



# Risk Management and Audit Committee (RMAC) **BUSINESS PAPER** **TUESDAY 3/08/2021**

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

**Daniel Fletcher, Chief Executive Officer**

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



## RMAC AGENDA

### LITCHFIELD COUNCIL RMAC MEETING

#### Notice of Meeting

to be held in the Executive Meeting Room, Litchfield  
on Tuesday, 3 August 2021 at 10.00am

Daniel Fletcher  
Chief Executive Officer

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1. Opening of meeting

2. Apologies and Leaves of Absence

3. Disclosure of Interests

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

4. Confirmation of Minutes

THAT the full minutes of the Risk Management and Internal Audit Committee Meeting held Tuesday 4 May 2021, 3 pages, be confirmed

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

5. Business Arising from the minutes

Nil

6. Presentations

Nil

7. Accepting or Declining Late Items

8. Officer Reports

## RMAC REPORT

<b>Agenda Item Number:</b>	8.1
<b>Report Title:</b>	Long Term Financial Model Audit
<b>Author &amp; Recommending Officer:</b>	Arun Dias, General Manager Business Excellence
<b>Meeting Date:</b>	3/08/2021
<b>Attachments:</b>	A: LTFP Audit Report B: Summary of key findings

### Executive Summary

The purpose of this report is to provide an update to the Risk Management and Audit Committee (RMAC) on the outcome of the audit of the Long Term Financial Model (Financial model).

### Recommendation

THAT the Risk Management and Audit Committee:

- 1) receive and note the audit report from CT Management Group;
- 2) support management to undertake expressions of interest inviting competitive quotes to replace the existing Long Term Financial Model no later than December 2021.

### Background

The RMAC approved the review and audit of the Council's Long Term Financial Model on 23 February 2021. Management engaged CT Management Group (auditors) to conduct the audit of the financial model. The scope of the audit was limited to the modelling part of the financial model. An audit of the financial model is different compared to the audit of the Long- Term Financial plan. The former tests the output and accuracy of outputs based on set assumptions, the latter tests the assumption itself. A final audit report from the auditors was submitted in June 2021 which is provided as attachment A of this report.

Attachment B to the report provides a summary of the key findings. The findings indicate structural design weaknesses in the financial model.

One of the key risks of the current model is in future years the cash balances and the financial reserve balances do not separate between restricted and un-restricted cash. The reserve balances display one lump sum cash and reserve balance which could be misleading. The overall cash and reserve balance is made up of restricted and un-restricted funds and as such should show that distinction. Not having the reserves split between restricted and un-restricted reserves could falsely show a healthy cash position when in fact, they might be made up of majority of restricted funds.



**Options:**

Following the final audit report, considering its findings and recommendations, the following three options are presented:

Option number	Option description	Option explanation	Recommendation
1	Do nothing option	This option means management continue to use its current financial model with its identified risks and shortcomings.	This option is not recommended due to the high risk of structural weakness of the financial model.
2	Re-design the existing financial model	This option would require engaging a competent consultant to re-design the existing model to bring it up to a standard where the current risks and weaknesses are addressed.	This option is not recommended because of the high cost of engaging a consultant to re-design the existing financial model. Further costs would also be required to get the model audited to provide assurance.
3	Replace the financial model.	This option is the preferred option would seek to replace the existing financial model with a tried, tested and established financial model used by various councils across the country. These models are audited and certified by auditors.	Recommended option. Considering the risks identified in the auditor's report and the low cost to replace the model (approximately \$2,500 per year ongoing costs), this option is best value for Council.

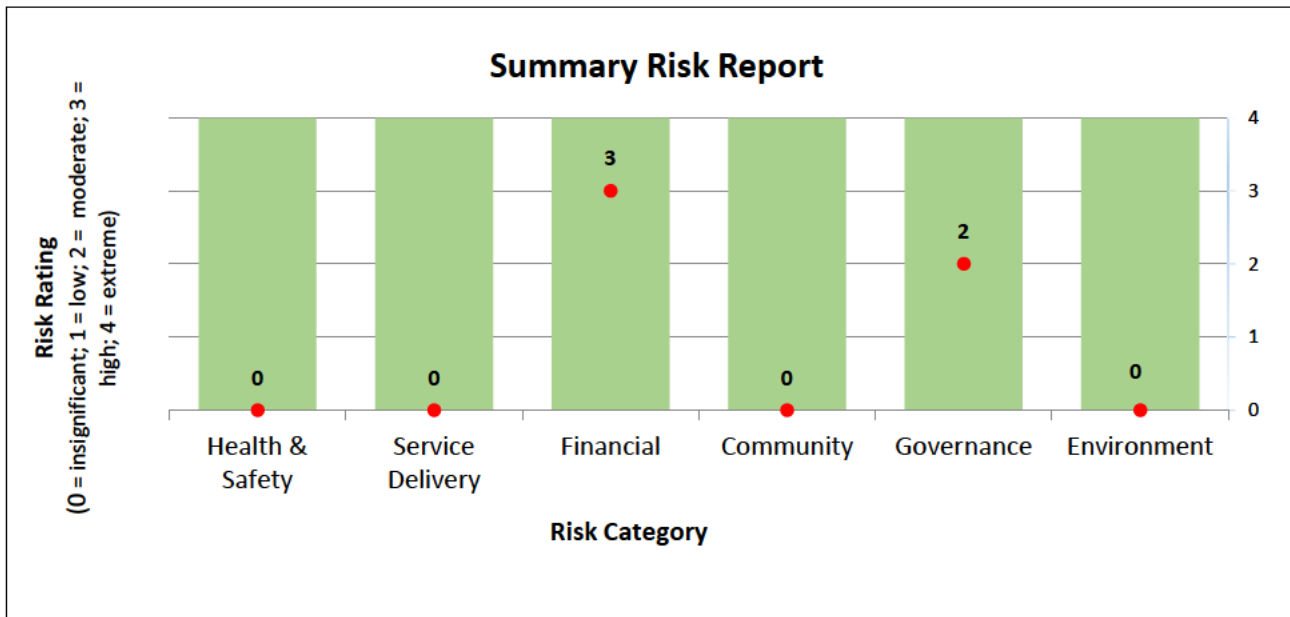
**Links with Strategic Plan**

A Well-Run Council - Good Governance

**Legislative and Policy Implications**

Section 200 of the Local Government Act 2019 states "A council must prepare and keep up-to-date a long-term financial plan.

## Risks



The modelling of the long-term financial plan is a key input into Council's primary public document, namely, the Long Term Financial Plan. Considering the existing risks, weakness and recommendations from the auditors report, there is a moderate financial risk and a low governance risk should the decision to replace the financial model not be supported.

## Financial Implications

The financial implications of replacing the financial model are not fully known but preliminary indications show an upfront and once-off cost of approximately \$10,000 with an ongoing yearly subscription cost of \$2,500.

## Community Engagement

N/A



**LONG TERM FINANCIAL PLAN PRODUCT AUDIT  
PREPARED FOR LITCHFIELD COUNCIL**

JUNE 2021  
STRICTLY PRIVATE & CONFIDENTIAL

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## DOCUMENT CONTROL

CT Management Group P/L PO Box 1374 GEELONG VIC 3220  Mobile: 0418534268 Email: admin@ctman.com.au Web: www.ctman.com.au	Document : Long Term Financial Plan Product Audit
	Project Manager: Sonia Giofches
	Author: Sonia Giofches and Michael Courtney
	Date: June 2021
	Synopsis: Review of LTFP and recommendations

## CONSULTANTS DISTRIBUTION SCHEDULE

Version No.	Date	Distribution	Reference
1	03/05/2021	Litchfield Council – Arun Dias	J5663
2	04/06/2021	Litchfield Council – Arun Dias	J5663

## SCHEDULE OF ADOPTION

Version No.	Date	Comment	Reference

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## 1. INTRODUCTION

Litchfield Council is situated on the outskirts of Darwin amid tropical rural bushland, boasting a rural lifestyle with a wide range of well managed services and facilities available to its residents and visitors.

With an area over **3,100** square km, Litchfield is rapidly growing offering larger land parcels for with a population of **25,500** people. Litchfield residents enjoy a rural lifestyle which combines a mix of rural residential, horticultural, agricultural, and industrial interests within its boundaries.

The fundamentals of modern governance, include the need to be transparent and accountable to the community at large. The community provides the funds (rates, fees and charges, contributions) to enable Council to provide services.

To provide a level of transparency and accountability regarding how these funds have been used, Council is required to produce annual financial statements based on prescribed requirements (including specified accounting standards), and a 4-year long term financial plan (LTFP).

The LTFP details Council's future financial objectives and priorities to the community.

The financial statements are independently audited by an external auditor.

The objective of financial statements is to provide information about the financial position, performance, and changes in financial position of Council.

## 2. SCOPE AND METHODOLOGY

### 2.1 Scope

Litchfield Council has requested an independent review and assessment of the risk and gaps on its current LTFP model. The LTFP is an important strategic document which forecasts and aligns long term financial viability against the targets and objectives set by Council.

Pursuant to Part 10.4 of the *Local Government Act (NT) 2019*, Council is required to prepare a LTFP.

The LTFP must relate to at least a period of **4** years and contain:

- a. A statement of the major initiatives the Council proposed to undertake during the period to which the plan relates; and
- b. Projections of income and expenditure for each financial year of the period to which the plan relates.

Litchfield Council's LTFP extends over a ten (**10**) year period to ensure Council is positioned effectively to realise their objectives in Council's Strategic Plan.

Council also recognise that their long-life infrastructure needs to be planned over a longer timeframe than **4** years.

### 2.2 Methodology

The proposed methodology and approach to this project was as follows:

1. Transcribe financial data into the CT Management Group's *Long Term Financial Plan* to validate Litchfield Council's *Long Term Financial Plan*.
2. Assessment of how cash flow calculates.
3. Assess the key risks, gaps, and accuracy of the current *Long Term Financial Plan*.
4. Provide assurance on appropriate checks and balances within the current *Long Term Financial Plan*.
5. Assess data integrity throughout the *Long Term Financial Plan*.
6. Assess the capability of the current *Long Term Financial Plan* to calculate and/or integrate aspects such depreciation, whole of life costs, renewal demand, borrowings, leases, developer contributions and the capital works program.
7. Consider the availability and quality of user manuals, internal knowledge, and security of data storage.

8. Consider ease of preparation and relevance of outputs such as financial statements and performance indicators.
9. Identify improvement opportunities.
10. Prepare report on findings and recommendations for Council to present to Council's *Audit Committee*.

### 3. GENERAL OBSERVATIONS

#### 3.1 LTFP structure

Litchfield Council's LTFP is an excel based model consisting of **11** worksheets:

- Long Term Financial Plan
- Cash Budget Overview
- Capital Works
- Material Contracts index calculation
- Reserves
- Changes from Last Year
- Rates Increase Assumptions
- Loan Details
- Modifications not in system yet
- Rough Calculations
- Asset Funding shortfall (hidden sheet with formula errors).

There is no consistent structure or linkages between the work sheets.

#### 3.2 Observations

##### 3.2.1 Integration

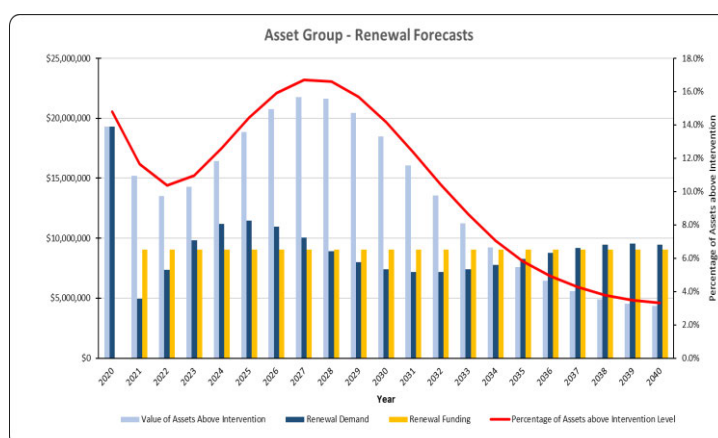
The Cash Budget Overview, Capital Works and Material Contracts index calculation worksheets have some basic links back to the Long-Term Financial Plan worksheet. The remaining worksheets do not integrate and stand alone.

