be confirmed.</p>	
5	Business Arising from the Minutes	9
6	Presentations	
7	Accepting or Declining Late Items	
8	Notices of Motion	
9	Internal Audit Action Plans	
10	External Audit Action Plan	
11	Officers Reports	
	11.1 Internal Audit Plan	12
	11.2 Risk Management Framework	14
	11.3 Records Management Improvement Plan	39
	11.4 Management response to final 2016/2017 management letter	46
12	Other Business	
13	<p>Confidential Items</p> <p>THAT 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 Item.</p>	
	<p>13.1 Adoption of Confidential Minutes</p> <p>Regulation 8(c)(iv) Reason - information that would, if publicly disclosed, be likely to prejudice the interest of the council or some other person.</p>	
	<p>13.2 Procurement Audit Action Plan</p> <p>Regulation 8(c)(iv) Reason - information that would, if publicly disclosed, be likely to prejudice the interest of the council or some other person.</p>	
	<p>13.3 Confidential - Project Anthe-Forensic Investigation</p> <p>Regulation 8(c)(iv) Reason - information that would, if publicly disclosed, be likely to prejudice the interest of the council or some other person.</p>	

	<p>13.4 Confidential - Internal Audit – Work Permit Processes</p> <p>Regulation 8(c)(iv) Reason - information that would, if publicly disclosed, be likely to prejudice the interest of the council or some other person.</p>	
	Close of Meeting	

DRAFT MINUTES

**MINUTES OF THE RISK MANAGEMENT AND AUDIT
COMMITTEE MEETING OF THE LITCHFIELD COUNCIL
HELD ON TUESDAY 10 OCTOBER 2017
AT COUNCIL CHAMBERS, BEES CREEK ROAD, FRED'S PASS**

Present:	Iain Summers	Chairperson
	Kirsty Hunt (Councillor)	Committee Member
	Doug Barden (Councillor)	Committee Member
Staff:	Kaylene Conrick	Chief Executive Officer
	Silke Maynard	Director Community and Corporate Services
	David Jan	Governance and Risk Adviser
	Karina Gates	Finance Manager

1. OPENING OF MEETING:

The Chairperson, Iain Summers opened the Meeting at 5.00 p.m.

2. APOLOGIES AND LEAVE OF ABSENCE:

Nil

3. CONFLICT OF INTEREST:

Nil

4. CONFIRMATION OF MINUTES:

THE COMMITTEE resolved that the full minutes of the Risk Management and Audit Committee Meeting held Tuesday 8 August 2017, 8 pages, are confirmed.

MOVED: Cr Hunt

SECONDED: Iain Summers

CARRIED

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This is page **1** of **5** of the Risk Management and Audit Committee Meeting held TUESDAY 10 October 2017

.....
CHAIRPERSON

DRAFT MINUTES

5. BUSINESS ARISING FROM THE MINUTES:

07/03/2017 Item 9.3 Internal Audit plan

The Committee noted progress on internal audit plan and expects a plan to be presented at the February RMAC meeting.

08/08/2017 Item 10.2 Audit Committee term of appointment

The Committee noted that the appointment letter for the independent chair needs to be in effect from prior to this meeting

Recommendation

That the Committee notes the updates for previous business and resolves to remove completed items

MOVED: Cr Hunt

SECONDED: Cr Barden

CARRIED

6. PRESENTATIONS:

Nil

7. ACCEPTING OR DECLINING LATE ITEMS:

Nil

8. NOTICES OF MOTION:

Nil

9. INTERNAL AUDIT ACTION PLANS

Nil

10. EXTERNAL AUDIT ACTION PLAN

Nil

11. OFFICERS REPORTS AND ITEMS FOR DISCUSSION

11.1 Risk Management and Audit Committee Performance Evaluation.

Discussion regarding how to best keep Elected Members informed as to the activities of the committee.

Resolution: THAT the Risk Management and Audit Committee

1. Note the analysis of and the management response to the RMAC evaluation survey

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This is page 2 of 5 of the Risk Management and Audit Committee Meeting held TUESDAY 10 October 2017

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CHAIRPERSON

DRAFT MINUTES

1. Recommend Council maintains the same survey participants and survey questions
2. Recommend that Council receive at least an annual update presentation from the Chair of the RMAC on actions of the RMAC.

MOVED: Cr Hunt

SECONDED: Cr Barden

CARRIED

11.2 Risk Management Framework

Noted that items with low risk and adequate controls will drive the internal audit plan to provide assurance that systems are being maintained.

The committee is satisfied with the development of the model

Resolution: THAT the Risk Management and Audit Committee

1. Endorse the Risk Management Framework, including the dashboard summary and individual themed profiles methodology.
1. Request that the dashboard report and theme profiles be presented to the RMAC at the February meeting
2. Request a report at the next RMAC meeting as to alignment of the Municipal Plan to the risk management framework.

MOVED: Cr Hunt

SECONDED: Cr Wright

CARRIED

11.3 Management Response to Interim Management Letter

Resolution: THAT the RMAC

THAT the RMAC receive and are satisfied with Council's response to the 2017 Interim Management Letter as attached to this report.

MOVED: Cr Hunt

SECONDED: Cr Barden

CARRIED

11.4 2016/17 Annual Financial Statements

Members noted the change of the figure in N8 of the statements from \$32,700 to \$11,654.

The draft financial narrative for the 2016/2017 annual report was tabled

The Committee examined the links to the Municipal Plan and provided feedback to inform and confirm the narrative regarding the financial information in the annual report.

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This is page **3** of **5** of the Risk Management and Audit Committee Meeting held TUESDAY 10 October 2017

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CHAIRPERSON

DRAFT MINUTES

Discussion was had regarding,

- Depreciation and asset revaluation
- Useful lives (N17) and the impact on the long term financial plan.
- The Chair made the recommendation to move values under AASB 116.41 from asset revaluation reserve to accumulated surplus for better reporting.

Resolution: THAT the RMAC

1. Notes the narrative analysis for the 2016/2017 annual report.
2. Notes the feedback from the auditor identifying that there are no significant matters.
3. Confirms that subject to consideration of its feedback the draft 2016/17 Financial Statements are suitable for certification by the Chief Executive Officer for inclusion in the Annual Report presented to Council.
4. Recommends a KPI report be included in the 2017/2018 annual report.

MOVED: Cr Hunt

SECONDED: Cr Barden

CARRIED

11.5 2018 RMAC Meeting Schedule

THAT the RMAC,

1. Endorse the 2018 meeting schedule and workplan.
2. Endorse the updating of section 4.7.3 of FIN09 Risk Management and Audit Committee Policy to read

The committee shall meet four times per year as per a meeting schedule set at the last meeting of the previous year to accommodate the reporting and audit cycle.

MOVED: Cr Barden

SECONDED: Cr Hunt

CARRIED

12 OTHER BUSINESS

Nil

That the RMAC meeting be moved into confidential at 7.05pm

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This is page 4 of 5 of the Risk Management and Audit Committee Meeting held TUESDAY 10 October 2017

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CHAIRPERSON

DRAFT MINUTES

MOVED: Cr Hunt
SECONDED: Cr Barden
CARRIED

13 CONFIDENTIAL ITEMS

THAT 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

13.2 Confidential – Procurement Audit Report

Regulation 8(c)(iv) Reason - information that would, if publicly disclosed, be likely to prejudice the interest of the council or some other person.

13.3 Project Anthe Forensic Investigation

Regulation 8(c)(iv) Reason - information that would, if publicly disclosed, be likely to prejudice the interest of the council or some other person.

That the RMAC meeting be moved into confidential at 7.05pm

MOVED: Cr Hunt
SECONDED: Cr Barden
CARRIED

The meeting was closed to the public at 7.05pm

THAT pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) Regulations the meeting be re-opened to the public.

That the RMAC meeting be moved into confidential at 7.05pm

MOVED: Cr Barden
SECONDED: Cr Hunt
CARRIED

Meeting moved to open session at 7.10pm

12 CLOSE

Next meeting 6 February 2018 at 5.00pm in the Executive meeting room.

The meeting closed at 7.13pm.

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This is page 5 of 5 of the Risk Management and Audit Committee Meeting held TUESDAY 10 October 2017

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CHAIRPERSON

5. Business Arising from the Minutes

Meeting Date	Agenda Item & Resolution/Action	Update
07-03-2017	<p>Item 11.2 External Auditor tender process That RMAC recommend reappointment of UHY for the 2016/2017 financial year subject to fees remaining within the range of previous levels.</p> <p>That a new tender process be commenced by December 2017, to be effective commencing from the 2017/18 financial year.</p> <p>That this resolution is included in the open minutes.</p>	<p>Closing date for tenders to supply auditing services closed on 29 January 2018. At the time of preparing this agenda, tenders were still to be assessed.</p> <p>Future Action AI late paper will be presented to RMAC recommending endorsement of the Council Auditor for 2017/18, 2018/19 & 2019/20 financial years</p>
08-08-2017	<p>10.2 Audit Committee term of appointment Resolution: THAT the RMAC recommend Council seek a further two-year appointment for the independent Chair to align with the FIN09 Risk Management and Audit Committee policy</p>	<p>Endorsed by Council at the October 2017 meeting. Letter sent to Chair.</p> <p>Future Action No further action</p>

Meeting Date	Agenda Item & Resolution/Action	Update
10-10-2017	<p>11.1 Risk Management and Audit Committee Performance Evaluation. Discussion regarding how to best keep Elected Members informed as to the activities of the committee.</p> <p>Resolution: THAT the Risk Management and Audit Committee</p> <ol style="list-style-type: none"> 1. Note the analysis of and the management response to the RMAC evaluation survey 2. Recommend Council maintains the same survey participants and survey questions 3. Recommend that Council receive at least an annual update presentation from the Chair of the RMAC on actions of the RMAC. 	<p>Next evaluation scheduled for September 2019. Council briefing from the RMAC Chair to be held following the production of the Litchfield Annual Report</p> <p>Future Action No further action</p>
10-10-2017	<p>11.4 2016/2017 Financial Statements Resolution: THAT the RMAC</p> <ol style="list-style-type: none"> 1. Notes the narrative analysis for the 2016/2017 annual report. 2. Notes the feedback from the auditor identifying that there are no significant matters. 3. Confirms that subject to consideration of its feedback the draft 2016/17 Financial Statements are suitable for certification by the Chief Executive Officer for inclusion in the Annual Report presented to Council. 4. Recommends a KPI report be included in the 2017/2018 annual report. 	<p>Annual report complete and available on Councils website. Includes KPI reports for each business unit.</p> <p>Future Action No further action</p>

Meeting Date	Agenda Item & Resolution/Action	Update
10-10-2017	<p>11.5 2018 RMAC Meeting Schedule THAT the RMAC,</p> <ol style="list-style-type: none"> 1. Endorse the 2018 meeting schedule and workplan. 2. Endorse the updating of section 4.7.3 of FIN09 Risk Management and Audit Committee Policy to read <p><i>The committee shall meet four times per year as per a meeting schedule set at the last meeting of the previous year to accommodate the reporting and audit cycle.</i></p>	<p>FIN09 updated at Council meeting 18/10/2017</p> <p>Future Action No further action</p>

Agenda Item Number:	11.1
Report Title:	Internal Audit Plan
Meeting Date:	6/02/2018
Attachments:	

Purpose

To propose and internal audit plan for 2018/2019

Summary

As part of its annual performance monitoring Council has a key performance indicator of three internal audits per year. Previous internal audits have been established as a response to issues arising through the daily operations.