Lack of integration is a major weakness and risk in the LTFP.

##### 3.2.2 Capital Works and Depreciation

The capital works program figures are calculated, without reference to a logical source.

We cannot see any evidence of reference to *Asset Management Plans* nor details of the process or criteria to prioritise the projects in the capital works program.



**Figure 1 - Asset Group - Renewal Forecasts**

The cash budget overview uses depreciation as a proxy for renewal.

This is a flawed approach as assets lifecycles from a renewal perspective follow a condition curve, with investment required when certain intervention levels are met.

In the attached example diagram the affordable level of renewal will result in Council achieving **3%** of assets outside intervention in **20** years' time.

This is the analysis to support levels of renewal investment as opposed to depreciation charges that represent the write-off of the useful life of the asset as opposed to renewal which tends to focus on the economic life.

Council needs to establish intervention levels that reflect preferred levels of service and aim to fund these, or at the very least, understand the impacts of not meeting funding levels.

Council should address its Asset Management Planning as a priority.

### 3.2.3 Reserves

The breakdown of other reserves for the 2021/22 Budget year on the Cash Budget Overview does not equal the other reserves on the balance sheet or the reserves worksheet.

Furthermore, there is no reserves tracking from 2023 - 2031 and appears that the reserves figure may be a "balancing item" as this reduces over the life of the 10 year plan from **\$13M** to **\$1.9M**.

An improvement opportunity with reserves and the LTFP will be to ensure reserves are cash backed and the system calculates the uncommitted cash to inform Council.

### 3.2.4 Cell protection

The input into the LTFP is done on the "Long Term Fin Plan" worksheet.

None of the cells on this spreadsheet are protected and can be easily overwritten.

This is also the output sheet for the LTFP.

We would recommend a structure of input, calculation, and output sheets, where only input sheets can be altered by the user.

The output sheets should be in a complaint form to make extraction to formal LTFP documents easy.

## 4. FINANCIAL STATEMENTS

### 4.1 Comprehensive Income Statement

#### 4.1.1 Forecasting assumptions

For the current Budget 2021/22, the *comprehensive income statement* consists of hardcoded figures and links to external sheets.

The following assumptions have been applied:

- Rate and charge revenue is calculated outside of the LTFP and entered as a hardcoded figure. There is no transparent means to validate these calculations. We would recommend the rate and charge inputs be itemised and calculations made transparent.
- Statutory charges and user charges and fees are linked to an external workbook.
- Depreciation is calculated by adding the previous year's depreciation plus new assets (from the capital works program and gifted) over a useful life of **70** years.
  - This is a simplified calculation and has led to, in our view an overstatement of the depreciation charges.
  - More appropriate calculations should be applied to calculate this charge.
- Materials expense is linked to the material contracts index calculation worksheet within the LTFP.
- Insurance increase by **2%** per annum.
- Elected members and valuation fees are hardcoded.
- All other materials increase by **1%** per annum.
- All other revenue and expenditure are hardcoded.
- Changes in revaluation surplus – I, P, P & E and asset disposal and fair value adjustments have no figures or formulas to forecast forward. This is a concern and needs to be addressed.
- Formulas for calculating operating result and total comprehensive income/(loss) are sound.

For forecasting forward from 2023 - 2031, the following assumptions are used:

Description	Calculation
Rates – Residential	Increase per annum based on a link to % assumptions.
Rates – Commercial	Increase per annum based on a link to % assumptions.
Rates – Gas Plant	Increase per annum based on a link to % assumptions.
Rates – Horticultural	Increase per annum based on a link to % assumptions.
Rates – Mining/Pastoral	Hardcoded same figure for 10-year plan.
Waste	Increase per annum based on a link to % assumptions.
Statutory Charges	Increase per annum based on a link to % assumptions.
User Charges & Fees	Increase per annum based on a link to % assumptions.
Interest & investment revenue	Cash investments multiplied by interest investment rate % plus rates & charges receipts multiplied by 1 minus recovery rate % multiplied by overdue rates interest rate.
Reimbursements	Increase per annum based on a link to % assumptions.
Other revenues	Increase per annum based on a link to % assumptions.
Grants & contributions for operating purposes	Increase per annum based on a link to % assumptions.
Capital Grants	From link to Capital Works worksheet.
Non-monetary contributions	No formula in cells
Employee benefits & costs	Increase per annum based on a link to % assumptions – then multiplied by and index which is 1 – unsure whether this index is used properly.
Materials, contracts, and other expenses	Linked to Material Contract index calc worksheet.
Depreciation, Amortisation & impairment	Previous years depreciation plus new assets (from the capital works program and gifted) over a useful life of 70 years.
Borrowing costs	No link to Loan details worksheet or formula
Changes in revaluation surplus	No formula in cells.
Asset disposal & fair value adjustments	No formula in cells.

**Table 1 – Comprehensive Income Statement - Forecasting Assumptions**

In conclusion the *Comprehensive Income Statement* forecasting is basic but sound – however there are deficiencies in terms of no formulas in place to calculate for all revenue and expenditure items.

These should be rectified with the addition of appropriate formulas:

- changes in revaluation surplus – I, P, P & E
- and asset disposal and
- fair value adjustments

however, given the limited design of the LTFP this will present some real challenges.

In addition, the LTFP has no provision for entering borrowing scenarios.

Council does not presently have borrowings but may need to develop borrowing scenarios with alternative interest rates in the future.

This will need to be supported by an appropriate borrowing policy.

There is no proper link to the *Loan Details worksheet* or a formula in the cells to calculate scenarios or borrowing options.

Again, all cells are unprotected there is a risk of accidentally overwriting figures or formulas in cells.

## 4.2 Balance Sheet

### 4.2.1 Forecasting assumptions

Like the *Comprehensive Income Statement* forecasting is basic and many *Balance Sheet* items do not have formulas in cells.

*Loan Details* worksheet does not link properly into the Balance Sheet and retained earnings appears to be the balancing item.

We are unsure of other reserves opening balances as they cannot be validated, and forward forecasting does not appear sound.

Again, cells are unprotected so there is a risk of accidentally overwriting figures or formulas in cells.

Description	Calculation
<b>CURRENT ASSETS</b>	
Cash & cash equivalents	Figures from the cash flow statement.
Investments	Opening balance investments less sale of investments (from the cash flow <u>no formula</u> in cells to calculate this) plus purchase of investments (from the cash flow <u>no formula</u> in cells to calculate this).
Receivables – Rates and Charges	Opening receivables plus rates income plus statutory charges income plus user charges income less rates received less user charges received.
Receivables - other	The formula is the year prior's figure so cannot increase or decrease.
Inventories	Percentage increase 1% on prior year.
Other	Percentage increase 1% on prior year.
NCA classified as held for sale	No formula in cells.
<b>NON-CURRENT ASSETS</b>	
Investments	No formula in cells.
Receivables	The formula is the year prior's figure so cannot increase or decrease.
Inventories	No formula in cells.
Infrastructure, property, plant & equipment	Opening balance plus purchase of infrastructure, property, plant & equipment (from cash flow) less sale of IPP&E plus gifted assets.
Investments accounted for using the equity method	No formula in cells.



Description	Calculation
Investment property	The formula is the year prior's figure so cannot increase or decrease.
Work in progress	No formula in cells.
<b>CURRENT LIABILITIES</b>	
Payables	1% increase per annum (does not make sense as cash expenses are the same as profit & loss expenses which would indicate \$0 trade creditors.)
Borrowings	Links to Loan Details worksheet, but to empty cells.
Provisions	Increases by employee cost index of 2% per annum.
<b>NON-CURRENT LIABILITIES</b>	
Payables	No formula in cells.
Borrowings	Opening balance less loan repayments (from the cash flow although there is no formula in the cash flow).
Provisions	Increases by employee cost index of 2% per annum.
<b>EQUITY</b>	
Retained Earnings	Net assets less revaluation reserves less other reserves
Other Reserves	Current assets less non-current assets held for sale less current liabilities
Revaluation reserves	The formula is the year prior's figure so cannot increase or decrease.

**Table 2 – Balance Sheet - Forecasting Assumptions**

The *Balance Sheet* is immature and lacks sophistication with respect to assumptions and movements between reserves and equity. For example, there is no provision to recognise increases arising from asset revaluation and management of increments and decrements etc.

## 4.3 Cash Flow Statement

### 4.3.1 Forecasting Assumptions

Like the *Comprehensive Income Statement* and *Balance Sheet* forecasting is basic and many cash flow statement items do not have formulas in cells.

Also, some assumptions do not appear to be activated in practice.

For example, we are unsure as to how creditors can increase by 1% per annum when the assumption on all payables is the expense is paid in the year it is incurred.

Again, cells are unprotected so there is a risk of accidentally overwriting figures or formulas in cells.

Description	Calculation
<b>OPERATING ACTIVITIES</b>	
Rates & annual charges	Opening receivables plus income rates and charges multiplied by recovery rate %.
User charges & fees	Opening receivables other plus statutory charges plus user charges & fees multiplied by recovery rate %.
Investments & interest revenue received	Cash investments multiplied by interest investment rate % plus rates & charges receipts multiplied by 1 minus recovery rate % multiplied by overdue rates interest rate.
Grants & contributions	Assumed all income is received.
Bonds, deposits & retention amounts received	No formula in cells.
Other	Off income statement multiplied by recovery rate.
Employee benefits & costs	Assumes expenditure is fully paid.
Materials, contracts & other expenses	Assumes expenditure is fully paid.
Finance Payments	Refers to the P&L figure but the P&L has no formula for calculating this.
Bonds, deposits & retention amounts refunded	No formula in cells.
Other operating payments	No formula in cells.
<b>INVESTING ACTIVITIES</b>	
Sales of investment securities	No formula in cells.
Sale of infrastructure, property, plant & equipment	Non-current assets classified as "held for sale".
Deferred debtor receipts	No formula in cells.
Amounts specifically for new or upgraded assets	Capital grants from the profit and loss – assumed all income is received.
Purchase of investment securities	No formula in cells.
Purchase of I, P, P & E	From Capital Works worksheet.
Deferred debtor receipts	No formula in cells.
<b>FINANCING ACTIVITIES</b>	
Proceeds from bonds and deposits	No formula in cells.
Proceeds from borrowings and advances	No formula in cells.
Repayment of borrowings and advances	No formula in cells.

**Table 3 – Cash Flow Statement - Forecasting Assumptions**

## 5. BEST PRACTICE LTFP

### 5.1 Introduction

Comprehensive long-term financial planning is at the core of any well managed Council.

In many jurisdictions the LTFP has become a mandated document required to assess the ongoing financial sustainability of the Council.

A best practice LTFP:

- aims to improve a council's financial planning methodologies and highlight key strategies and policies including rating strategies and long-term infrastructure renewal needs.
- should be capable of modelling service levels and service demand as these factors have a significant impact on costs.
- Should enable a prioritised assessment of the capital works proposals and consequential whole of life costs.
- should enable Council to plan and manage its financially sustainable position and comply with accounting standards.
- should highlight funding needs and financial scenarios with modelling capability for multiple options and generally includes a dashboard analysis feature for testing scenarios and creating presentations to executive management and council.

A sound LTFP informs budget deliberations and policy and should generate most of the information necessary to produce the Council Budget document, rates modelling and financial projections for all key statutory financial indicators.

### 5.2 Key Features of a Best Practice LTFP

Some of the key features of a best practice LTFP are listed below:

- Compliant with Australian Accounting Standards
- Ability to provide 3 way financial statements for at least 10 years
- Ability to apply escalation factors and incorporate nominal values
- Ability to apply growth factors
- Budget and forecast capability of at least 10 years
- Detailed lease and debt schedules able to incorporate options
- Rating differential modelling options
- Detailed asset management capacity – useful lives, indexable valuations and depreciation charges forecast per asset category
- Ability to track individual reserves
- Ability to run scenario options
- End of year data rollover option
- Automatic error checking
- Dashboard analysis of financial and sustainability indicator ratios
- Integrated capital works program for at least 10 years
- Ability to incorporate renewal demand linked to asset management plans to calculate the annual and accumulated renewal gap
- Capacity to model varying service levels

## 6. VALIDATION AUDIT

### 6.1 Audit of LTFP functionality

The *CT Management Group* transcribed financial data into the *CT Management Group's Long Term Financial Plan* to validate *Litchfield Council's Long Term Financial Plan*.

- The operating revenues and expenses were entered into the CT Management Group's LTFP *Comprehensive Income Statement* to match exactly to Litchfield Council's LTFP.
- The *Balance Sheet* (Assets and Liabilities) was entered as per the assumptions in Litchfield Council's LTFP:

- Debtors and creditors were aligned as close as possible to Litchfield Council's LTFP; however, we need to determine the validity of **\$5.0M** in trade creditors with all expenditure assumed paid in the year it is incurred.
- Individual other reserves need to be properly tracked as some of these may be restricted funds (as is the case of the *Waste Management Reserve* which has a forecast balance of **\$4.8M** at the end of 2021/22).
- For the *Statement of Cash Flows*, the cash flow receivable and payable days were aligned to enable alignment to Litchfield Council's debtors and creditors.
- Payments for property plant and equipment were as per Litchfield Council's LTFP.
- The cashflow was prepared as a GST exclusive cash flow in alignment with Litchfield Council's LTFP.
- The *Statement of Capital Works* was entered as per Litchfield Council's payments for property plant and equipment as per the cash flow statement.
- All capital works was assumed as **100%** renewal as there was no detail provided regarding asset category or type in Litchfield Council's LTFP spreadsheet or document.

There is a difference in the cash balance at the end of the 10-year plan with the CTMG LTFP showing a cash balance of **\$4.460M** and the Litchfield Council showing **\$3.772M - \$0.688M** difference.

To equate to the cash flow figures at Litchfield Council we have applied **74** days to income and **120** days to expenses which in practice would not apply.

The capability of the Litchfield Council cash flow statement to accurately forecast the cash flow position is doubtful given there is no linkage between cash receipts and cash payments and debtors and creditors. The cash flow assumes all expenditures are paid in the year incurred, this would therefore imply that there are no trade payables; however, the trade payables on the balance sheet is on average **\$5M** at the end of each year of the LTFP.

## 7. RISK ASSESSMENT

### 7.1 Introduction

The assessment of risk is an important element in the assessment of the LTFP.

We have assessed risk from the following seven perspectives.

### 7.2 Assessment of functional risks

#### 7.2.1 Assumptions

- The LTFP uses high-level assumptions, with many income statement, balance sheet and cash flow statement lines having no formulas and requiring figures to be keyed – this leads to
  - traceability issues around the accuracy and validity of the figures themselves; and
  - can lead to overwriting errors.
- Throughout the LTFP formulas, figures and links can be easily overwritten as there is no protection on cells or worksheets.
- There are insufficient assumptions around cash flow days – for example there is no capability to distinguish between payroll days (14) and monthly invoices (30 – 45) and no capability to apply GST to payables.
- There is no distinction between renewal upgrade and new and therefore the depreciation calculations on capital works are incorrect. The system should recalculate depreciation on a differing basis between renewal, upgrade, and renewal.
- The equity section becomes the “balancing item” on the balance sheet. This practice could easily be concealing arithmetic errors elsewhere in the model.
- The capital works worksheet account categories per the Asset Management Plans do not equal payments for property, plant, and equipment.
- The derivation of the capital works program, the account categories the capital works relate to and the break-up of the asset type (renewal, upgrade, expansion, new) is not transparent or reported.
- The cash Budget Overview worksheet calculated capital renewal back log based using depreciation as a proxy for renewal - we do not support this approach as previously detailed.

- The other reserves breakup on the Cash Budget Overview worksheet do not equal the other reserves balance on the balance sheet or the Reserves worksheet.

### 7.3 Gaps in documentation

- The accompanying LTFP document has no detailed explanation of the derivation of the assumptions other than a reference to *... "Council will continue to provide the services that are currently in place and has made specific assumptions"*.
- The rates assumption at 5% recurrent is significant particularly in a post COVID-19 and low inflation environment and without sufficient justification could leave Council politically and economically exposed.
- We would recommend a series of financial policies be developed with supporting rationale along with benchmarking with other like Councils to explain and support the Council's strategic direction - e.g., asset management, reserves, rates and charges, capital works etc.

### 7.4 Assurance on appropriate checks and balances

- There are no formal and appropriate checks and balances within the current LTFP:
- The system has no formal system of error notification.
- There is nothing to alert the user to an imbalance meaning the user needs to review the financial statements to ensure they balance.
- There is no transparency around how the system performs calculations leaving the user to trace through formula paths.

### 7.5 Assessment of data integrity

- As previously mentioned, with respect to issues around capital works and its derivation, the different figures for other reserve balances, the other reserve balances running down over the 10 years to **\$1.9M** (which is questionable as the Waste Management Reserve has **\$4.8M** and cannot be used for other purposes).
- Most worksheets do not link properly or relate to the Long-Term Fin Plan worksheet.
- Accumulated surplus is the balancing item in the balance sheet.

### 7.6 Capital Works integration

The capability of the current Long Term Financial Plan to calculate and/or integrate aspects such as depreciation, whole of life costs, renewal demand, borrowings, lease liabilities, developer contributions and the capital works program is inadequate.

- Depreciation is calculated as **70** years useful life on the total WDV of assets, there is no provision for the current LTFP to calculate depreciation for different asset categories or varying useful lives - the system should be programmed to provide a more accurate calculation.
- There is no provision to calculate the impact of revaluation of asset classes.
- There is no provision to forecast gifted assets, developer contributions, or whole of life costs on these assets.
- There is no provision for the LTFP to calculate the renewal gap - gap between the renewal demand derived from Asset Management Plans and the actual capital renewal investment proposed in the LTFP.
- There is a Loan Details worksheet with loan schedule workings from 2022 – 2031, however this is not integrated properly into the Long-Term Fin Plan worksheet.
- The "Capital Works" worksheet is difficult to follow and reconcile.
- It is unknown how the figures for the capital works program have been determined.

### 7.7 Availability and quality of User Manuals, internal knowledge, and security of data storage

- There are no User Manuals or documented instructions on how to use the product.
- Two senior personnel know how to use the LTFP, so there is a high key person dependency risk.
- LTFP is stored in the finance folder on Council's server, accessible by all finance staff with no password.

## 7.8 Ease of preparation and relevance of outputs

Ease of preparation and relevance of outputs such as financial statements and performance indicators.

- Simple to use and produces outputs and indicators quite easily, however the figures applied may lack integrity given the issues detailed.
- There is an absence of logic in the worksheets with input, calculations and output sheets inconsistently operating through the model.

## 8. IMPROVEMENT OPPORTUNITIES

The LTFP in our view is not suitable for Council use given the structural risks associated with its design and development. At the least a LTFP aims to improve a council's financial planning methodologies and highlight key strategies and policies including rating strategies and long-term infrastructure renewal needs. To run a public sector organisation with a bespoke model which is dependent on key personnel is a risk for Litchfield Council.

The LTFP could be improved with a structural redesign which would improve structure, improve calculation integrity, and minimise risk. A structural redesign would require Council to have the capacity to provide a scope of improvements required in their current LTFP and appointment of a financial modeler. The alternative would be to purchase an established Council LTFP product from a reputable supplier. A cost benefit analysis of the two options should be undertaken by Council to determine the most suitable option.

We also believe Council would benefit from improved policies around key financial elements and this would strengthen Council's financial sustainability and capacity to inform/consult the community.

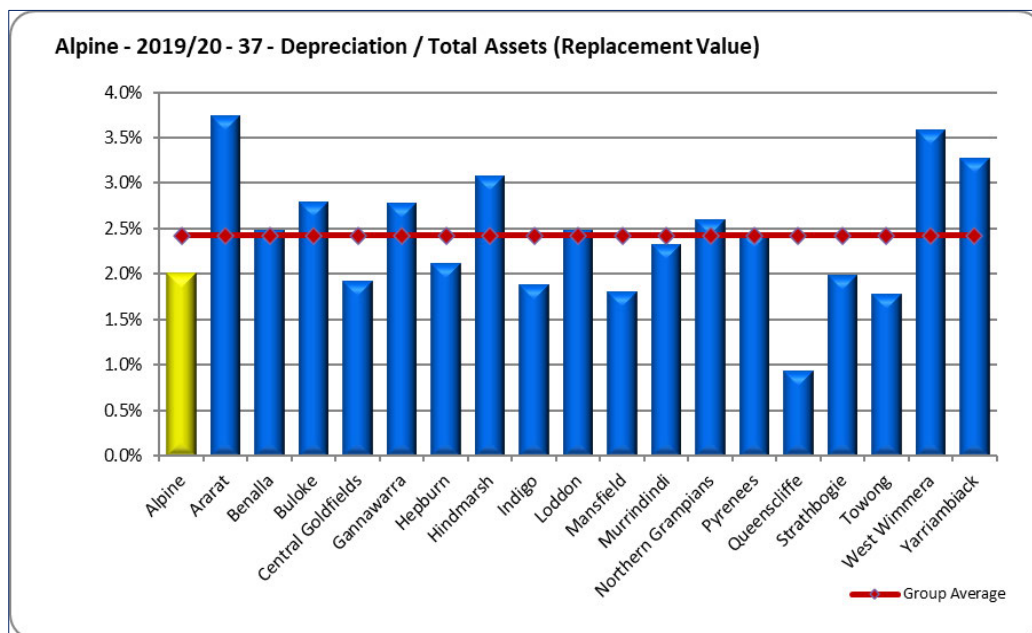


Figure 2 - Sample Depreciation/Total Assets Benchmarking Chart

For example, with respect to depreciation Council's is approximately **4.3%** of the infrastructure value-Victorian Councils average around **2.5%** implying assets average life is **40** years.

We suggest the depreciation charges, useful lives and replacement costs be reviewed, which would also assist in determining the renewal demand per asset category. Figure 3 above shows the average depreciation charge as a percentage of infrastructure value for small Victorian Councils at **2.5%**.

We have attached financial statements from the CT management Group LTFP in Annexure A - C for your review.



## **9. CONCLUSION**

Based on the above review and analysis we would recommend Council replace the LTFP model with a contemporary well-structured financial planning model and improve its financial policy development to support the model. The alternative would be to undertake a structural redesign of the current LTFP model. A cost benefit analysis of the two options should be undertaken by Council to determine the most suitable option.