The establishment of a risk management framework and associated risk profiles has provided a basis to develop an internal audit plan which with a preventive focus as opposed to being reactive. Item 11.2 provides a report on Councils risk framework and the risk profiles which are a priority for action.

Three internal audits are proposed for the 2018/2019 financial year.

1. In response to the recent findings handed down by the NT Coroner regarding the liability of Councils in relation to traffic management, management propose to conduct an audit of Councils processes related to traffic management at Council commissioned works. Recommendations from this audit will contribute to improving controls in the "Inadequate Safety and Security Practices" risk profile which has an overall risk rating of high and overall control rating of inadequate.
2. Internal audit of Councils payroll processes to ensure accuracy and consistency. This audit will examine the processes currently in use to process Councils payroll including consistency between contract conditions and payroll setup. It will ensure that the "Ineffective and Unsustainable Financial Management" risk profile controls are maintained at an adequate level commensurate with the overall moderate risk rating and contributes to addressing the External Auditors findings regarding payroll certification (see item 11.4 this agenda).
3. Internal audit of Mobile Work Force (MWF) work health and safety procedures and practices. This audit will focus on the operational practices of the MWF both at the Humpty Doo workshop and in the field. Recommendations from this audit will contribute to improving controls in the "Inadequate Safety and Security Practices" risk profile which has an overall risk rating of high and overall control rating of inadequate.

Recommendation

THAT the RMAC endorses the internal audit plan for 2018/2019 of;

1. Audit of Councils processes related to traffic management of Council commissioned works
2. Audit of Councils payroll processes
3. Audit of Mobile Work Force work health and safety procedures and practices.

Background and Discussion

As part of its annual performance monitoring Council has a key performance indicator of three internal audits per year. Previous internal audits have been established as a response to issues arising through the daily operations.

Internal audits conducted for 2017/2018 financial year are;

1. Audit of Councils procurement practices (see confidential report)
2. Audit of Councils works permit processes (see confidential report)
3. Audit of Councils Waste Transfer Stations work health and safety procedures and practices. (report to be tabled at the next RMAC meeting in May 2018)

Links with Strategic Plan

5. An effective and sustainable Council

Legislative and Policy Implications

Nil

Risks

Nil

Financial Implications

Budget allowance to be made for Internal audits

Community Engagement

Nil

Recommending Officer: David Jan, Governance and Risk Advisor

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

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Agenda Item Number:	11.2
Report Title:	Risk Management Framework
Meeting Date:	6/02/2018
Attachments:	Risk dashboard report and risk profiles Risk management reporting workflow & requirements Risk acceptance criteria

Purpose

To present for noting the updated risk dashboard and associated risk profiles.

Summary

Since the RMAC meeting of 5 December 2017 the following actions have taken place.

- Presentation to managers regarding the risk management framework highlighting their roles and responsibilities and the reporting framework.
- Individual meetings with Directors and Managers regarding items relevant to their work area.
- Updating of risk profiles with due dates and responsible persons to current actions.

Actions to be undertaken during the next quarter include;

- Review of control ratings by executive team in light of completed actions.
- Further monthly catch up meetings with managers to monitor progress on proposed actions.
- Review of KPIs as part of the development of the 2018/2019 Municipal Plan and updating of risk profiles with new /updated KPIs. This includes Manager review of their work area KPIs.

At the time of writing this report the 2018/2019 Municipal Plan was still in development. Key performance indicators from the 2017/2018 Municipal Plan were used to populate the risk profiles.

There are six risk profiles where the control rating does not meet the risk acceptance criteria (attached) identified in the risk framework.

- ICT Systems and Infrastructure
- Inadequate safety and security practices
- Ineffective management of public facilities, venues and events
- Inadequate project/change management
- Inadequate procurement/ supplier/ contract management
- Inadequate asset sustainability practices

The dashboard highlights the actions that are being implemented to improve the control ratings for these risk profiles.

Current internal audits identify gaps and make recommendations which contribute to improving controls of the above profiles.

Recommendation

THAT the RMAC

1. Note the risk dashboard report and risk profiles
2. Note the updated reporting flowchart identifying quarterly reporting of the dashboard report to the RMAC
3. Note that appropriate actions are being taken to ensure that the Municipal Plan is aligned with the risk management framework.

Background and Discussion

Jardine Lloyd Thompson (JLT) was engaged to assist Council in enhancing its risk management capability. The outcomes of the project will provide a platform for ongoing improvements and development changes in risk management to occur and foster a proactive risk management culture.

The process was conducted over a number of phases and included

- a gap analysis
- formalisation of Councils risk management framework including a presentation to CEO, Directors and Managers
- risk profiling including a half day workshop with CEO, Directors and Managers, and
- development of a dashboard summary and individual themed reports.

Council policy notes that the Litchfield risk management framework will be conform to the ISO31000 Risk Management standard. The result was the development of risk registers (organisational and work health and safety) for each of Councils program areas as identified in the Litchfield Council Municipal Plan.

Initial detailed risk registers were created which were complex and part of a developing management framework. An underdeveloped risk culture within the organisation and the complexity of the registers contributed to the slow progress of completing the risk registers.

Links with Strategic Plan

5. An effective and sustainable Council

Legislative and Policy Implications

Nil

Risks

The absence of documented risk management framework and registers was a risk in itself. These risk profiles and associated dash board address this risk.

Financial Implications

Nil

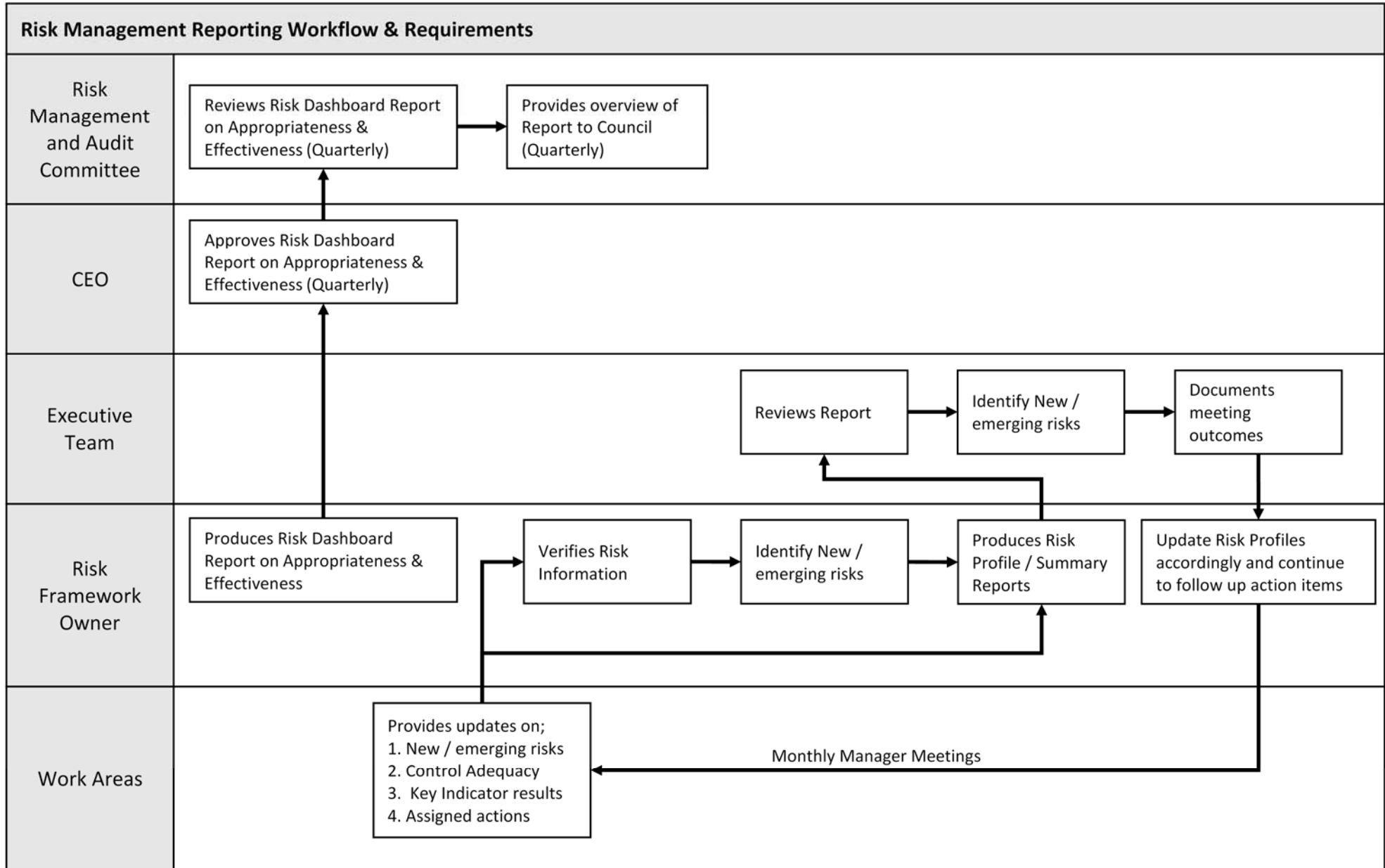
Community Engagement

Nil

Recommending Officer: David Jan, Governance and Risk Advisor

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RISK ACCEPTANCE CRITERIA

RISK RANK	LEVEL OF RISK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
EXTREME	17 - 25	Urgent Attention Required	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council
HIGH	10 – 16	Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to frequent monitoring	Director / CEO
MODERATE	5 – 9	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to regular monitoring	Operational Manager
LOW	1 – 4	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager

Litchfield Council

Risk Dashboard Report

January 2018

Executive Summary

Being Litchfield Council's first risk review under the 2017 revised risk management approach, initial focus is on developing appropriate and effective risk information then followed by embedding and driving continual improvement. Future reports will continue to provide relevant insight and recommendations to assist governance and risk activities for the Audit and Risk Committee. It is supported by the attached documents that were produced through workshops on the 14th September 2017 and ensuing discussions:

1. Risk Information for the 16 Risk Profiles Identified.
2. Risk Management Policy and Procedures.

Recommendations

Embedding

1. Arrange for the attached Risk Management Policy and Procedures to be endorsed and adopted.

Risk Profiles

1. Discuss, review and approve the attached Risk Profiles (from a Risk & Control perspective).
2. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date)

[Review History](#)

Litchfield Council Risk Dashboard Report January 2018

<u>Misconduct</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Finalise Whistle Blower Policy	COMPLETE	Chief Executive Officer	
Undertake Review of Council Financial Policies	COMPLETE	DCCS	
Ongoing Fraud and Misconduct Awareness Training/Information	Ongoing	Chief Executive Officer	
Record Management Improvement Project	Jun-18	DCCS	
Development of IT policies	Jun-18	Info Mgr	

<u>Business and Community Disruption</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Develop Council Business Continuity Framework and Action Plan	Jun-18	Governance and Risk Advisor	

<u>Inadequate Environmental Management</u>		Risk	Control
		Low	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Undertake Landfill Rehabilitation	TBC	TBC	
Waste Management Strategy	Mar-18	DIO	
Weed Management Plan updated	Aug-18	Mobile Workforce Manager	

<u>Errors, Omissions, Delays and Incorrect Advice</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Formalise Procedures, Documentation and Checklists for Core Operations - MWF	Jun-18	Moble Workforce Manager	
Formalise Procedures, Documentation and Checklists for Core Operations - Waste	Jun-18	Waste Manager	
Formalise Procedures, Documentation and Checklists for Core Operations - Thorak	Jun-18	Thorak Manager	
Formalise Procedures, Documentation and Checklists for Core Operations - Finance	Jun-18	Finance Manager	
Formalise Procedures, Documentation and Checklists for Core Operations - Planning	Sep-18	Planning Manager	
Formalise Procedures, Documentation and Checklists for Core Operations - Works	Mar-18	Works Manager	
Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Serv	Sep-18	DCCS	
Formalise Procedures, Documentation and Checklists for Core Operations - HR	May-18	HR Advisor	

Litchfield Council

Risk Dashboard Report

January 2018

<u>External Theft and Fraud (inc. Cyber Crime)</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Ongoing Monitor and Review of Risk and Controls	Ongoing	DCCS	

<u>ICT Systems and Infrastructure Failure</u>		Risk	Control
		High	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Finalise and Implement ICT Improvement Plan and Road Map	Jun-18	DCCS	
Improvement Plan - Data backup	Jun-18	Info Mgr	
Recovery Plan	Jun-18	Info Mgr	

<u>Failure to Fulfil Statutory, Regulatory or Compliance Requirements</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Ongoing Monitor and Review of Risk and Controls	Ongoing	Governance and Risk Advisor	
Annual review of external Auditor by RMAC	Oct-18	Governance and Risk Advisor	
Internal Audit Plan	Feb-18	Governance and Risk	

<u>Inadequate Safety and Security Practices</u>		Risk	Control
		High	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Review Existing Safety Practices and Develop Council Safety Management Systems	Sep-18	HR Advisor	
Include first aid kits and fire extinguishers in all Council vehicles	Mar-18	HR Advisor	
Review HR Policies	Mar-18	HR Advisor	

<u>Ineffective and Unsustainable Financial Management</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Finalise Rating Policy and Undertake Review of Rating System	Mar-18	DCCS	
Review Developer Contribution Plan	Jun-18	DIO	
Implementation of Procurement Audit Findings	Jun-18	DCCS	
Implementation of Works Permit Audit Findings	Oct-18	DIO	
Asset management plans in progress	Jul-18	DIO	
Asset revaluations in progress	Jun-18	DCCS	
Debt recovery review	Feb-18	DCCS	
Internal Audit Plan	Feb-18	Gov & Risk Adv	

<u>Ineffective Management of Public Facilities / Venues / Events</u>		Risk	Control
		Moderate	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Formalise Public Places By-Law	Jun-19	DCCS	
Undertake Formalised Playground Inspections	Sep-18	DCCS	
Review Reserve Management Leases and budget requirements	May-18	DCCS	
Develop Maintenance Schedules - Buildings	Jun-18	DIO	
Develop Maintenance Schedules - Parks	Jun-18	DIO	
Develop Maintenance Schedules - Reserves	Jun-18	DIO	
Undertake Tree Audit on Public Facilities	Feb-18	DCCS	
Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Serv	Sep-18	DCCS	

Litchfield Council

Risk Dashboard Report

January 2018

<u>Inadequate Records Management Processes</u>		Risk	Control
		Moderate	Inadequate
Current Issues / Actions /	Due Date	Responsibility	
Employ Records Management Officer	Jun-18	Info Mgr	
Implement Records Management Improvement Project	Jun-18	Info Mgr	

<u>Inadequate Project/Change Management</u>		Risk	Control
		High	Inadequate
Current Issues / Actions /	Due Date	Responsibility	
Establish Council Project Management Methodology	Jun-18	DIO	
Provide Project Management Training Opportunities	Sep-18	HR Advisor	
Finalise Community Engagement Strategy	Feb-18	CEO	

<u>Inadequate Engagement Practices</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions /	Due Date	Responsibility	
Explore Community Engagement Enhancements	COMPLETE	CEO	
Finalise Community Engagement Strategy	COMPLETE	CEO	
Standardised community information processe for Road Network	Dec-18	Works Manager	

<u>Inadequate Procurement / Supplier / Contract Management</u>		Risk	Control
		High	Inadequate
Current Issues / Actions /	Due Date	Responsibility	
Increase Staff Awareness and Consistency in Approach to Procurement, Contracts and Suppliers	Jun-18	DCCS	
Develop a contract management system	Jun-18	DIO	
Develop Contract templates	Apr-18	DIO	

<u>Inadequate Asset Sustainability Practices</u>		Risk	Control
		High	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Asset revaluation	Jun-18	Asset Management Officer	
Develop Asset Managemetn Plan inc Asset costings to establish renewal program	Jul-18	Asset Management Officer	
Develop Inspection/Maintenance program	Oct-18	DIO	

<u>Ineffective HR Management / Employment Practices</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Develop Corporate Training Program	Oct-18	HR Advisor	
Implement Reward and Recognition Program	Oct-18	HR Advisor	
Implement People and Culture Program	ONGOING	HR Advisor	
Review HR Policies	Mar-18	HR Advisor	

Misconduct

Jan-18

This Risk Theme is defined as:

Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority.

This would include instances of:

- Relevant authorisations not obtained.
- Distributing confidential information.
- Accessing systems and / or applications without correct authority to do so.
- Misrepresenting data in reports.
- Theft by an employee
- Collusion between Internal & External parties
- Unauthorised and misuse of corporate systems and assets

This does not include instances where it was not an intentional breach - refer Errors, Omissions or Delays, or Inaccurate Advice / Information.

Potential causes include:

- Lack of Training
- Changing of Job Titles / Roles
- Delegated Authority Process Inadequately Implemented
- Disgruntled Employees
- Lack of Understanding
- Poor Internal Checks (Supervision, PO's and Delegated Authority)
- Password Sharing

Key Controls	Type	Date	Rating
Delegation Manual	Preventative	14/09/2017	Adequate
Fraud Training	Preventative	14/09/2017	Adequate
Control of Devices Policy / Procedures	Preventative	14/09/2017	Inadequate
Electronic Document Management	Preventative	14/09/2017	Adequate
Hard Copy Document Management	Preventative	14/09/2017	Inadequate
Recruitment Process	Preventative	14/09/2017	Adequate
Segregation of Duties (Financial)	Preventative	14/09/2017	Excellent
ICT Security Access Framework - Access and Approvals	Preventative	14/09/2017	Adequate
Internal / External Audits	Detective	14/09/2017	Adequate
Induction Process (Code of Conduct)	Preventative	14/09/2017	Adequate
Internet / Phone Usage Policy	Preventative	14/09/2017	Adequate
Fraud Protection Policies	Preventative	14/09/2017	Adequate
Credit Card Policy and Monthly Reporting	Detective	14/09/2017	Excellent
Disciplinary Procedures	Responsive	14/09/2017	Adequate
Cash Handling Procedures	Preventative	14/09/2017	Adequate
Performance Review process	Detective	30/11/2017	Adequate
Purchasing Policy / Process (Purchase Order Process)	Preventative	14/09/2017	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Unlikely
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Result
Number of actual / attempted fraud and misconduct incidents			

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to moderate financial, compliance and reputational impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Finalise Whistle Blower Policy	COMPLETE	Chief Executive Officer
Undertake Review of Council Financial Policies	COMPLETE	DCCS
Ongoing Fraud and Misconduct Awareness Training/Information	Ongoing	Chief Executive Officer
Record Management Improvement Project	Jun-18	DCCS
Development of IT policies	Jun-18	Info Mgr

Business and Community Disruption

Jan-18

This Risk Theme is defined as:

Failure to adequately prepare and respond to events that cause disruption to the local community and/or normal Local Government business activities.

The event may result in damage to buildings, property, plant and equipment, lack of availability of key staff and/or interruptions to supply chain.

This does includes;

- Lack of (or inadequate) emergency response / business continuity plans.
- Lack of training to specific individuals or availability of appropriate emergency response.
- Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident.
- Inadequacies in environmental awareness and monitoring of fuel loads etc

Note: This does not include IT and/or communications systems and infrastructure related failures - refer "Failure of IT and/or Communication Systems and Infrastructure".

Potential causes includes:

- Cyclone, Storm Surges, Fire, Earthquake
- Terrorism / Sabotage / Criminal Behaviour
- Epidemic / Pandemic
- Extended Power Outage
- Economic Factors
- Loss of Key Staff

Key Controls	Type	Date	Rating
Business Continuity Framework (Policy & Procedures)	Preventative	14/09/2017	Inadequate
Business Continuity Plans	Responsive	14/09/2017	Inadequate
Cyclone Plan	Responsive	14/09/2017	Adequate
Fire Management Plan	Preventative	14/09/2017	Excellent
Council Property Inspections for Compliance (Informal)	Detective	14/09/2017	Adequate
Pre cyclone clean up	Preventative	14/09/2017	Adequate
Emergency Management Procedures/Drills	Responsive	14/09/2017	Adequate

Overall Control Ratings:	Adequate
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Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Unlikely

Overall Risk Ratings:	Moderate
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Key Indicators	Tolerance	Date	Overall Result
Vegetation slashing and mowing of 900kms of road network before July fire bans	2 rounds		
Fire breaks and road reserve slashing of 1000kms within Council excised land	>75%		
Lost time due to plant and equipment breakdown	<20hrs		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to moderate service interruption, reputation and environmental impacts. Noting the risk refers to Councils ability to adequately and appropriately fulfil its role and responsibilities to prepare and/or respond to a disruptive event, not the disruptive event itself.