## ANNEXURES



## 10. ANNEXURE A – COMPREHENSIVE INCOME STATEMENT

Period start		1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30
Period end		30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27	30 Jun 28	30 Jun 29	30 Jun 30	30 Jun 31
<b>Comprehensive Income Statement</b>															
<b>Revenue from Operating Activities</b>															
Rates and Charges	\$'000	9,812	10,431	10,685	10,725	11,650	12,602	13,548	14,471	15,351	16,169	16,907	17,680	18,489	19,336
Special Charges	\$'000	-	-	-	71	71	71	71	71	71	71	71	71	71	71
Grants - Operating (Recurrent)	\$'000	5,704	4,942	3,855	3,668	3,609	3,645	3,682	3,718	3,756	3,793	3,831	3,869	3,908	3,947
Grants - Capital (Recurrent)	\$'000	-	-	-	-	-	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581
Grants - Capital (Non-recurrent)	\$'000	2,128	4,064	408	3,428	2,803	-	-	-	-	-	-	-	-	-
Contributions (Non monetary)	\$'000	1,352	1,011	-	18,480	3,650	-	-	-	-	-	-	-	-	-
Reimbursements and Subsidies	\$'000	60	22	1	-	-	-	-	-	-	-	-	-	-	-
User Charges	\$'000	1,175	1,612	1,757	1,436	1,289	1,353	1,421	1,492	1,567	1,645	1,727	1,814	1,904	2,000
Statutory Fees and Fines	\$'000	64	155	137	200	189	193	197	201	205	209	213	217	221	226
<b>Total Revenue from Operating Activities</b>	<b>\$'000</b>	<b>20,295</b>	<b>22,237</b>	<b>16,843</b>	<b>38,008</b>	<b>23,261</b>	<b>19,445</b>	<b>20,500</b>	<b>21,534</b>	<b>22,530</b>	<b>23,468</b>	<b>24,330</b>	<b>25,232</b>	<b>26,175</b>	<b>27,161</b>
<b>Revenue from Outside of Operating Activities</b>															
Interest Revenue	\$'000	758	816	690	523	250	451	477	495	515	539	558	579	602	628
Other Revenue Outside of Operating Activities	\$'000	151	137	154	517	416	424	433	441	450	459	468	478	487	497
<b>Total Revenue from Outside Operating Activities</b>	<b>\$'000</b>	<b>909</b>	<b>953</b>	<b>844</b>	<b>1,040</b>	<b>666</b>	<b>875</b>	<b>910</b>	<b>936</b>	<b>965</b>	<b>998</b>	<b>1,026</b>	<b>1,057</b>	<b>1,089</b>	<b>1,125</b>
<b>Total Revenue</b>	<b>\$'000</b>	<b>21,204</b>	<b>23,190</b>	<b>17,687</b>	<b>39,048</b>	<b>23,927</b>	<b>20,321</b>	<b>21,409</b>	<b>22,470</b>	<b>23,495</b>	<b>24,466</b>	<b>25,357</b>	<b>26,289</b>	<b>27,264</b>	<b>28,286</b>
<b>Operating Expenses from Ordinary Activities</b>															
Employee Costs	\$'000	(5,737)	(6,646)	(6,644)	(6,699)	(7,218)	(7,261)	(7,406)	(7,554)	(7,705)	(7,860)	(8,017)	(8,177)	(8,341)	(8,507)
Materials & Consumables	\$'000	(7,876)	(7,637)	(7,219)	(8,434)	(8,084)	(8,165)	(8,246)	(8,329)	(8,412)	(8,496)	(8,581)	(8,667)	(8,754)	(8,841)
Bad and Doubtful Debts	\$'000	-	-	-	-	-	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Depreciation	\$'000	(16,615)	(12,921)	(13,166)	(13,240)	(13,660)	(13,807)	(13,890)	(13,978)	(14,071)	(14,167)	(14,291)	(14,409)	(14,532)	(14,649)
Regulatory Valuation Expenses	\$'000	-	-	-	-	(125)	(76)	-	-	(119)	(63)	-	(16)	(107)	(66)
Election Related Expenses	\$'000	-	-	-	-	(307)	(276)	(277)	(279)	(465)	(283)	(284)	(285)	(490)	(289)
Insurance	\$'000	-	-	-	-	(312)	(318)	(325)	(331)	(338)	(344)	(351)	(358)	(366)	(373)
<b>Total Operating Expenses</b>	<b>\$'000</b>	<b>(30,228)</b>	<b>(27,204)</b>	<b>(27,029)</b>	<b>(28,373)</b>	<b>(29,706)</b>	<b>(30,825)</b>	<b>(31,067)</b>	<b>(31,394)</b>	<b>(32,033)</b>	<b>(32,137)</b>	<b>(32,448)</b>	<b>(32,837)</b>	<b>(33,514)</b>	<b>(33,651)</b>
<b>Net Surplus/(Deficit) from Operations</b>	<b>\$'000</b>	<b>(9,024)</b>	<b>(4,014)</b>	<b>(9,342)</b>	<b>10,675</b>	<b>(5,779)</b>	<b>(10,504)</b>	<b>(9,657)</b>	<b>(8,924)</b>	<b>(8,539)</b>	<b>(7,671)</b>	<b>(7,092)</b>	<b>(6,548)</b>	<b>(6,250)</b>	<b>(5,365)</b>
<b>Adjustments</b>															
Net Gain/(Loss) on Disposal of Property Plant & Equipment	\$'000	(15)	(103)	(31)	-	-	-	-	-	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>\$'000</b>	<b>(15)</b>	<b>(103)</b>	<b>(31)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Surplus/(Deficit) after Adjustments</b>	<b>\$'000</b>	<b>(9,039)</b>	<b>(4,117)</b>	<b>(9,373)</b>	<b>10,675</b>	<b>(5,779)</b>	<b>(10,504)</b>	<b>(9,657)</b>	<b>(8,924)</b>	<b>(8,539)</b>	<b>(7,671)</b>	<b>(7,092)</b>	<b>(6,548)</b>	<b>(6,250)</b>	<b>(5,365)</b>
<b>Adjusted Underlying Surplus (Deficit)</b>	<b>\$'000</b>	<b>(12,519)</b>	<b>(9,192)</b>	<b>(9,781)</b>	<b>(11,233)</b>	<b>(12,232)</b>	<b>(10,504)</b>	<b>(9,657)</b>	<b>(8,924)</b>	<b>(8,539)</b>	<b>(7,671)</b>	<b>(7,092)</b>	<b>(6,548)</b>	<b>(6,250)</b>	<b>(5,365)</b>

11. ANNEXURE B – BALANCE SHEET

Period start		1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30
Period end		30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27	30 Jun 28	30 Jun 29	30 Jun 30	30 Jun 31
Balance Sheet															
Current Assets															
Cash and Cash Equivalents	\$'000	2,215	2,305	1,803	(4,034)	(6,201)	(8,686)	(10,713)	(12,272)	(13,519)	(15,870)	(16,974)	(17,802)	(17,685)	(17,640)
Trade and Other Receivables	\$'000	2,179	3,328	2,926	3,231	3,233	3,128	3,332	3,555	3,759	3,951	4,114	4,312	4,505	4,707
Financial Assets	\$'000	20,587	21,371	22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100
Total Current Assets	\$'000	24,981	27,004	26,829	21,297	19,132	16,542	14,719	13,383	12,340	10,181	9,240	8,610	8,920	9,167
Non Current Assets															
Infrastructure Assets	\$'000	313,070	307,039	299,311	317,560	314,143	306,196	298,422	290,950	283,657	278,171	272,091	266,301	259,948	254,368
Total Non Current Assets	\$'000	318,543	312,851	305,735	317,560	314,143	306,196	298,422	290,950	283,657	278,171	272,091	266,301	259,948	254,368
Total Assets	\$'000	343,524	339,855	332,564	338,857	333,275	322,738	313,141	304,333	295,997	288,352	281,331	274,911	268,868	263,535
Current Liabilities															
Trade and Other Payables	\$'000	2,244	2,652	4,497	5,293	5,346	5,292	5,329	5,422	5,602	5,604	5,650	5,755	5,937	5,943
Current Provisions	\$'000	622	576	605	623	635	648	661	674	687	701	715	729	744	759
Total Current Liabilities	\$'000	2,866	3,228	5,135	5,916	5,981	5,940	5,990	6,096	6,289	6,305	6,365	6,484	6,681	6,702
Non Current Liabilities															
Non Current Provisions	\$'000	388	474	432	445	453	462	471	481	490	500	510	520	531	541
Total Non Current Liabilities	\$'000	388	474	432	445	453	462	471	481	490	500	510	520	531	541
Total Liabilities	\$'000	3,254	3,702	5,567	6,361	6,434	6,402	6,461	6,577	6,780	6,806	6,876	7,004	7,211	7,243
Net Assets	\$'000	340,270	336,153	326,997	332,496	326,841	316,337	306,680	297,756	289,217	281,547	274,455	267,907	261,657	256,292
Equity															
Accumulated Surplus	\$'000	22,734	17,012	11,433	22,812	19,388	8,884	(773)	(9,697)	(18,236)	(25,906)	(32,998)	(39,546)	(45,796)	(51,161)
Reserve Land Under Roads	\$'000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Contributions Reserve	\$'000	723	842	768	-	-	-	-	-	-	-	-	-	-	-
Waste Management Reserve	\$'000	4,156	4,604	4,785	-	-	-	-	-	-	-	-	-	-	-
Asset Reserve	\$'000	10,711	11,095	11,560	-	-	-	-	-	-	-	-	-	-	-
Election Reserve	\$'000	100	100	100	-	-	-	-	-	-	-	-	-	-	-
Disaster Recovery Reserve	\$'000	500	500	500	-	-	-	-	-	-	-	-	-	-	-
Strategic Initiatives Reserves	\$'000	500	500	500	-	-	-	-	-	-	-	-	-	-	-
Unexpended Capital Works Reserve	\$'000	4,748	5,331	2,372	-	-	-	-	-	-	-	-	-	-	-
Thorak Regional Cemetery	\$'000	238	309	665	-	-	-	-	-	-	-	-	-	-	-
Unexpended Capital Works Reserve	\$'000	-	-	12	-	-	-	-	-	-	-	-	-	-	-
Other Reserves - no breakdown	\$'000	-	-	-	15,382	13,151	13,151	13,151	13,151	13,151	13,151	13,151	13,151	13,151	13,151
Asset Revaluation Reserve	\$'000	295,860	295,860	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302
Total Equity	\$'000	340,270	336,153	326,997	332,496	326,841	316,337	306,680	297,756	289,217	281,547	274,455	267,907	261,657	256,292

12. ANNEXURE C – CASH FLOW STATEMENT

Period start		1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30
Period end		30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27	30 Jun 28	30 Jun 29	30 Jun 30	30 Jun 31
Cash Flow Statement															
Cash flows from Operating Activities															
Rates and Charges Received	\$'000	10,067	10,228	10,211	10,170	11,398	12,166	12,861	13,762	14,648	15,470	16,227	16,968	17,774	18,609
Grants - Operational Received	\$'000	6,132	4,433	3,919	3,668	3,609	3,499	3,511	3,551	3,596	3,638	3,683	3,720	3,765	3,807
Grants - Capital Received	\$'000	2,127	4,064	1,792	3,428	2,803	1,518	1,510	1,512	1,516	1,519	1,522	1,523	1,526	1,528
Interest Received	\$'000	751	783	690	512	453	451	477	495	515	539	558	579	602	628
User Fees Received	\$'000	-	1,923	1,941	1,955	1,799	1,299	1,347	1,416	1,491	1,568	1,650	1,733	1,823	1,916
Statutory Fees and Fines Received	\$'000	1,390	-	139	-	-	185	187	191	196	200	204	208	213	217
Other Revenue Received	\$'000	211	350	2,136	513	411	407	412	421	430	440	450	459	469	479
Employee Costs Paid	\$'000	(5,774)	(6,059)	(7,166)	(6,699)	(7,218)	(7,285)	(7,365)	(7,499)	(7,656)	(7,809)	(7,972)	(8,117)	(8,287)	(8,453)
Materials and Consumables Paid	\$'000	(7,657)	(8,434)	(8,299)	(8,434)	(8,829)	(8,192)	(8,227)	(8,294)	(8,385)	(8,469)	(8,561)	(8,631)	(8,725)	(8,813)
External Contracts Paid	\$'000	-	-	-	-	-	(76)	(25)	-	(80)	(81)	(21)	(11)	(77)	(79)
Other Expenses Paid	\$'000	(81)	(92)	-	-	-	(596)	(600)	(607)	(739)	(685)	(633)	(640)	(786)	(726)
Net Cash flows from Operating Activities	\$'000	7,166	7,196	5,363	5,113	4,426	3,375	4,089	4,947	5,531	6,330	7,106	7,791	8,296	9,114
Cash flows from Investing Activities															
Payment for Property Plant and Equipment and Infrastructure	\$'000	(5,889)	(6,381)	(5,167)	(10,950)	(6,593)	(5,860)	(6,116)	(6,506)	(6,778)	(8,681)	(8,211)	(8,619)	(8,179)	(9,069)
Net Cash flows from Investing Activities	\$'000	(6,881)	(7,106)	(5,817)	(10,950)	(6,593)	(5,860)	(6,116)	(6,506)	(6,778)	(8,681)	(8,211)	(8,619)	(8,179)	(9,069)
Cash flows from Financing Activities															
Net Cash flows from Financing Activities	\$'000	-	-	(48)	-	-	-	-	-	-	-	-	-	-	-
Net Change in Cash Held	\$'000	285	90	(502)	(5,837)	(2,167)	(2,485)	(2,027)	(1,559)	(1,247)	(2,351)	(1,105)	(828)	117	45
Cash at Beginning of the Financial Year	\$'000	1,930	2,215	2,305	1,803	(4,034)	(6,201)	(8,686)	(10,713)	(12,272)	(13,519)	(15,870)	(16,974)	(17,802)	(17,685)
Cash at End of the Financial Year	\$'000	2,215	2,305	1,803	(4,034)	(6,201)	(8,686)	(10,713)	(12,272)	(13,519)	(15,870)	(16,974)	(17,802)	(17,685)	(17,640)
Cash and Cash Equivalents															
Unrestricted Cash	\$'000	2,215	2,305	1,803	(19,416)	(19,352)	(21,837)	(23,864)	(25,423)	(26,670)	(29,021)	(30,125)	(30,953)	(30,836)	(30,791)
Restricted Cash (due to reserves)	\$'000	-	-	-	15,382	13,151	13,151	13,151	13,151	13,151	13,151	13,151	13,151	13,151	13,151
Cash and Cash Equivalents	\$'000	2,215	2,305	1,803	(4,034)	(6,201)	(8,686)	(10,713)	(12,272)	(13,519)	(15,870)	(16,974)	(17,802)	(17,685)	(17,640)