Current Issues / Actions / Treatments	Due Date	Responsibility
Develop Council Business Continuity Framework and Action Plan	Jun-18	Governance and Risk Advisor

Inadequate Environmental Management

Jan-18

This Risk Theme is defined as:

Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes;

- Lack of adequate planning and management of coastal erosion issues.
- Failure to identify and effectively manage contaminated sites (including groundwater usage).
- Waste facilities (landfill / transfer stations).
- Weed control.
- Ineffective management of water sources (reclaimed, potable)
- Illegal dumping.
- Illegal clearing / land use.

Potential causes include:

- Inadequate Management of Landfill Sites
- Lack of Understanding / Knowledge
- Inadequate Local Laws / Planning Schemes
- Inadequate Reporting / Oversight Frameworks
- Community Apathy
- Heavy Vehicles on Reserves

Key Controls	Type	Date	Rating
Waste Management Plans	Preventative	14/09/2017	Inadequate
Waste Management Strategy	Preventative	14/09/2017	Inadequate
Contamination Register	Detective	14/09/2017	Inadequate
Asbestos Register (is this a register or plan on how to deal with it)	Detective	14/09/2017	Adequate
Weed Control Schedule	Preventative	14/09/2017	Adequate
Support Local Environmental Groups	Preventative	14/09/2017	Adequate
Environmental Management / Response Plans	Responsive	14/09/2017	Inadequate
Erosion Control Road Side Drains	Preventative	14/09/2017	Adequate
Reporting of Listed Waste	Preventative	14/09/2017	Adequate
Landfill Rehabilitation	Preventative	14/09/2017	Adequate
Ranger (Dogs) Service	Preventative	14/09/2017	Adequate

Overall Control Ratings:	Adequate
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Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Rare

Overall Risk Ratings:	Low
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Key Indicators	Tolerance	Date	Overall Result
Weed spraying roadside furniture and target Gamba grass and classified weeds	150000L		
Waste tonnage transferred to Shoal Bay	<10000t		
% of green waste received that is on-sold as mulch	>80%		
% of erosion repairs to road side drainage	?		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to environmental impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Undertake Landfill Rehabilitation	TBC	TBC
Waste Management Strategy	Mar-18	DIO
Weed Management Plan updated	Aug-18	Mobile Workforce Manager

Errors, Omissions, Delays and Incorrect Advice

Jan-18

This Risk Theme is defined as:

Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process. This includes instances of;

- Human errors, incorrect or incomplete processing
- Inaccurate recording, maintenance, testing and / or reconciliation of data.
- Errors or inadequacies in model methodology, design, calculation or implementation of models.

Potential causes include:

- Human Error
- Inadequate Procedures or Training
- Lack of Staff (or trained staff)
- Incorrect Information
- Miscommunication

Key Controls	Type	Date	Rating
Documented Operational Procedures / Checklists	Preventative	14/09/2017	Inadequate
Complaints and Requests Register (CRM)	Detective	14/09/2017	Inadequate
Senior Manager Oversight to Elected Members Information	Detective	14/09/2017	Adequate
Utilise External Expertise / Consultants	Preventative	14/09/2017	Adequate
Segregation of Duties (Financial Control)	Preventative	14/09/2017	Adequate
Performance Review Process	Detective	14/09/2017	Adequate
Media and Communications Resource	Preventative	14/09/2017	Adequate
Staff Meetings (Briefings / Debriefings)	Preventative	14/09/2017	Adequate

Overall Control Ratings:	Adequate
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Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Possible

Overall Risk Ratings:	Moderate
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Key Indicators	Tolerance	Date	Overall Result
Issue work permits associated with a Development Permit with in 5 days	90%		
Issue clearances for development	<10days		
Investigations completed within 14 days	>90%		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to moderate reputational and financial impacts. Noting that this level of risk may be realised through incorrect approvals.

Current Issues / Actions / Treatments	Due Date	Responsibility
Formalise Procedures, Documentation and Checklists for Core Operations - MWF	Jun-18	Moble Workforce Manager
Formalise Procedures, Documentation and Checklists for Core Operations - Waste	Jun-18	Waste Manager
Formalise Procedures, Documentation and Checklists for Core Operations - Thorak	Jun-18	Thorak Manager
Formalise Procedures, Documentation and Checklists for Core Operations - Finance	Jun-18	Finance Manager
Formalise Procedures, Documentation and Checklists for Core Operations - Planning	Sep-18	Planning Manager
Formalise Procedures, Documentation and Checklists for Core Operations - Works	Mar-18	Works Manager
Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Serv	Sep-18	DCCS
Formalise Procedures, Documentation and Checklists for Core Operations - HR	May-18	HR Advisor

External Theft and Fraud (inc. Cyber Crime)

Jan-18

This Risk Theme is defined as:

Loss of funds, assets, data or unauthorised access, (whether attempts or successful) by external parties, through any means (including electronic), for the purposes of;

- Fraud – benefit or gain by deceit
- Malicious Damage – hacking, deleting, breaking or reducing the integrity or performance of systems
- Theft – stealing of data, assets or information (no deceit)

Potential causes include:

- Inadequate Security of Equipment / Supplies / Cash
- Lack of Supervision / Unauthorised Entry
- Robbery
- Scam Invoices

Key Controls	Type	Date	Rating
Visitor Sign In	Detective	14/09/2017	Adequate
Keyed Access Controls - Admin Building	Preventative	14/09/2017	Adequate
Monitored Alarm - Admin Building	Detective	14/09/2017	Adequate
Cash Handling procedures	Preventative	14/09/2017	Adequate
Staff Inductions	Preventative	14/09/2017	Adequate
Restricted and Registered Keys	Preventative	14/09/2017	Adequate
After Hours Security	Detective	14/09/2017	Adequate
System Checks for New Creditors	Preventative	14/09/2017	Adequate
Access Control for Online Banking (Dual Signatory)	Preventative	14/09/2017	Adequate
Delegation Manual	Preventative	14/09/2017	Adequate
Disposal of assets process/forms	Detective	30/11/2017	Adequate
Credit Card policy	Preventative	30/11/2017	Excellent
Investment policy	Preventative	30/11/2017	Excellent
Audit reports (Monthly report, Weekly AP report)	Preventative	30/11/2017	Excellent
Seperation of Duties	Preventative	30/11/2017	Excellent
Invoice aproval process	Preventative	30/11/2017	Adequate
Manned Access Control at Off-site Locations (Except BSWTS)	Preventative	14/09/2017	Adequate
Asset Register	Detective	14/09/2017	Adequate
CCTV	Detective	14/09/2017	Adequate
IT Firewall Systems	Preventative	14/09/2017	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Unlikely

Overall Risk Ratings: Moderate

Key Indicators	Tolerance	Date	Overall Result
Number of actual / attempted theft and fraud incidents			

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to moderate financial impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Ongoing Monitor and Review of Risk and Controls	Ongoing	DCCS

ICT Systems and Infrastructure Failure

Jan-18

This Risk Theme is defined as:

Instability, degradation of performance, or other failure of ICT Systems and Infrastructure causing the inability to continue business activities and provide services to the community.

This may or may not result in IT Disaster Recovery Plans being invoked.

This does not include new system implementations - refer "Inadequate Project / Change Management".

Potential causes include:

- Weather impacts
- Vendor Failures
- Outdated / inefficient hardware
- Sabotage
- Power failure
- Infrastructure Breakdown
- Lack of Training
- Lack of Configuration Management

Key Controls	Type	Date	Rating
Data Back Up Systems (manual process)	Responsive	14/09/2017	Inadequate
Performance Monitoring	Detective	14/09/2017	Adequate
UPS / Generator	Responsive	14/09/2017	Excellent
Disaster Recovery Plan	Responsive	14/09/2017	Inadequate
ICT Infrastructure Replacement / Refresh Program	Preventative	14/09/2017	Inadequate
ICT Governance/Policy Framework	Preventative	14/09/2017	Inadequate
Internal Service Level Agreements	Preventative	14/09/2017	Adequate
Microwave Connection with Off-site Locations	Responsive	14/09/2017	Adequate
Telstra land lines	Preventative	14/09/2017	Adequate
Land Lines at Off-site Locations (Thorak and Waste Transfer Stations)	Preventative	14/09/2017	Inadequate
Vendor Support	Preventative	14/09/2017	Inadequate
ICT Access Control and Approval Procedures	Preventative	14/09/2017	Adequate

Overall Control Ratings: Inadequate

Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Likely

Overall Risk Ratings: High

Key Indicators	Tolerance	Date	Overall Result
Acknowledgement of the lodgement of technology issue	<1day		
Resolution of Category 1 Urgent technology issue	<2days		
Resolution of Category 2 Moderate technology issue	<5days		
Resolution of Category 3 Non-urgent technology issue	<15days		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to moderate service interruption and compliance impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Finalise and Implement ICT Improvement Plan and Road Map	Jun-18	DCCS
Improvement Plan - Data backup	Jun-18	Info Mgr
Recovery Plan	Jun-18	Info Mgr

Failure to Fulfil Statutory, Regulatory or Compliance Requirements

Jan-18

This Risk Theme is defined as:

Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal & public domain) to reflect changes.

It does include the Local Government Act and all other legislative based obligations for Local Government. This does not include Safety & Health Legislation (refer "Inadequate safety and security practices") or any Employment Practices based legislation (refer "Ineffective HR Management / Employment practices")

Potential causes include:

- Lack of Training, Awareness and Knowledge
- Staff Turnover
- Inadequate Record Keeping
- Ineffective Processes
- Lack of Legal Expertise
- Councillor Turnover
- Breakdowns in Tender process
- Ineffective Monitoring of Changes to Legislation

Key Controls	Type	Date	Rating
Compliance Checklist	Detective	14/09/2017	Adequate
Compliance Calendars	Preventative	14/09/2017	Adequate
Councils Policy Framework	Preventative	14/09/2017	Adequate
External Auditor Reviews (Financial Compliance)	Detective	14/09/2017	Adequate
External/ Internal Auditor Reviews (Other Compliance)	Detective	14/09/2017	Inadequate
Monitor Legislative Changes / Subscriptions	Detective	14/09/2017	Adequate
Induction Process - Councillors / Staff	Preventative	14/09/2017	Adequate
Staff Network Channels	Detective	14/09/2017	Adequate
Legislative Reporting to Regulators	Detective	14/09/2017	Adequate
Internal Compliance Audit - Quarterly	Detective	14/09/2017	Inadequate
Scheduled Review of Council Policies and Delegations	Detective	14/09/2017	Adequate
Tender Process	Preventative	14/09/2017	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Rating
Consequence:	Major
Likelihood:	Unlikely

Overall Risk Ratings: Moderate

Key Indicators	Tolerance	Date	Overall Result
Compliance with management, statutory and regulatory budgeting and reporting	100%		
Compliance with legislative requirements as per DOLG Compliance Checklist	100%		
Risk Management Audit Committee Meetings	4 per year		
Internal Audits conducted as defined in Annual Internal Audit Program	3 per year		
Replace non-compliant signs in the signage program to Australian Standards	100%		
Compliance with Cemetery regulations	100%		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to major compliance impact

Current Issues / Actions / Treatments	Due Date	Responsibility
Ongoing Monitor and Review of Risk and Controls	Ongoing	Governance and Risk Advisor
Annual review of external Auditor by RMAC	Oct-18	Governance and Risk Advisor
Internal Audit Plan	Feb-18	Governance and Risk Advisor

Inadequate Safety and Security Practices

Jan-18

This Risk Theme is defined as:

Non-compliance with the Health and Safety Legislation, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors.