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**Summary of key audit findings**

**Risk Management and Audit Committee 3 August 2021**

<b>No.</b>	<b>Observation</b>	<b>Explanation</b>	<b>Implication and Risk</b>	<b>Level of Risk</b>	<b>Risk Mitigation</b>	<b>Level of effort required</b>
1	Lack of integration	The model has lack of integration between worksheets in the financial model.	Lack of integration in the financial model is considered a fundamental flaw in the model. High chance of manual error.	Medium	This risk cannot be mitigated without significant effort.	High
2	Capital works and Depreciation	A more accurate method of forecasting depreciation and capital works would be to use reliable asset data. The current model does not have this data.	Understated or overstated forecasts.	Medium	This risk cannot be mitigated without significant effort.	High
3	Financial Reserves	Reserve balances for future years are done as a balancing item rather than movements which are cash backed.	Risk of inaccurate cash flow projections.	High	Requires re-designing the modelling of cash flow statement and cash backed reserve balances.	High
4	Financial Reserves – Restricted Funds	The model does not separate Restricted and Un-restricted funds.	Risk of liquidity.	Very High	Due to the risk and level of effort being very high, risk mitigation options within the current model are limited, unless a full re-design of the model is undertaken.	Very High
5	Balance Sheet	Movement between Statement of comprehensive income did not match movement in statement of equity	Risk of balance sheet being mis-represented	Low	This risk has been addressed in the LTFP 2022-2031	Low
6	Checks and balances	The model lacks basic checks and balances.	Risk of not picking up an error	High	This risk can be mitigated in the existing model.	Medium
7	Input and Output design	The model is designed in such a way that the input and output worksheets are the same.	There is a risk of a manual error and the risk of not picking up the error.	Medium	Best practice financial modelling recommends having input and output sheets separate to lower the risk of errors.	High



## RMAC REPORT

<b>Agenda Item Number:</b>	8.2
<b>Report Title:</b>	Interim Audit Report – FY2021
<b>Author:</b>	Bianca Hart, Manager Corporate Services
<b>Recommending Officer:</b>	Arun Dias, General Manager Business Excellence
<b>Meeting Date:</b>	3/08/2021
<b>Attachments:</b>	A: Interim Audit Report FY2021

### Executive Summary

KPMG conducted the interim audit for Litchfield Council in June 2021 for financial year (FY) 2021. This report provides a summary of audit findings as part of the Interim audit. The findings in the interim audit on internal controls are not considered complete until the conclusion of the Final audit.

This report presents for the Risk Management and Audit Committee (RMAC) the Interim Audit report.

### Recommendation

THAT RMAC note and receive the Interim Audit Management Letter for FY2021.

### Background

KPMG have conducted the interim audit for FY2021 and have highlighted seven (7) observations for council consideration.

Six (6) observations have been given an overall 'low' risk rating. A low risk rating identifies a weakness which does not seriously detract from the system of internal control and/or operational effectiveness/ efficiency, but which should nevertheless be considered for improvement by management.

Management will implement minor changes to monthly processed to address issues raised as detailed in the "Management Response" sections of the Interim Audit Letter (Attachment A).

One (1) observation has been rated on the low end of a 'medium' risk rating. A medium risk rating identified matters of importance in maintaining best practice internal controls and require remediation.

The observation with a 'medium' risk rating relates to purchase orders being raised after invoices have been received. The risk identified here is that officers may be committed Council to expenses that have not been approved. However, given the specific circumstance of the instances noted

(detailed in Attachment A), Management believes this risk rating should be classified as low requiring a possible amendment to the Procurement Policy.

See below timeline of final audit works:

- KPMG complete final audit field work - August 2021
- Financial Statements reviewed by Executive Leadership Team - September 2021
- Financial Statements reviewed by RMAC - October 2021
- CEO and Auditor sign off on Audit Report - October 2021
- Annual Report presented to Council and delivered to Minister – November 2021

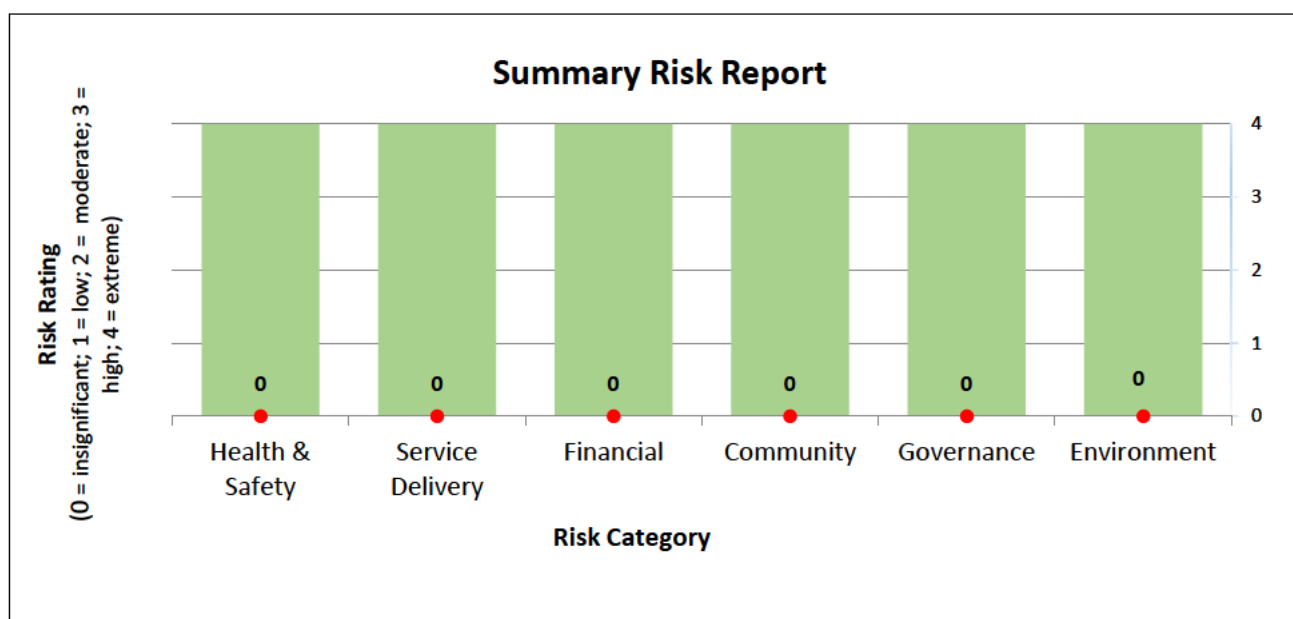
### Links with Strategic Plan

A Well-Run Council - Good Governance

### Legislative and Policy Implications

Nil

### Risks



Risks identified in the interim audit report are rated as 'low' risk and considered to have an insignificant risk rating for the purposes of this report.

### Financial Implications

Nil

### Community Engagement

Nil



# Litchfield Council

## Interim Report to the Risk Management and Audit Committee

For the year ended 30 June 2021

26 July 2021



# Interim Management Letter



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Mr Garry Lambert  
Risk Management and Audit Committee Chair  
Litchfield Council  
7 Bees Creek Road  
Fred Pass NT

26 July 2021

Dear Chair and Committee Members,

## Interim Management Letter for the year ended 30 June 2021

We have completed our internal control testing procedures during our interim audit of Litchfield Council. The purpose of this letter is to make useful comments and observations for your consideration. The matters set out in the following pages have been discussed with management, whose comments are included in the section headed "Management Response". We have also included some comments where relevant on the management letter points raised in the previous year.

Our audit procedures are designed to enable us to express an opinion as to whether the financial report, as a whole, is a true and fair view, in accordance with the *Northern Territory Local Government Act 2008* and *Australian Accounting Standards*. The controls tested during our interim audit were based on their relevance to the financial statements and not to express an opinion on the effectiveness of internal controls.

An audit does not identify all matters that may be relevant to the Risk Management and Audit Committee and Council members. Council Members and management should not assume that reports from us indicate that there are no additional matters they should be aware of in meeting their responsibilities, nor does this letter absolve them from taking appropriate action to meet their responsibilities.

We have prepared this letter solely for the use of Litchfield Council and it should not be copied, shown to, referred to or quoted to any other party in whole or in part, without our prior consent in writing. KPMG accepts no responsibility to anyone other than Litchfield Council for the information contained in this letter.

We will be pleased to discuss any of the matters raised further. We would like to take this opportunity to thank management and staff of Litchfield Council for the help and assistance provided to us during the course of our first interim audit with the Council.

Yours sincerely,

Luke Snowdon  
Partner



# Contents

## Your KPMG Team



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4

Executive Summary

6

Observations – Current Year

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Observations – Prior Year

# Executive Summary

## Introduction

As part of our audit of the financial statements of Litchfield Council for the year ended 30 June 2021 we tested the design, implementation and operating effectiveness of key financial reporting and regulatory controls and processes. The key areas of testing included:

- Treasury
- Human resources
- Procurement
- Capital expenditure

Our audit work included obtaining an understanding of the controls as described by management and where necessary, obtaining evidence about their effectiveness by testing samples in accordance with our audit methodology.

## Rating of Observations

### HIGH

Matters considered to be fundamental to maintenance of internal control, good corporate governance or best practice for processes. These matters should be subject to agreed remedial action within three (3) months.

### MED

Matters considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. These matters should be subject to agreed remedial action within six (6) months.

### LOW

Matters considered to be of minor importance to maintenance of internal control, good corporate governance or best practice for processes. Matter may warrant consideration for improving the efficiency of existing processes. These matters should be subject to further evaluation within twelve (12) months.

## Classification of Observations



Accounting and reporting



Systems and processes



People and change



Business

# Executive Summary (continued)

The matrix below reflects our findings categorised by risk rating. The responsibility for analysing and taking action to mitigate the risks remain with Litchfield Council.

## Summary of findings by risk rating

Classification	HIGH	MED	LOW
1. Observations identified during current year	0	1	6
2. Observations identified during prior year	0	2	10
Closed observations	0	2	9
Total open observations	0	1	7

Prior year observations include those from both the prior year interim and year end audit.

### Other Matter

Council was involved in a cyber fraud incident in the current period. Council received an email to update the bank account details of a supplier. This resulted in an unrecoverable payment being made to a fraudulently created bank account.

To avoid re-occurrence of an incident of this nature, Council have implemented the following:

- Contact customer directly from contact source rather than requested paperwork
- Speak to the supplier Finance contact and ask a security question, such as "When did you make your last payment to the Council?" and confirm the change in detail
- Keep records of above correspondence
- Run a report showing all account changes since the last pay run and include with the current creditor payment run

We will revisit these revised processes as part of our year-end audit to determine if the recent changes have been adopted.

# Observations identified during current year

## 1 Purchase Order raised after Invoice Date



Risk Rating: Low  High

### Description

- As outlined in the Council's Procurement Policy, a Purchase Order should be completed by the relevant employee and should be approved by the Delegation Officer to initiate a purchase.
- Purchase Order approval is a key control which helps ensure purchase transactions are appropriate.
- For our testing of 15 samples, we observed that 7 purchase transactions have Purchase Orders dated after the Invoice was received.
- This was also issue noted in the prior year.

### Recommendation

- Purchase Orders should be raised and approved before the committing the Council to expenditure.
- Rather than no purchase order or a purchase order raised post invoice receipt, we recommend where the dollar value is uncertain (being a key driver of not raising a purchase order) that this is noted within the purchase order.

### Management Response

Of the 7 observations

- Only 2 are directly not in line with Council Procurement Policy. Of these, 1 relates to legal representation and one relates to urgent services required to clear an unsafe property.
- Council has communicated via an all staff email the importance of raising a purchase order prior to committing to council expenditure.
- Of the remaining 5, 1 relates to an initial PO that was cancelled as delivery of the goods was so severely delayed that it was assumed the initial PO was not being fulfilled.
- The other 4 are anomalies that are not addressed within the procurement policy. 2 relate to expenses where Council did not initiate the purchase, 1 relates to recruitment expenses, the initiation of which is approved through the approval to recruit process and 1 relates to an ongoing contract (purchase initiation is approved during the tender process) where the new years PO had not been raised as yet.
- Council are considering if/how these 4 anomalies should be represented within the Procurement Policy.



# Observations identified during current year

## 2 Use of Quotation Exemption Form



Risk Rating: Low  High

### Description

- If it is not practicable to obtain quotations from three (3) suppliers as outlined in the NT Local Government Regulations, Council must obtain as many as practicable and must record in writing its reasons for not obtaining the three (3) quotations using the Quotation Exemption Form.
- For our testing of 15 samples, we observed that 2 purchase transactions did not use the Quotation Exemption form but instead prepared a detailed memo outlining the reason for not obtaining the required 3 quotes.
- The memo was approved by the responsible delegated officer.

### Recommendation

- Management should comply with the Procurement Policy in relation to the use of the Quotation Exemption form.
- As the memo represents a similar purpose, information and approval to the Quotation Exemption Form Council could consider updating the Procurement Policy to current practice performed by the management.

### Management Response

- On the two occasions observed, at least 3 quotes were requested but only 1 quote was received by the due date.
- The above situation is not included in the scope of the current Quotation Exemption form.
- Council is in the process of updating the Quotation Exemption form to include the scenario surrounding the 2 observations.



# Observations identified during current year

## 3 Evidence of Review – Bank Reconciliation



Risk Rating: Low  High

### Description

- The Finance Officer prepares a bank reconciliation on a daily basis. The bank reconciliation is reviewed by the Finance and Corporate Services Program Leader (Accountant).
- The review of the bank reconciliation is a key control which helps to ensure transactions are complete and accurately captured.
- For our sample of 15 bank reconciliations, we observed that 3 bank reconciliations did not have evidence of review. The Finance team was not able to provide evidence of review as the previous Assistant Accountant did not save the files in the correct location.
- Further enquiries indicated that for a period of time in the current financial year, bank reconciliations were not reviewed by either the Accountant nor the Manager Corporate Services due to lack of available Finance team members.
- The Business Maxi Account is also not subject to reconciliation.

### Recommendation

- Management should ensure that all files are kept in the correct/appropriate server location.
- An appropriate delegation of task should be in place.
- The review control process be adopted for all bank reconciliations.

### Management Response

- A check to ensure all bank recs have been reviewed, signed and filed accurately will be added to the month end Audit.
- During the period that the bank rec was not reviewed by the accountant of Manager Corporate Services, it was reviewed by the Rates Officer. At the time, the Finance Officer was not aware that the review needed to be carried out by certain staff and due to staff turnover, many staff were not available at that time. This has been addressed and the Finance Officer is now aware that the bank reconciliations are to be reviewed by either the Finance & Customer Service Program Leader, or the Manager Corporate Services.
- The Maxi account only includes transfers to and from the operating account which are processed when reconciling the operating account, and monthly interest deposit which is processed as part of EOM procedures checklist. For this reason, any risk of misstatement is viewed as extremely low however, Council will implement monthly reconciliations moving forward.

# Observations identified during current year

## 4 Review Process of UCV Reconciliation



Risk Rating: Low  High

### Description

- The Rates Officer prepares the Unimproved Capital Value (UCV) reconciliation monthly and it is reviewed by the Delegated Officer.
- The UCV reconciliation is an important process as this will determine if the details and balance of Rate Revenue is complete and accurate.
- There is a review process in place and the delegated reviewer performs a monthly review process. However, based on the documents provided, the review sign-off is not evidenced on the reconciliation worksheet.
- Further enquiry indicated that the review sign-off requirement is included within Council policy.

### Recommendation

- Management should ensure the delegated reviewer complies with the requirements of the review policy, evidencing review having occurred.

### Management Response

- It is likely that the reviews occurred but the signing was missed. It has been added to the EOM checklist to ensure this report has been reviewed signed and filed correctly moving forward.

# Observations identified during current year

## 5 Recognition of Capital Works, Additions, and Depreciation



Risk Rating: Low  High

### Description

- Incurred Capital Works and other Fixed Asset Additions during the year are initially recorded and classified as an expense.
- The Fixed Asset Register is not updated until the end of the financial year.
- The Fixed Asset Register may be incomplete and inaccurate as it is not updated timely. Moreover, depreciation is not being calculated and recorded. This affects the completeness and accuracy of both fixed assets and depreciation balance throughout the year.

### Recommendation

- Management should consider updating the Fixed Asset Register on a more timely basis particularly when there are significant changes to the Council's fixed assets (such as quarterly).
- Further, depreciation should be calculated and recorded in a timely manner to avoid potential material misstatement in the financial statements (such as quarterly).

### Management Response

- Council has not reported on depreciation throughout the year historically.
- Once FY21 assets have been reconciled and accounted for Council will implement a monthly process to account for assets (capitalisation, work in progress / depreciation) moving forward, including the reporting of depreciations in the monthly Finance Report to Council.

# Observations identified during current year

## 6 Outdated Accounting Policy Manual



Risk Rating: Low High

### Description

- The Council has adopted accounting policies in accordance with the Council's accounting manual; however, the current manual in place was last updated in June 2019.
- The Council recently changed the titles and responsibilities of some of its Finance team members; however, the manual was not updated for these changes.
- When a procedures manual is not updated, it can expose the business to certain risks, as follows:
  - Lack of adequate documentation can make training of new employees difficult, time consuming and inconsistent
  - Lack of documentation of current process increases costs and causes delays in the processing of routine information
  - Not reflecting recently issued accounting standards

### Recommendation

Management should consider updating is manual to provide an effective system of internal control. The following considerations should be made in the update of the manual:

- Review the functions accounting personnel are currently performing
- Specify written documentation required of the individuals performing the routines
- Describe the duties and responsibilities of the various accounting function positions
- Represent most recently issued accounting standards

### Management Response

- Council is in the process of reviewing the Accounting Policy Manual with the update expected to be presented to the Executive Leadership Team for review in August and CEO signing shortly after.

# Observations identified during current year

## 7 Review of Manual Journals



Risk Rating: Low  High

### Description

- Review of manual journals is performed after the journal is posted in the accounting system.
- The journal preparer prints a hard copy of the manual journal posted and attaches the print-out with the supporting document. This package is provided to the reviewer for checking.
- The reviewer does not receive a prompt from the accounting system that a journal has been posted. There is a risk that the incorrect and unauthorised manual journals will be posted.
- To mitigate the risk, balance sheet accounts reconciliation and financial performance analysis are performed every month. These management review processes enable management to identify any incorrect or unauthorised transactions.

### Recommendation

Council should consider implementing a policy for the manual journals be reviewed prior to posting in the accounting system to create a preventive control noting that controls currently in place are detective in nature.

### Management Response

- Council's current ERP system does not allow for pre approval of journals.
- Council is currently undertaking an ERP review and will investigate electronic journal approval as part of any upgrade/transition of ERP systems.
- Council will also consider if current/enhanced GL balance reconciliations will eliminate the need for individual journal approval moving forward.



# Update on observations identified in prior year

Area	Observation	Recommendation	Risk Rating	Management Update
Useful lives of assets	The useful lives applied to a handful of assets were not in accordance with the Council's financial statements and those included in the valuation report from June 2018.	Council should assess the categorisation of assets included in the asset register to ensure useful lives of assets are consistent with those proposed by the Valuer and the accounting policies currently adopted.	MED	Management is proposing to undertake desktop revaluations on an annual basis to ensure asset useful lives, unit rates and asset categorisation is in line with valuations. Closed.
IT Policy	Council does not have an IT policy detailing user access, system access or a disaster recovery plan.	Council develop an IT policy covering user access levels, system changes and disaster recovery plan.	LOW	IT Policy scheduled to be adopted in July 2021. Closed.
Internal Control Weakness – Receipts	2 instances where GST had not been recorded correctly in Thorak's receipts.	All transactions are checked to ensure that GST is correctly treated in the accounting system.	LOW	GST checks are in place during BAS preparation. Closed.
Internal Control Weakness – Expenses	1 instance in which the audit maintenance report was not reviewed  2 instances where purchase orders were raised after the invoice was issued	All payment and procurement policies and procedures should be adhered to.	LOW	No further update from last year's management comments Open.



# Update on observations identified in prior year

Area	Observation	Recommendation	Risk Rating	Management Update
Internal Control Weaknesses – Payroll	1 instance in which the audit maintenance report was not able to be provided.	Supporting documentation and an adequate audit trail should be maintained for all transactions incurred.	LOW	Audit maintenance reports are also checked and signed off as part of the end of month checklist. Closed.
Employee Leave Provisions	The FY 2020 auditors were not able to obtain a breakdown of the leave balances by employee.	The Council should consider how it can provide a breakdown of its employee leave provisions balance for future audits.	MED	Management have moved back to a software that provides a breakdown by employee. This will not be an issue for the current year. Closed.
	In addition, the FY 2020 auditors noted that discounting assumptions for the long service leave provision have been applied to the total provision balance, rather than to individual employees.	Long service leave discounting should be applied to employees on an individual basis.		
Leave Loading for Annual Leave	Leave loading was not factored into the calculation of the annual leave provision as at 30 June 2020.	Management should ensure leave loading is included when calculating the annual leave provision.	LOW	The existing model has been amended to have checks and balances to factor leave loading when preparing the accrual for annual leave. Closed.
Review of IT User Access	There is no evidence that the Council performs a regular review of IT user access levels of its accounting software.	A review of user access levels be undertaken regularly (e.g. six monthly) and documented to ensure that user access reflects current user needs.	LOW	Section 10.8 of Council's Account and Policy Manual requires the Finance department to undertake review of the user access roles every quarter. This quarterly report forms part of the end of the month checklist approved by the Manager Finance. Closed.

# Update on observations identified in prior year

Area	Observation	Recommendation	Risk Rating	Management Update
Disaster Recovery Test	Council does not perform a disaster recovery test in relation to its financial data.	Council implement a procedure for performing regular disaster recovery tests for its financial data.	LOW	First test scheduled on 16 July 2021 Closed.
Password Rotation	The FY 2020 auditors were unable to obtain an audit trail of password resets during the year by employee.	Password changes to the accounting software should be enforced at regular intervals, such as six-monthly.	LOW	Council currently has monthly password resets for Litchfield Council employees. Closed.
Conflicts of Interest Register	Council does not maintain a standing conflicts of interest register that contains a complete list of conflicts for key management personnel and Councillors.	Register of Conflicts of Interest should be maintained for all potential conflicts for key management personnel and Councillors. The Register should be tabled at Council meetings.	LOW	The Council keeps a register both for staff and Council members. Further, conflicts are requested at the beginning of each committee meeting as evidenced by the minutes. Closed.
Cemetery Payments Received in Advance	Council does not regularly reconcile a listing of payments received in advance to the general ledger for income in Thorak Regional Cemetery.	Council should prepare a complete listing of payments received in advance in respect of cemetery income, and ensure it is reconciled to the general ledger on a regular basis.	LOW	Council has a reconciliation process in place which will be added to the monthly end of month checklist for reconciliations. Closed.



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## RMAC REPORT

<b>Agenda Item Number:</b>	8.3
<b>Report Title:</b>	Update Internal Audits
<b>Author:</b>	Rebecca Taylor, Policy & Governance Program Leader
<b>Recommending Officer:</b>	Arun Dias, General Manager Business Excellence
<b>Meeting Date:</b>	3/08/2021
<b>Attachments:</b>	Nil

### Executive Summary

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

### Recommendation

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

### Background

In accordance with the internal audit plan, three audits were to be conducted during the 2020/21 financial period. Below is an update on each audit.

#### Records Management

The records management audit was conducted and completed in late July. The audit consisted of on and off-site evaluation of Council's records management processes. The audit report, including recommendations will be provided to management in early August. RMAC can expect the full report and management recommendations at the next meeting in October.