Other considerations are:

- Inadequate Policy, Frameworks, Systems and Structure to prevent the injury of visitors, staff, contractors and/or tenants.
- Inadequate Organisational Emergency Management requirements (evacuation diagrams, drills, wardens etc).
- Inadequate security protection measures in place for buildings, depots and other places of work (vehicle, community etc).
- Public Liability Claims, due to negligence or personal injury.
- Employee Liability Claims due to negligence or personal injury.
- Inadequate or unsafe modifications to plant & equipment

Potential causes include:

- Lack of Appropriate PPE / Equipment
- Inadequate First Aid Supplies or Trained Staff
- Rubbish / Litter Control
- Inadequate Security Arrangements
- Inadequate Signage, Barriers or other Exclusion Techniques
- Storage and Use of Dangerous Goods
- Ineffective / Inadequate Testing, Sampling (similar) Health Based Req
- Lack of Mandate and Commitment from Senior Management

Key Controls	Type	Date	Rating
Workplace Inspections - Off-site Locations	Preventative	14/09/2017	Adequate
Workplace Inspections - Administration	Preventative	14/09/2017	Inadequate
WHS Policy	Preventative	14/09/2017	Adequate
Safety Management System/Framework	Preventative	14/09/2017	Inadequate
Contractor Inductions / Safety Requirements	Preventative	14/09/2017	Inadequate
Toolbox Meetings	Preventative	14/09/2017	Adequate
Inventory Hazardous Goods and MSDS	Preventative	14/09/2017	Adequate
PPE	Preventative	14/09/2017	Adequate
Staff Uniforms (protective)	Preventative	14/09/2017	Adequate
Training Register (HR File)	Preventative	14/09/2017	Inadequate
Operator License Checks (Outdoor Workforce)	Detective	14/09/2017	Adequate
Driver License Checks	Detective	14/09/2017	Inadequate
Asbestos Register	Detective	14/09/2017	Inadequate
Fleet Vehicle and plant Safety Requirements	Preventative	14/09/2017	Inadequate
Conflict Resolution Training - Frontline Staff	Preventative	14/09/2017	Inadequate
Fire Safety Systems Check	Detective	14/09/2017	Adequate
Electrical Tag and Test	Detective	14/09/2017	Adequate
Incident/Accident and Damage Reporting	Detective	14/09/2017	Adequate
Insurance Cover	Preventative	30/11/2017	Adequate
Staff Inductions	Preventative	14/09/2017	Adequate

Overall Control Ratings: Inadequate

Risk Ratings	Rating
Consequence:	Major
Likelihood:	Possible

Overall Risk Ratings: High

Key Indicators	Tolerance	Date	Overall Result
Number of WorkSafe Notifiable Incidents			
Lost Time Injuries			
Public liability Insurance claims			

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to major injury, financial and compliance impacts. Note the inadequate overall control rating is from the perspective of Council as an organisation and may not be reflective of individuals and/or individual work areas approaches to safety.

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Existing Safety Practices and Develop Council Safety Management Systems	Sep-18	HR Advisor
Include first aid kits and fire extinguishers in all Council vehicles	Mar-18	HR Advisor
Review HR Policies	Mar-18	HR Advisor

Ineffective and Unsustainable Financial Management

Jan-18

This Risk Theme is defined as:

Failure to ensure Council manages its finances in a responsible and sustainable manner in the short and long term.

Potential causes include:

- Historical Legacy
- Uncertainty of Funding Sources
- Lack of Information (Assets, Debtors)
- Lack of Policy Framework
- Investment Performance
- Council Decisions

Key Controls	Type	Date	Rating
Long Term Financial Plans	Preventative	14/09/2017	Adequate
Finance Reports Monthly	Detective	14/09/2017	Adequate
Internal Audit Program	Detective	14/09/2017	Inadequate
External Audit Program	Detective	14/09/2017	Adequate
Delegation Manual	Preventative	14/09/2017	Adequate
General Ledger and Journal control	Preventative	14/09/2017	Adequate
Finance Policies	Preventative	14/09/2017	Adequate
Segregation of Duties	Preventative	14/09/2017	Adequate
Developer Contribution Plan	Preventative	14/09/2017	Inadequate
Budgets - Reviews	Preventative	14/09/2017	Adequate
Project management of capital projects	Preventative	30/11/2017	Adequate
Rating strategy	Preventative	30/11/2017	Adequate
Investment policy	Preventative	30/11/2017	Adequate
Asset management system - Capital value records	Preventative	30/11/2017	Adequate
Grant acquittal	Preventative	30/11/2017	Adequate
Rating parameters approval by Finance Manager	Preventative	30/11/2017	Excellent
Debt Recovery - processes and agreements	Responsive	14/09/2017	Adequate
Risk Management and Audit Committee	Detective	14/09/2017	Adequate
Asset Management Plan	Preventative	14/09/2017	Inadequate
Rating Policy	Preventative	14/09/2017	Inadequate
Asset Valuations	Preventative	14/09/2017	Adequate

Overall Control Ratings:

Adequate

Risk Ratings

Rating

Consequence:

Major

Likelihood:

Unlikely

Overall Risk Ratings:

Moderate

Key Indicators	Tolerance	Date	Overall Result
Current Years Rates Outstanding	<15%		
Rates Coverage Ratio	>50%		
Liquidity Ratio	>1:1		
Asset Sustainability Ratio	90%		
Grants Acquitted Within Timeframes	100%		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to major financial and reputational impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Finalise Rating Policy and Undertake Review of Rating System	Mar-18	DCCS
Review Developer Contribution Plan	Jun-18	DIO
Implementation of Procurement Audit Findings	Jun-18	DCCS
Implementation of Works Permit Audit Findings	Oct-18	DIO
Asset management plans in progress	Jul-18	DIO
Asset revaluations in progress	Jun-18	DCCS
Debt recovery review	Feb-18	DCCS
Internal Audit Plan	Feb-18	Gov & Risk Adv

Ineffective Management of Public Facilities / Venues / Events

Jan-18

This Risk Theme is defined as:

Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes;

- Inadequate procedures in place to manage the quality or availability.
- Ineffective signage
- Booking issues
- Financial interactions with hirers / users
- Oversight / provision of peripheral services (eg. cleaning / maintenance)

Potential causes include:

- Double Bookings
- Illegal Alcohol Consumption
- Managing Bond Payments
- Animal / Pest Contamination.
- Reliance on External Management of Facilities
- Access to Facilities / Venues.

Key Controls	Type	Date	Rating
Booking / Permit System	Preventative	14/09/2017	Adequate
Maintenance Schedules	Preventative	14/09/2017	Inadequate
Community Feedback Process	Detective	14/09/2017	Inadequate
Event Management / Risk Assessments / Emergency Procedures	Preventative	14/09/2017	Inadequate
Outsource Management at Key Recreational Reserve	Preventative	14/09/2017	Inadequate
Operations Manuals	Preventative	14/09/2017	Inadequate
Conditions of Entry to Public Facilities	Preventative	14/09/2017	Adequate
Community Events Procedures on Public Land	Preventative	14/09/2017	Adequate
Public Building Compliance	Preventative	14/09/2017	Inadequate
Alcohol Management	Preventative	14/09/2017	Adequate
Noise Management	Preventative	14/09/2017	Adequate
Asbestos Registers	Preventative	30/11/2017	Adequate
Budgets to Support Public Facilities	Preventative	14/09/2017	Inadequate

Overall Control Ratings: Inadequate

Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Possible

Overall Risk Ratings: Moderate

Key Indicators	Tolerance	Date	Overall Result
Overall community satisfaction from Annual Community Survey	>70%		
Number of community events			

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to moderate people and reputational impacts. Noting that Council has less control of this risk on public lands through reserve management.

Current Issues / Actions / Treatments	Due Date	Responsibility
Formalise Public Places By-Law	Jun-19	DCCS
Undertake Formalised Playground Inspections	Sep-18	DCCS
Review Reserve Management Leases and budget requirements	May-18	DCCS
Develop Maintenance Schedules - Buildings	Jun-18	DIO
Develop Maintenance Schedules - Parks	Jun-18	DIO
Develop Maintenance Schedules - Reserves	Jun-18	DIO
Undertake Tree Audit on Public Facilities	Feb-18	DCCS
Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Ser	Sep-18	DCCS

Inadequate Records Management Processes

Jan-18

This Risk Theme is defined as:

Failure to adequately capture, store, archive, retrieve, provision and / or disposal of records and documentation. This includes:

- Contact lists.
- Procedural documents.
- 'Application' proposals/documents.
- Contracts
- Forms, requests or other documents.

Potential causes include:

- Spreadsheet/Database/Document Corruption or Loss
- Outdated Record Keeping Practices / Incompatible Systems
- Inadequate Access and/or Security Levels
- Lack of System/Application Knowledge
- Inadequate Storage Facilities
- High Workloads and Time Pressures
- Staff Turnover / Loss of Corporate Knowledge
- Incomplete Authorisation Trails

Key Controls	Type	Date	Rating
Central Record Systems (EDMS)	Preventative	14/09/2017	Inadequate
Records Management Committee	Preventative	14/09/2017	Inadequate
Records Management Process	Preventative	14/09/2017	Inadequate
Records Management Policy	Preventative	14/09/2017	Inadequate
Document / Correspondence Receipt / Action Process	Preventative	14/09/2017	Adequate
On and Off Site Records Storage	Preventative	14/09/2017	Adequate
Record Keeping Plan	Preventative	14/09/2017	Inadequate

Overall Control Ratings:	Inadequate
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Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Possible

Overall Risk Ratings:	Moderate
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Key Indicators	Tolerance	Date	Overall Result
Incoming documents entered into records management system	<1day		
Staff using records management system	>80%		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to moderate compliance impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Employ Records Management Officer	Jun-18	Info Mgr
Implement Records Management Improvement Project	Jun-18	Info Mgr

Inadequate Project/Change Management

Jan-18

This Risk Theme is defined as:

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time requirements or scope changes.

This includes:

- Inadequate Change Management Framework to manage and monitor change activities.
- Inadequate understanding of the impact of project change on the business.
- Failures in the transition of projects into standard operations.
- Failure to implement new systems

Potential causes include:

- Lack of Communication and Consultation
- Lack of Investment
- Ineffective Management of Expectations (Scope Creep)
- Inadequate Project Planning (Resources/Budget)
- Lack of Project Methodology Knowledge and Reporting Requirements
- Inadequate Monitoring and Review
- Project Risks not Managed Effectively

Key Controls	Type	Date	Rating
Project Management Framework (Project Methodology)	Preventative	14/09/2017	Inadequate
Project Budget Tracking	Detective	14/09/2017	Adequate
New Initiative Reporting	Detective	14/09/2017	Adequate
Council Adoption of New Initiatives	Preventative	14/09/2017	Adequate
Community Engagement Plan	Preventative	14/09/2017	Inadequate
Project Status Reporting	Detective	14/09/2017	Inadequate
Project Management Training	Preventative	14/09/2017	Inadequate
Change Management Plan	Preventative	14/09/2017	Inadequate

Overall Control Ratings: Inadequate

Risk Ratings	Rating
Consequence:	Major
Likelihood:	Possible

Overall Risk Ratings: High

Key Indicators	Tolerance	Date	Overall Result
% Variation in Time, Cost, Scope or Quality of Project Estimates and Actuals			

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to major financial and reputational impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Establish Council Project Management Methodology	Jun-18	DIO
Provide Project Management Training Opportunities	Sep-18	HR Advisor
Finalise Community Engagement Strategy	Feb-18	CEO

Inadequate Engagement Practices

Jan-18

This Risk Theme is defined as:

Failure to maintain effective working relationships with the Community (including Local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This invariably includes activities where communication, feedback and / or consultation is required and where it is in the best interests to do so.

Potential causes include:

- Budget / Funding Issues
- Media Attention
- Inadequate Documentation or Procedures
- Short Lead Times
- Miscommunication / Poor Communication (Internal / External)
- Relationship Breakdowns with Community Groups

Key Controls	Type	Date	Rating
Some Public Education Programs (Animal Management, Waste)	Preventative	14/09/2017	Adequate
Council Reports	Preventative	14/09/2017	Adequate
Community Engagement Strategy and Policy	Preventative	14/09/2017	Inadequate
Media Policy	Preventative	14/09/2017	Adequate
Communications Plans within Project Plans/Events	Preventative	14/09/2017	Inadequate
Strategic Partner Lists	Preventative	14/09/2017	Adequate
Sponsorship Policy	Preventative	14/09/2017	Adequate
Councillor Bulletin	Preventative	14/09/2017	Adequate
Annual Rates Newsletters	Preventative	14/09/2017	Adequate
Pop Up Info and Consultation Stalls	Detective	14/09/2017	Adequate
Social Media/Website Updates	Preventative	14/09/2017	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Unlikely

Overall Risk Ratings: Moderate

Key Indicators	Tolerance	Date	Overall Result
Overall community satisfaction from Annual Community Survey	>70%		
Media Response Timeframe	<24hrs		
Professional Development Program for Councillors	>2		
Freds Pass Show??	Booth visitors		
Community Education Programs	2		
Dog Awareness Education Program delivered to Primary Schools	>2 per year		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to reputational impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Explore Community Engagement Enhancements	COMPLETE	CEO
Finalise Community Engagement Strategy	COMPLETE	CEO
Standardised community information processes for Road Network	Dec-18	Works Manager

Inadequate Procurement / Supplier / Contract Management

Jan-18

This Risk Theme is defined as:

Inadequate management of External Suppliers, Contractors, ICT Vendors or Consultants engaged for core operations and the associated procurement. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes.

Potential causes include:

- Funding
- Complexity and Quantity of Work
- Inadequate Tendering Process
- Historical Contracts
- Inadequate Contract Management Practices
- Ineffective Monitoring of Deliverables
- Lack of Planning and Clarity of Requirements

Key Controls	Type	Date	Rating
Contract Management System	Preventative	14/09/2017	Inadequate
Review Meetings (Major Contracts)	Detective	14/09/2017	Inadequate
Local Government Guidelines	Preventative	14/09/2017	Adequate
Procurement Policies and Procedures	Preventative	14/09/2017	Adequate
Suppliers and Contractors WHS Requirements	Preventative	14/09/2017	Inadequate
Strategic Relationship Map	Preventative	14/09/2017	Inadequate

Overall Control Ratings:	Inadequate
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Risk Ratings	Rating
Consequence:	Major
Likelihood:	Possible

Overall Risk Ratings:	High
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Key Indicators	Tolerance	Date	Overall Result
Number of contracts expired prior to renewal			

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to major financial impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Increase Staff Awareness and Consistency in Approach to Procurement, Contracts and Suppliers	Jun-18	DCCS
Develop a contract management system	Jun-18	DIO
Develop Contract templates	Apr-18	DIO

Inadequate Asset Sustainability Practices

Jan-18

This Risk Theme is defined as:

Failure or reduction in service levels of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal.

Areas included in the scope are;

- Inadequate design (not fit for purpose)
- Ineffective usage (down time)
- Outputs not meeting expectations
- Inadequate maintenance activities.
- Inadequate financial management and planning.

It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.

Potential causes include:

- Skill Level and Behaviour of Operators
- Lack of Trained Staff
- Outdated Equipment
- Unavailability of Information and/or Parts
- Lack of Formal or Appropriate Scheduling (Maintenance / Inspections)
- Unexpected Breakdowns

Key Controls	Type	Date	Rating
Asset Management System	Preventative	14/09/2017	Inadequate
Asset Management Plans	Preventative	14/09/2017	Inadequate
Asset Management Steering Group	Preventative	14/09/2017	Adequate
Corporate Asset Register	Preventative	14/09/2017	Adequate
Asset Handover Procedures	Preventative	14/09/2017	Adequate
Future Trends Analysis	Preventative	14/09/2017	Inadequate
Land Asset Optimisation Strategy	Preventative	14/09/2017	Inadequate
Conditional Analysis	Detective	14/09/2017	Inadequate
Asset Valuations	Preventative	14/09/2017	Adequate
Asset Renewal Program	Preventative	14/09/2017	Inadequate
Community Engagement - Service Levels	Detective	14/09/2017	Inadequate
Inspection and Maintenance Program - Roads	Detective	14/09/2017	Adequate
Inspection and Maintenance Program - Other Assets	Detective	14/09/2017	Inadequate

Overall Control Ratings: Inadequate

Risk Ratings	Rating
Consequence:	Major
Likelihood:	Possible

Overall Risk Ratings: High

Key Indicators	Tolerance	Date	Overall Result
Asset sustainability ratio	90%		
Works (operating) program - as adopted, completed in agreed timeframes	>90%		
Works (capital) program - as adopted, completed in agreed timeframes	>90%		
Drainage / roads meet a condition rating of satisfactory or above	>75%		
Emergency works response mobilised	<48hrs		
Plant serviced within 3 days of service due date	100%		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to major financial and reputational impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Asset revaluation	Jun-18	Asset Management Officer
Develop Asset Management Plan inc Asset costings to establish renewal program	Jul-18	Asset Management Officer
Develop Inspection/Maintenance program	Oct-18	DIO

Ineffective HR Management / Employment Practices

Jan-18

This Risk Theme is defined as:

Failure to effectively manage and lead human resources (full/part time, casuals, temporary and volunteers). This includes not having an effective Human Resources Framework in addition to not having appropriately qualified or experienced people in the right roles or not having sufficient staff numbers to achieve objectives. Other areas in this risk theme to consider are;

- Breaching employee regulations (excluding H&S).
- Discrimination, Harassment & Bullying in the workplace.
- Poor employee wellbeing (causing stress)
- Key person dependencies without effective succession planning in place.
- Induction issues.
- Terminations (including any tribunal issues).
- Industrial activity.

Care should be taken when considering insufficient staff numbers as the underlying issue could be a process inefficiency.

Potential causes include:

- Leadership Failures
- Available Staff / Volunteers
- Single Person Dependencies
- Poor Internal Communications / Relationships
- Ineffective Performance Management Programs or Procedures.
- Ineffective Training Programs or Procedures.
- Limited Employment Market Availability
- Inadequate Induction Practices.

Key Controls	Type	Date	Rating
HR Policy and Procedures	Preventative	14/09/2017	Inadequate
Performance Development Plans and Training Register	Detective	14/09/2017	Adequate
Workforce Plan	Preventative	14/09/2017	Inadequate
Staff Inductions (Code of Conduct Component)	Preventative	14/09/2017	Adequate
Staff Surveys	Detective	14/09/2017	Inadequate
Recruitment Process	Preventative	14/09/2017	Excellent
Corporate Training Plan	Preventative	14/09/2017	Inadequate
Training Budget	Preventative	14/09/2017	Adequate
Regular Staff Meetings	Preventative	14/09/2017	Adequate

Overall Control Ratings:	Adequate
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Risk Ratings	Rating
Consequence:	Major
Likelihood:	Unlikely

Overall Risk Ratings:	Moderate
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Key Indicators	Tolerance	Date	Overall Result
Staff turnover rate	<20%		
Organisational development initiatives	3		
Professional development training for each staff member	<1		

Comments

As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to service interruption, people and financial impacts

Current Issues / Actions / Treatments	Due Date	Responsibility
Develop Corporate Training Program	Oct-18	HR Advisor
Implement Reward and Recognition Program	Oct-18	HR Advisor
Implement People and Culture Program	ONGOING	HR Advisor
Review HR Policies	Mar-18	HR Advisor

Agenda Item Number:	11.3
Report Title:	Records Management Improvement Plan
Meeting Date:	6/02/2018
Attachments:	Records management improvement project plan

Purpose

To present the records management improvement plan to the RMAC

Summary

The Records Management Improvement Project (RMIP) is being run in the Financial Year 2017/2018. The project is to coincide with the Disposal Scheme for NT Local Government organisations project managed by LGANT.

The Records Management Improvement Project (RMIP) attached, has 5 standards that need to be achieved by Litchfield Council. The project also includes 14 key deliverables for Council. A number of the key deliverables would coincide with the Disposal Scheme project being approved for use by NT Archives.

A key assumption for this project was that a suitable Records Management Officer would be selected in interviews conducted in early October 2017. The Records Management Officer would then assume the position of the Project Manager for the RMIP. Unfortunately, Litchfield was unable to secure a suitable candidate for the role.