#### Compliance with Tree Risk Management Plan

The Tree Risk Management Plan (TRMP) will be audited internally by the Cemetery & Parks Program Leader. The Cemetery & Parks Program Leader is experienced in the management of trees and had started with Council after the implementation of the TRMP. Below is a timeline for the audit;

30/07/2021	Identify the key clauses and criteria as well as recommendations that have been outlined in the Management Plan.
13/08/2021	Conduct the Audit: For every specific objective and recommendation identified in the review, obtain evidence of the actual implementation of the procedure as set out in the plan.
20/08/2021	Reporting: Drafting of the report based on the findings and provision of a draft report for discussion.
31/08/2021	Delivery of Final Report

RMAC can expect to see the audit report and management responses at the next meeting in October.

#### Long Term Financial Plan (LTFP)

The LTFP audit concluded with a report provided in June 2021, a separate report is provided within this agenda.

#### Internal Audit – 2021/22

As per the internal audit plan, the below audits will be carried out this financial year (2021/22).

Internal Audit	Year	Description	Risk Rating	Council Rating
Audit and review of Council's reserve management arrangements	2021/22	This review will examine the reserve management arrangements and make recommendations as to the risks to Council.	Moderate	Inadequate
Audit of compliance with roads inspection regime	2021/22	This audit will identify if the regime is adhered to and is appropriately mitigating risk for Council	High	Inadequate

#### **Links with Strategic Plan**

A Well-Run Council - Good Governance

#### **Legislative and Policy Implications**

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

Risks



Financial Implications

Nil

Community Engagement

N/A





## RMAC REPORT

<b>Agenda Item Number:</b>	8.4
<b>Report Title:</b>	Risk Register Review
<b>Author:</b>	Rebecca Taylor, Policy & Governance Program Leader
<b>Recommending Officer:</b>	Arun Dias, General Manager Business Excellence
<b>Meeting Date:</b>	3/08/2021
<b>Attachments:</b>	A: Risk Register B: RP15 Review

### Executive Summary

To update the RMAC on the risk profile, controls and action status as identified in the Risk Register.

### Recommendation

THAT RMAC

1. Note the updated risk register; and
2. Note the completed actions in the risk dashboard of the risk register, which will be removed from the action list and controls to be updated where required.

### Background

The full Litchfield Council risk register is attached (Attachment A). The summary dashboard provides updates as to the progress in implementing actions. There is a total of 16 actions with;

- 2 actions complete; and
- 14 actions on going.

Below is an overview of the risk profiles and their current overall risk status.

Risk Profile	Risk	Control
RP1 - Misconduct	Moderate	Adequate
RP2 - Business and Community Disruption	Moderate	Adequate
RP3 - Inadequate Environmental Management	Low	Adequate
RP4 - Errors, Omissions, Delays and Incorrect Advice	Moderate	Adequate
RP5 - External Theft and Fraud (inc. Cyber Crime)	Moderate	Adequate
RP6 - ICT Systems and Infrastructure Failure	Moderate	Adequate
RP7 - Failure to Fulfil Statutory, Regulatory or Compliance Requirements	Moderate	Adequate



RP8 - Inadequate Safety and Security Practices	High	Inadequate
RP9 - Ineffective and Unsustainable Financial Management	Moderate	Adequate
RP10 - Ineffective Management of Public Facilities / Venues / Events	Moderate	Inadequate
RP11 - Inadequate Records Management Processes	Moderate	Adequate
RP12 - Inadequate Project/Change Management	Moderate	Inadequate
RP13 - Inadequate Engagement Practices	Moderate	Adequate
RP14 - Inadequate Procurement / Supplier / Contract Management	High	Inadequate
RP15 - Inadequate Asset Sustainability Practices	High	Inadequate
RP16 - Ineffective HR Management / Employment Practices	Moderate	Adequate

There are currently five risk profiles where the appetite is not yet achieved. Council's PACMan (Procurement, Asset and Capital Works) Committee, decided at a recent meeting that they would focus on one risk profile at a time with the objective being able to potentially change the overall risk rating. RP15 Inadequate Asset Sustainability Practices was selected due to its high risk and inadequate controls.

As can be seen in Attachment B RP15 Review, there are several historical controls placed on the register with no detailed information. The inadequate controls have been reviewed first, next will be the adequate and excellent controls to ensure they are still current and relevant. Once existing controls have been reviewed, then the group can discuss any other controls that should be included in the risk profile. Below is an overview of the changes made to RP15 Controls.

Control Status	RP15 Controls Prior to Review	Updated RP15 Controls
Inadequate	8	3
Adequate	6	6
Excellent	3	3
Removed	N/A	5
Total	17	12

A summary of all control ratings compared to the previous report is provided below.

Control Ratings Feb 2021		Control Ratings Aug 2021	
Row Labels	Count of Control Rating	Row Labels	Count of Control Rating
Adequate	157	Adequate	158
Excellent	29	Excellent	29
Inadequate	36	Inadequate	30
Grand Total	222	Grand Total	217

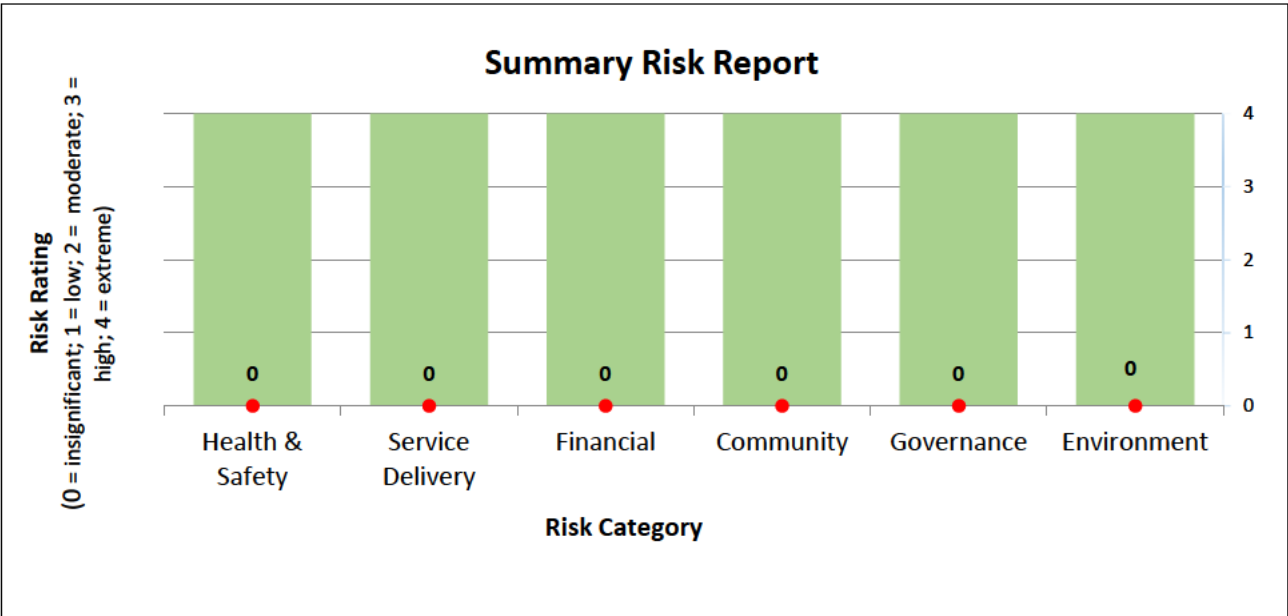
## Links with Strategic Plan

A Well-Run Council - Good Governance

Legislative and Policy Implications

This paper is consistent with FIN08 Risk Management and FIN09 Risk Management and Audit Committee. The risk framework meets Council’s risk management compliance requirements.

Risks



Financial Implications

Nil

Community Engagement

N/A

## Litchfield Council Risk Dashboard Action Status Report

RP4 - Errors, Omissions, Delays and Incorrect Advice		Risk	Control	Comments & Review History
Current Issues / Actions / Treatments		Moderate	Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		Comments & Review History
Formalise Procedures, Documentation and Checklists for Core Operations - Works	Apr-18	Manager Infrastructure & Assets		<p>due date reviewed from March 2018</p> <p><u>8 May 2018</u></p> <p>Not on schedule due to increased workload resulting from impact of cyclone Marcus.</p> <p>Overdue</p> <p><u>7 August 2018</u></p> <p>Item incomplete. Governance and Risk Advisor to meet with manager to develop plan for completion</p> <p><u>February 2019</u></p> <p>Collation of documentation and preparation of 90% of documentation complete.</p> <p>Proposed target – completion by March 2019</p> <p><u>September 2019</u></p> <p>No further progress</p> <p><u>February 2020</u></p> <p>In progress. Expect completion by July 2020</p> <p><u>September 2020</u></p> <p>In progress</p> <p><u>December</u></p> <p>In progress</p> <p><u>February 2021</u></p> <p>Significant progress has been made in procurement, project management and contract management. Further gap analysis to be carried out.</p> <p><u>July</u></p> <p>Core procedures now in place for works - action completed</p>
Review the CRM system	Oct-18	General Manager Business Excellence		<p><u>8/11/2018</u></p> <p>establishment of the SERVICE Committee for Customer Service Charter, Review of CRM process to follow</p> <p><u>September 2019</u></p> <p>Terms of reference established for SERVICE Committee which has only met once to date</p> <p><u>February 2020</u></p> <p>In progress</p> <p><u>September 2020</u></p> <p>Customer service charter approved by Council, CRM workflow review to be completed in October 2020</p> <p><u>February</u></p> <p>First phase is completed. Data has been cleansed of historical outstanding items. A detailed crystal report template has now been created to provide a clear understanding of current CRM's.</p> <p>Further report to be provided to General Manager in March.</p> <p><u>July 2021</u></p> <p>All CRM categories, checklists, tasks and workflows have been updated in conjunction with the relevant department. Training is underway - expected completion mid July. CRM report needs to be recreated in light of the changes - expected end of July.</p>
RP6 - ICT Systems and Infrastructure Failure		Risk	Control	Comments & Review History
Current Issues / Actions / Treatments		Moderate	Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		Comments & Review History
Implement Business Systems Review and develop Roadmap (Item 3.1.1)	Dec-19	Information Technology Program Leader		<p><u>September 2019</u> - New Action</p> <p><u>February 2020</u></p> <p>Parallel with the recommendations around Azure proposal and strategic planning around ICT (i.e. reduced architecture and reliance on on-premise servers and asset management, Business System Review planning to take place in 2020.</p> <p>Documentation and information from external sources to be secured in March 2020, with Draft Documentation due in April 2020.</p> <p><u>Due May 2020</u></p> <p><u>September 2020</u></p> <p>Azure proposal complete - In progress</p> <p><u>December</u></p> <p>Servers to remain on premise until Gap analysis report as a key deliverable from ERP systems review project to advice timing or feasibility of moving to Software as a Service (SAAS) platform.</p> <p><u>July 2021</u></p> <p>ERP Review - GAP analysis is in it's final stages. Meeting arranged with Civica to discuss how to address current GAP in product delivery</p>