In December 2017, Litchfield Council sourced potential suitable contractors with the aim of engaging them in the RMIP. At this stage Litchfield Council has been unable to secure the right contractor to suit the RMIP needs due to contractor availability and cost. Council is having conversations with West Arnhem Regional Council to utilise their Records Management staff over the Shared Service Agreement. Furthermore, LGANT has initiated a project to employ a Records Management Specialist to develop a Business Classification Scheme for all NT councils. This project is dependent on the support of individual councils. Litchfield Council has given its support to LGANT via the CEO.

To date the Disposal scheme is in the process of being approved by Councils via LGANT. A key deliverable of the RMIP is the creation of the draft Business Classification Scheme (BCS) linked to the Disposal Scheme.

Litchfield Council continues to analyse the best option for the RMIP and a decision will be made in February 2018 to progress the project in time for this financial year.

Recommendation

THAT the RMAC note the Records Management Improvement Plan.

Background and Discussion

The RMIP was developed in response to the state of records management capability in Litchfield Council and the potential risk it posed

Links with Strategic Plan

5. An effective and sustainable Council

Legislative and Policy Implications

Part 5 of the Local Government (Administration) Regulations sets out records management responsibilities of Council

Risks

Implementation of this project reduces the risk of noncompliance.

Financial Implications

Council has allocated funds towards this project through a new initiative.

Community Engagement

Nil

Recommending Officer: David Jan, Governance and Risk Advisor

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

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.

Records Management Improvement Project

Introduction

An effective records management system enables the organisation to effectively use information and knowledge to achieve the organisation's objectives.

An effective records management system requires a relevant and meaningfully managed program (software system), efficient and effective processes, excellent support and training for users of the system and an organisational culture that values and understands the importance of record capture.

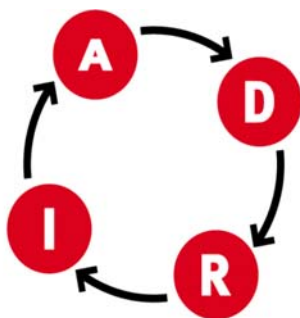
The NT Public Service includes ***Records Management Standards for Public Sector Organisations in the Northern Territory*** which provides a useful standard for NT local government authorities as we have similar legislative requirements in relation to record management.

The NT PS includes five standards for Record Management and can be found at: http://www.nt.gov.au/dcis/docs/records_policy_standards/records_management_standards.pdf

- **Standard 1 Governance** (including identification of records) – Records must be created within a managed framework
- **Standard 2 Capture** – Records must be captured into the corporate records management system
- **Standard 3 Discovery** – Records must be findable and accessible for as long as they are required
- **Standard 4 Security** – Records must be secure
- **Standard 5 Disposal** – Records must be disposed of systematically and accountably

Litchfield Council is embarking on a Records Improvement Project (RIP) to establish the right environment and build the necessary capability to enable the organisation to successfully operate and comply with legislation. To do so, Council will use the Australian Business Excellence Framework ***Learning Circle ADRI***; Approach, Deployment, Results and Improvement.

ADRI simply means that we have a considered planned approach to the RIP (**Approach**), we will have a planned implementation process (**Deployment**), we will have mechanisms in place to review the progress of the project and we will revisit the project at particular points in time, to evaluation the success or otherwise of the project (**Results**) and make any improvements required (**Improvement**).



- Approach – identifies your organisation's intent for an Item.
- Deployment – identifies those planned activities supporting the improvement strategy.
- Results – the performance indicators that measure the effectiveness of an Approach and its Deployment.
- Improvement – the process by which Approach and Deployment are reviewed and adapted to achieve improved results.

In summary, our **Approach** is to establish a Records Improvement Team (RIT) to steer the Project, monitor project performance and evaluate results, to start again by establishing a new system (InfoXpert), set out in a way that makes sense to the staff using the system.

Deployment will include developing processes and materials to support staff using the system, and providing initial training and ongoing support and commencing with a testing environment for power users before going 'live'. Periodic **Review** will occur. The organisation is committed to ongoing improvement, adjusting where necessary and ensuring that that system is meeting the needs of the users (customers). The Records Improvement Project Team will play a vital role in guiding the project, providing valuable input and contributing to creating an environment of continuous improvement (**Improvement**).

Timelines

Deliverables	Due Date
Finalised Project Plan	13 October 2017
Records Management Policy	10 November 2017
Draft Business Classification Scheme	24 November 2017
Review of Records Management Software	24 November 2017
Draft Naming Conventions	24 November 2017
Mail Procedures	8 December 2017
Establishment of Records Management System	19 January 2018
Records Management Procedures	19 January 2018
Records Management User Manual	16 February 2018
Records Management System Test environment deployed	2 March 2018
Training all staff	20 March 2018
Records Management System goes live	30 March 2018
Competency Map	13 April 2018
User Survey Results and Improvement map	8 June 2018

Project Sponsor

The project sponsor will be the Director Community and Corporate Services.

The Project Sponsor is responsible for reporting to the executive level and council on progress of the project and that the overall goal is achieved within set timeframes.

Project Supervisor

The Project Supervisor will be the Information Manager.

The Project Supervisor is responsible for the planning and deployment of the project. The Supervisor has to guide and instruct the project manager and ensure timelines are met within the project. The Supervisor will report fortnightly to the Project Sponsor on the progress of the project.

Project Manager

The Project Manager will be the Records Management Officer.

The Project Manager is responsible for the implementation of the project plan. The Manager will involve key stakeholders in the process and drive the progress of the project.

Project Team

Information Manager	Project Supervisor
Governance & Risk Officer	Project Advisor
Records Management Officer	Project Manager
Executive Assistant to the CEO/Mayor	Representative for CEO Office
Administration Assistant to the DIO	Representative for I&O
Administration Assistant to the DCCS	Representative for C&CS

The Project Team (RIT) is to steer the project and ensure the project outcomes will be in line with organisational and legislative requirements. RIT is to meet monthly to evaluate the progress and to report to the Project Sponsor.

Key stakeholders

The key stakeholders are representatives for the divisions of Council:

Engagement Officer	Representative for CEO Office
Customer Services Officer	Representative for C&CS
Payroll Officer	Representative for C& CS
Works Controller	Representative for O&I
Planning Administration Officer	Representative for O&I

The identified Key Stakeholders will be invited for comment and review as part of the RIT meetings at least bi-monthly. Those identified stakeholders representing their area are requested to provide feedback in a testing environment and are identified as power users for their areas. The key stakeholders will become trainers for their division.

Project Plan

ADRI Cycle	Activity	Output	Tasks	Responsible Officer
Approach	Project Planning	Establish a Records Improvement Team (RIT)	Power Users identified	
			Terms of Reference established	
			Project Plan finalised, including timelines	
Approach	Operating System Set up	Policy and Standards	Develop the guiding documents for Record Management (see NT PS Standards)	
		Business Classification	A draft Business Classification structure developed - Parent (File) and Child (Activity), including Disposal schedule	Records Mgt Officer
			Consultation with key staff to finalise Business Classification structure	RIT
		Naming Conventions	Naming conventions finalised through consultation /awareness with power users	
		Mail process	Incoming document (mail, electronic) process established	
		Business rules	EDS / Authority (Civica)	
		Electronic document management system established	Electronic Records software System configuration	Administrator

ADRI Cycle	Activity	Output	Tasks	Responsible Officer
Approach	Building Capability with training & Support	Policy & Procedures User Manual	Policy & Procedures developed User Manual developed	
Deployment	Operating system implementation	New system deployed	New system in 'testing' environment – power users testing RIT considers results and makes final improvements	Power Users
		New system goes live	Training for all staff, distribution of User Manual Competency level checklist/one-one training	
Review	Building Capability Training & Support	Competency Map	Develop a "competency map outlining the different competencies that staff need to have to ensure that the organisation is managing records well and in accordance with statutory requirements. Individual staff members are supported to progress through the tasks via an annual support program.	
Review	Evaluate	User survey		
Improvement				

Agenda Item Number:	11.4
Report Title:	Management Response to External Audit Management Report
Meeting Date:	6/02/2018
Attachments:	Management Response to External Audit Management Report – financial year ended 30 June 2017

Purpose

To provide the committee with the External Audit Management Report for the financial year ended 30 June 2017 including Council's response.

Summary

An Interim Management Letter from the auditors was presented to the RMAC at the October 2017 meeting which included the proposed management response.

The attached External Audit Management Report for the financial year ended 30 June 2017 prepared by the external auditor (UHY Haines Norton) was provided to Council in December 2017 following the final audit. Management provided responses to the issues identified in the Report, along with an assessment of the Risk Levels.

This management letter maintains a continual improvement of Councils performance with only four issues identified compared with ten in the 2015/2016 management letter and seventeen in 2014/2015. The implementation of all the current policies, procedures and actions mitigates the residual risk levels associated with the 2016/2017 observations and puts Council in good stead for the 2017/2018 financial year.

Recommendation

THAT the RMAC receive and note the Council's response to the External Audit Management Report for the financial year ended 30 June 2017 as attached to this report.

Background and Discussion

The External Audit Management Report for the financial year ended 30 June 2017 was acknowledged by Management providing comment on the risk assessment levels with Litchfield Council's existing policies, procedures and actions implemented in response to the external auditors recommendations. The response also confirms that management are addressing the unresolved issues identified from prior years reviews.

Links with Strategic Plan

5. An effective and sustainable Council

Legislative and Policy Implications

The RMAC is provided with the report in line with FIN09.

Risks

Nil

Financial Implications

Nil

Community Engagement

Not applicable

Recommending Officer: Silke Reinhardt, Director of Corporate Services

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

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 of 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.

23 January 2018

UHY Haines Norton
PO Box 8070
ADELAIDE SA 5000

Dear Mark

Re: External Audit Management Report – Financial Year Ended 30 June 2017

In response to the External Audit Management Report dated 21 December 2017 detailing matters from the audit of the financial statements of Litchfield Council for the year ended 30 June 2017, management provided responses (as detailed in the letter) to the issues identified.

The explanations to auditor's suggestions have been actioned and given they are in place we do not deem any further actions are required to minimise the risks associated with issues outlined in the attached Management Report.

The levels of risk used in your assessment are summarised below.

H	Weakness that requires immediate attention as it has a potential to have a serious, adverse effect on the Council.
M	Weakness that could adversely affect the Council if not addressed or reduce the efficiency of Council operations.
L	Weakness that results in controls falling short of best practice.

Management acknowledges the risk assessment presented by the auditors and considers that the combination of existing policies and procedures along with actions implemented in response to the suggestions and provides an update risk matrix below.

AUDIT OBSERVATION	UHY HAINES NORTON RISK LEVEL	LITCHFIELD COUNCIL RISK LEVEL	COMMENTS
1 – Procurement Policy	M	L	<ul style="list-style-type: none"> - Evaluation Panel signs off that all files have been received in electronic format. - All successful tenderers are published on Council's website. - Tenders within the financial delegation are approved by the CEO. The quarterly reports to Council inform Council of

			these tenders awarded under delegation.
2 – Tender Evaluations	M	L	Assessment panel agrees to the weighting and criteria for assessment before the tender is published.
3 – Payroll Audit Trials Reports	M	L	Removal of edit permissions from Payroll certifying Officer will eliminate the risk of potential fraud.
4 – Review of Rating Parameters	M	L	Annual review of rating parameters is performed and signed off by Finance Manager prior to Rates Notice printing.

In response to reviewed matters raised in prior year management letters, management are addressing all unresolved issues, as outlined below:

1. Review of IT Access Levels

A review is performed quarterly to ensure access levels are in line with working requirements. Also, limited staff have the ability to update the access levels.

2. IT Policies

New IT Policies will be developed as a result of the outcome from the IT Improvement Plan.

3. Thorak Regional Cemetery Financial Data

The development of appropriate procedures to capture consistent data is a focus for management in 2017/18.

Should you have any queries in regards to the contents of this letter, please do not hesitate to contact myself or Karina Gates on (08) 8983 0600.

Yours faithfully



Kaylene Conrick
Chief Executive Officer
LITCHFIELD COUNCIL

21st December 2017

Risk Management and Audit Committee
Litchfield Council
PO Box 446
HUMPTY DOO NT 0836

Dear Committee Members,

External Audit Management Report – Financial Year Ended 30 June 2017

We have completed the audit of the financial statements of Litchfield Council for the year ended 30 June 2017.

The attached Management Report provides a discussion on certain matters concerning the council's internal controls, accounting practices and other matters which came to our attention during our field work in connection with the audit for the year ended 30 June 2017 and our suggestions for improvements.

Please note that all matters raised in this report have been discussed with management prior to the report being issued and responses provided by management to the audit matters raised have been included.

We do this as part of our continued commitment to our clients.

We would like to thank the finance team for all of their help and support completing the audit of Litchfield Council for the year ended 30 June 2017.

Would you have any queries in relation to this report, please do not hesitate to contact us.

Yours sincerely,



Mark Nicholaëff
Partner

Signed at Sydney on 21st December 2017

UHY Haines Norton

UHY Haines Norton
Chartered Accountants

LITCHFIELD COUNCIL

EXTERNAL AUDIT MANAGEMENT REPORT YEAR ENDED 30 JUNE 2017



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1. LEVELS OF RISK USED IN OUR ASSESSMENT

We have provided an assessment of the level of risk associated with each of the audit observations outlined in our management letter. This task has been undertaken to give Council an idea as to the potential risk that could occur. It is ultimately Council's responsibility to assess the level or risk for each of the outlined audit observations.

The levels of risk used in our assessment have been summarised below.

H	Weakness that requires immediate attention as it has a potential to have a serious, adverse effect on the Entity.
M	Weakness that could adversely affect the Entity if not addressed or reduce the efficiency of Entity operations.
L	Weakness that results in controls falling short of best practice.

2. SUMMARY OF ISSUES IDENTIFIED

The following is a summary of the issues that has been identified:

Issue Number	Issue Identified	Risk Level
1	Procurement Policy	M
2	Tender Evaluations	M
3	Payroll Audit Trail Reports	M
4	Review of Rating Parameters	M

3. ISSUES IDENTIFIED

Issue No.	Issue	Risk Level
1.	Procurement Policy	M

Observation	Implication	Suggestion	Management Response				
<p>The procurement policy in place at the time of our interim audit visit, was compliant with section 29(2) of the <i>Local Government (Accounting) Regulations</i>. However, the process being followed by staff was not compliant to the procurement policy and regulations as noted in the table below.</p> <table><tr><th>Regulation</th><th>Observation</th></tr><tr><td>Regulation 29 (2) requires either the council itself, or a committee of 3 members of the council's staff delegated by the council to open and consider the tenders and report to the council on the tenders.</td><td><p>Tender opening form is signed by two employees when the submitted tenders are downloaded and opened.</p><p>We note that only tenders over \$500,000 were reported to council.</p></td></tr></table>	Regulation	Observation	Regulation 29 (2) requires either the council itself, or a committee of 3 members of the council's staff delegated by the council to open and consider the tenders and report to the council on the tenders.	<p>Tender opening form is signed by two employees when the submitted tenders are downloaded and opened.</p> <p>We note that only tenders over \$500,000 were reported to council.</p>	<p>Council being in breach with the <i>Local Government (Accounting) Regulations</i>.</p>	<p>We suggest that procurement processes are altered to be in line with the <i>Local Government (Accounting) Regulations</i>.</p>	<p>The procedures for tender opening has been re-assessed and the following changes have occurred:</p> <ul style="list-style-type: none">- A list of all files submitted through Tenderlink is printed and the Tender Evaluation Panel signs off that all files have been received in electronic format.- All successful tenderers are published on Council's website under "Work and Business – Tenders and Quotations – Awarded Tenders". This has been rectified for all tenders since May 2016.- Tenders within the financial delegation are approved by the CEO. The quarterly reports to Council inform Council of these tenders awarded under delegation.
Regulation	Observation						
Regulation 29 (2) requires either the council itself, or a committee of 3 members of the council's staff delegated by the council to open and consider the tenders and report to the council on the tenders.	<p>Tender opening form is signed by two employees when the submitted tenders are downloaded and opened.</p> <p>We note that only tenders over \$500,000 were reported to council.</p>						

LITCHFIELD COUNCIL
EXTERNAL AUDIT MANAGEMENT LETTER – FOR YEAR ENDED 30 JUNE 2017

Regulation 29 (3) (b) states that the council give notice of the successful tender in writing to each other person who submitted a tender and by publishing the notice on the council's website.	There was no indication at the time of our audit visit that the successful tenders were published on the council website.
--	---

Issue No.	Issue	Risk Level
2.	Tender Evaluations	M

Observation	Implication	Suggestion	Management Response
During our testing we noted that the percentage weightings & assessment criteria disclosed in the Public Tender Request document varies to what has been used by the Evaluation Tender Panel in assessing each of the submitted tenders received.	<p>There is a risk that the tender could be manipulated.</p> <p>There is a risk that a tenderer could challenge the council's decision and there could be financial implications if tenderer takes council to court.</p>	<p>We suggest that council staff involved in the tender evaluation assessments ensure that the percentage weightings & assessment criteria are being followed exactly to what has been disclosed in the Public Tender Request.</p>	<p>Item described was a one-off human error.</p> <p>In line with Council's policy the tender assessment panel agrees to the weighting and criteria for assessment before the tender is published.</p>

Issue No.	Issue	Risk Level
3.	Payroll Audit Trail Reports	M

Observation	Implication	Suggestion	Management Response
Payroll audit trail reports are being reviewed by an employee who has user access edit permission rights to the payroll module in Authority.	Unauthorised set-up of new employees and changes to bank details could be made without detection. This could result in the payroll masterfile not remaining up to date and potential fraud.	We suggest that these reports are reviewed on a regular basis by an officer who does not have user access edit permissions to the payroll module. This review should be evidenced by a signature.	The edit permissions have been removed from the Payroll Certifying Officer, this generally being the Finance Administration Assistant, to ensure they only have the review option, they cannot update any details. This restriction will eliminate the risk of potential fraud.

Issue No.	Issue	Risk Level
4.	Review of Rating Parameters	M

Observation	Implication	Suggestion	Management Response
We note that there is no evidence of a secondary review of the rating parameters once they are entered into the system. The Rates Officer enters the rating parameters into the system once they have been adopted by Council and we understand that the Finance Manager will perform a review of these parameters, however this is not evidenced.	Incorrect rate revenue may be generated if the rating parameters are input incorrectly.	We suggest that the Finance Manager document the review of the rating parameters to ensure themselves and the Rates Officer that they are satisfied that they have been entered correctly.	With the granting of the 2017/18 Rates and Charges all rating parameters were reviewed and signed-off by the Finance Manager prior to the Rates Notices being sent to the printers.

4. REVIEW OF MATTERS RAISED IN PRIOR YEAR MANAGEMENT LETTERS

The issues in this section were raised in previous management letters but remain relevant in the current year. For each of these issues, I have determined:

- how management has addressed the issue in the current year
- what management still needs to do to address unresolved issues.

Prior Issues Raised	Assessment of Action Taken By Entity	Suggestion	Management Response
<p>1. Review of IT Access Levels</p> <p>UHY Haines Norton conducted a review of the user access permission rights in the Authority Accounting System and found minimal segregation of duties were being enforced.</p> <p>We suggested that a documented review of user access levels to be scheduled at regular intervals. This review should include an assessment of the access requirements of each employee commensurate with their roles. If an employee's role does not require access to a certain module for day to day usage, access should be removed. We also suggested that an audit trail be implemented to track changes</p>	<p>It is our understanding that management have reviewed the user access permission rights in Authority during the year. Council identified and removed user access permission rights for council staff who do not require access to certain modules within Authority.</p>	<p>Please provide an update in regards to this issue and document the regular reviews that are being performed to ensure that council staff only have access to certain modules in order to perform their daily duties.</p> <p>Are there audit trail reports being utilised to monitor the changes in user access permissions?</p>	<p>Quarterly reviews are undertaken to ensure staff only have access to the modules that are in line with their work requirements.</p> <p>There are only two staff that can update the IT Access Levels – These are monitored at least quarterly.</p>

made to access levels during the year.

2. IT Policies

We noted that there were minimal documented policies in place for IT procedures. For example, IT security and upgrading and updating software.

Council has implemented and adopted IT policies and the Disaster Recovery Plan during the 2016/2017 FY.

We suggest that IT policies should be adopted for the following:

- Security of council data within the IT systems.
- Guidelines for assessing the suitability of new software programs,
- Implementation of new software programs and guidelines in regards to upgrades and updates of hardware and software.

The IT Policies are yet to be adopted in line with the completion of the IT Strategy Plan.

3. Thorak Regional Cemetery Financial Data

We noted that prepayments received for cemetery services are currently being recorded in an excel spreadsheet and being updated on a yearly basis. The split between sales that should be recorded as income in the current year and the sales that are required to be recorded as a prepayment (and recorded as income in a future period when the service is provided) has in prior years been recorded

Management advised that there were new processes and systems in place in the recording of cemetery services payments that are processed into Authority. The new procedure ensures that at the time of processing, the correct allocations in the accounts between revenue and prepayments are being applied.

We suggest that to ensure consistent procedures are maintained from year to year, that a policy is implemented providing guidelines in relation to the capturing and recording of cemetery services data in Authority and guidelines to ensure that all data and supporting documentation is retained and routinely monitored to ensure that all balances and transactions can be justified.

Management will develop appropriate procedures to capture consistent data into the future.

incorrectly. The financial statements for the Cemetery were restated last financial to correct these errors. We note that there is minimal documentation retained by Council for these prepayment balances.