## Litchfield Council Risk Dashboard Action Status Report

Develop high level ICT business continuity plan (BCP) and Disaster. (Item 5.2.1)	Dec-19	Information Technology Program Leader	<p><u>September 2019</u> - New Action</p> <p><u>February 2020</u></p> <p>As per discussions with Governance and Risk Advisor – ICT BCP to be done in conjunction with overall BCP. BCP to drive the ICT Disaster Recovery documentation and recommendations. Due Date May 2020.</p> <p><u>September 2020</u></p> <p>Quote received from JLT to conduct 2 workshops and generate BCP for Council. Includes one session of scenario planning to test the framework. IT Business Continuity Plan commenced and will be incorporated into the whole of Council framework.</p> <p><u>September 2020</u></p> <p>Workshop held with Leadership Team 21/8/20 - In progress</p> <p><u>December</u></p> <p>Overall BCP for Council completed. ICT continuity draft plan to be presented to ET in March 2021. Action/treatment wording amended to include ICT BCP, to separate the overall BCP and the ICT specific BCP.</p> <p><u>July 2021</u></p> <p>Was awaiting Council to adopt overarching BCP which has now happened. Require external advice to complete. Will seek quote as a priority once IT role is filled.</p>
Mitigate legacy software platforms (Windows Server) (Item 5.1.4)	Feb-20	Information Technology Program Leader	<p><u>September 2019</u> - New Action</p> <p><u>February 2020</u></p> <p>As per the Azure proposal from Fourier, recommendations for a re-architecture include the removal of legacy platforms from Servers. Due Date June 2020.</p> <p><u>September 2020</u></p> <p>New servers arrive late August 2020 - In progress</p> <p><u>December</u></p> <p>Part 1 Host are complete</p> <p>Part 2 Virtual machines are in progress</p> <p><u>February 2021</u></p> <p>Part 2 is in progress with funding secured. To be completed by June 2021.</p> <p><u>July 2021</u></p> <p>Delayed by third party service providers. Expected completion by end of July</p>
Develop Unified Communications (Voice/Video/Data) – Telecommunications plan. (Item 2.1.4)	Feb-20	Information Technology Program Leader	<p><u>September 2019</u> - New action</p> <p><u>February 2020</u></p> <p>VOIP phone and backup internet t HSWTS, HDWTS. LCO moved to VOIP. Thorak and Taminmin Library to have adequate internet backup and VOIP phones solutions outlined. Investigations to cloud telephony solutions to be outlined. Documentation and Plan t be compiled in April 2020. Due Date May 2020.</p> <p><u>September 2020</u></p> <p>Documentation and plan compiled - outcome to be decided.</p> <p><u>December</u></p> <p>Cost vs benefits investigation conducted, nothing suitable found so far, to be presented to ELT in June 2021.</p> <p><u>July 2021</u></p> <p>Revisiting option with the transition from Skype to Teams. Awaiting pricing an options from Fourier. Project scope will be analysed when IT role is filled.</p>
ICT Security Audit 2020 - Actions	Dec-21	Information Technology Program Leader	<p><u>October 2020</u></p> <p>New Action</p> <p><u>February 2021</u></p> <p>20 Actions on the ICT Security Audit have been identified to be completed this financial year 2020/2021. Of these actions, 5 have been completed, 1 is not required and 14 are to be completed prior to 30 June 2021.</p> <p><u>July 2021</u></p> <p>3 Actions are still in progress with expected completion date by the end of August</p>

## Litchfield Council Risk Dashboard Action Status Report

RP9 - Ineffective and Unsustainable Financial Management		Risk	Control	
		Moderate	Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility	Comments & Review History	
Review Developer Contribution Plan	Jun-18	Project Management Program Leader	<p><u>7 August 2018</u> Consultants have prepared a draft Developer Contribution Plan. Planning and Development Manager is currently reviewing for preparation to Council in October.</p> <p><u>February 2019</u> The new Developer Contribution Plan continues to be developed. Updates have been provided to Council. The detail of the contribution plan is 80% complete following a review of asset data and requirement of works assessment. Legal advice is required to be obtained and instructions for advice are being prepared. This is a complex project that has legislative requirements in its content and delivery and therefore is being processed in a manner to minimise the risk to Council of the plan being insufficient.</p> <p><u>Current target – completion by July 2019</u></p> <p><u>November 2019</u> Council's revised Developer Contribution Plan is currently under development and nearing completion. However, recently proposed amendments to the NT Planning Act propose changes to how fees noted within a DCP can be collected. It is also understood that updated Regulations that will accompany the amendments to the Act will result in changes to which assets Council can collect money for within a DCP. The proposed changes are expected to be of benefit to Council, allowing Council greater ability to collect fees from development contributing to upgrades and to collect money for all infrastructure assets requiring upgrades.</p> <p>Any DCP or changes to a DCP is required to undergo a 28-day public consultation prior to adoption. As a result, it is considered prudent to continue to develop the DCP with the proposed changes in mind. Then the finalised plan can be publicly exhibited and adopted once the changes are made to the NT Planning Act and associated Regulations. At this time, it is understood that the intention is for the updated Planning Act to be adopted in mid 2020, with the Regulations to follow shortly after.</p> <p><u>Legal advice is to wait until new act is passed then proceed with adoption. Expect completion September 2020.</u></p> <p><u>February 2020</u> Updates to Planning Act are due to be enacted by June 2020. Once enacted updates will need to be made to plan. Expect completion by October 2020</p> <p><u>September 2020</u> Now that the NT Planning ACT and Planning regulations have been updated by NTG, can proceed to finalising updated plan under the new requirements, for legal review and then community consultation if approved by Council.</p> <p><u>December</u> Council are expecting the DRAFT DCP from Aurecon in December/January</p> <p><u>February 2021</u> DRAFT DCP received from Aurecon, to be reviewed. DRAFT to be finalised and provided to lawyers by March.</p> <p><u>July</u> The proposed development of Kowandi and Holtze, has highlighted some anomalies in the current DRAFT DCP. A workshop was held with Councillor's and it has been decided that a new approach to the DCP is required. Further review over the next 12 months.</p>	
Asset management plans in progress	Jul-18	Manager Infrastructure & Assets	<p><u>August 2018</u> The Thorak Cemetery asset management plan is drafted and with the Director of Community and Corporate Services for review. Once this has been developed it will be used as a template for plans for other Council assets (Council offices, Waste Transfer Stations, MWF workshop etc.). This action will be replaced by individual actions for each asset management plan to be developed.</p> <p><u>3 October 2018</u> 1. Thorak Regional Cemetery – to be presented at Thorak Regional Cemetery Board meeting in September 2018 2. Roads – AMO is collecting background information now and will be drafted by November 2018 3. Plant &amp; Equipment – Not yet to start but will be prepared by December 2018 4. Driveways – Not yet to start but will be prepared by December 2018</p> <p><u>February 2019</u> Scheduled for all plans is in place and progressing 1. Thorak Regional Cemetery 2. Roads – Asset Management Plan (AMP) drafted – critical elements to be considered through budget consideration process prior to finalising 3. Plant &amp; Equipment – AMP drafted and replacement schedule being utilised to inform budget process 4. Driveways – AMP data collection, checking and updating underway Proposed target – the asset management plans are progressing to a schedule, with a target completion of December 2019 for all plans</p> <p><u>September 2019</u> Update on proposed targets to be presented to RMAC in Feb 2020</p> <p><u>February 2020</u> Report presented to March RMAC meeting</p> <p><u>September 2020</u> Asset management working group are meeting on 16/9/20. Will be reviewing membership and updating terms of reference for group. Working group will then review the prioritisation of the outstanding asset management plans.</p> <p><u>December</u> Asset management plan schedule confirmed by PACMan committee. 1. Thorak Cemetery - complete 2. Road assts - complete 3. Plant and Equipment - in draft due June 2021 4. Driveways - in draft due June 2021</p> <p><u>July</u> Asset management plan schedule amended by PACMan committee. Driveways will be included in the Road Assets and th name will be changed to Transport Asset to be all inclusive. 1. Thorak Cemetery - complete 2. Plant and Equipment - in draft due October 2021 4. Transport - June 2022</p>	

## Litchfield Council Risk Dashboard Action Status Report

RP10 - Ineffective Management of Public Facilities / Venues / Events		Risk	Control
		Moderate	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	Comments & Review History
Formalise Public Places By-Law	Jun-19	General Manager Business Excellence	<p><u>7 August 2018</u> No progress to date on this item as meeting procedure by-laws are still in development. A needs assessment will be commissioned to ascertain the I it is still beneficial for Council to proceed with the development of these by-laws.</p> <p><u>November 2018</u> Seeking Consultant to guide workshop with elected members in May 2019</p> <p><u>February 2019</u> This action is on hold pending the establishment of meeting procedure by-laws.</p> <p><u>February 2020</u> New consultant approached to facilitate workshop which will review Council's intent and capacity in line with updated NTG planning regs may impact this action.</p> <p><u>September 2020</u> On Hold - only to be actioned once Meeting Procedure by-laws have been finalised</p> <p><u>December</u> Work is currently being undertaken on the status for a report to February Council meeting (meeting by-laws)</p> <p>In progress - rescind the decision to have meeting by-laws</p> <p><u>July</u> meeting by-laws decision rescinded, February 2021; Parliamentary counsel require instructions for public places by-laws to be from incoming Council. Expect to have report to Council for October.</p>
Review Reserve Management Leases and budget requirements	May-18	General Manager Business Excellence	<p><u>8 May 2018</u> New lawyer contracted for support, leases to be ready for discussion with reserves in October 2018</p> <p><u>7 August 2018</u> Draft lease received from Lawyers.</p> <p><u>November 2018</u> Draft lease developed, started correspondence with Reserve Committees</p> <p><u>February 2019</u> Lease templates approved by Council and discussions with 3rd parties held. Expect completion August 2019 depending on availability of reserve committees.</p> <p><u>September 2019</u> On hold due to Interim CEO duties of DCCS</p> <p><u>February 2020</u> Draft leases and funding agreements to be discussed with reserve management boards.</p> <p><u>September 2020</u> Leases signed by 3 out of 4 recreation reserves (4th one to be signed in September)</p> <p>Funding agreements - under development and nearing completion with 4 out of 5 reserves (FPSRR delayed due to Governance review)</p> <p><u>December</u> Humpty Doo Village Green has dissolved the committee. Reserve to be handed over to Council officially in February 2021.</p> <p>Funding agreements in DRAFT for all reserves except Freds Pass, which will require an extensive amount of work. Funding agreement to come into place 21/22 budget.</p> <p><u>July</u> Leases in place with reserve boards; simplified funding agreement for 12 months will be implemented for 21/22 year with multi year agreement and level of indexation to be considered as part of 22/23 budget discussions. Expect same process for Freds Pass Board. With all leases and budget requirements in place this action in now completed.</p>
Develop Inspection/Maintenance program	Jun-18	Manager Infrastructure & Assets	<p><u>7 August 2018</u> Schedules have been completed and are with the relevant responsible officers for final review. Expect sign off by next RMAC meeting.</p> <p><u>2 Jan 2019</u> Development of maintenance schedule actions rolled up into one action for consistency and ease of reporting.</p> <p><u>February 2019</u> Inspection and maintenance plans are in place for Council's building assets, including safety and compliance requirements for reserves.</p> <p>Tree and playground inspection program under development.</p> <p>Proposed target - May 2019</p> <p><u>February 2020</u> September 2020 Playground inspection/maintenance program in place</p> <p>Cemetery Reserves Supervisor now employed - expect Tree inspection program complete by Dec 2020</p> <p><u>December</u> Tree inspection program completed.</p> <p>Inspection/maintenance program required for buildings on reserves - assessing internal resourcing to determine whether building maintenance for reserves will remain with Community or be moved to Infrastructure. Program can then be developed.</p> <p>Drainage/footpaths - DRAFT inspection/maintenance schedule has been developed and implementation is due to start end of February.</p> <p><u>July</u> Outstanding inspection maintenance programs remain in DRAFT form, to be implemented over the next few months.</p>

## Litchfield Council Risk Dashboard Action Status Report

Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Serv	Sep-18	General Manager Business Excellence	<p><u>February 2019</u> In progress. Library procedures to be included. Expect finalisation August 2019</p> <p><u>September 2019</u> On hold due to Interim CEO duties of DCCS</p> <p><u>February 2020</u> Draft procedures for events developed and under review</p> <p><u>September 2020</u> documentation around community services procedures in draft, Core Corporate service procedures in development</p> <p><u>December</u> In progress</p>
<a href="#">RP15 - Inadequate Asset Sustainability Practices</a>		<b>Risk</b>	<b>Control</b>
		<b>High</b>	<b>Inadequate</b>
Current Issues / Actions / Treatments	Due Date	Responsibility	Comments & Review History
Develop Asset Management Plan inc Asset costings to establish renewal program	Jul-18	Manager Infrastructure & Assets	<p><u>7 August 2018</u> The Thorak Cemetery asset management plan is drafted and with the Director of Community and Corporate Services for review. Once this has been developed it will be used as a template for plans for other Council assets (Council offices, Waste Transfer Stations, MWF workshop etc.). This action will be replaced by individual actions for each asset management plan to be developed</p> <p><u>February 2019</u> Refer to RP9:Asset management plans in progress. All asset management plans include renewal requirements.</p> <p><u>February 2020</u> In progress</p> <p><u>September 2020</u> Asset management working group are meeting on 16/9/20. Will be reviewing membership and updating terms of reference for group. Working group will then review the prioritisation of the outstanding asset management plans.</p> <p><u>December</u> Asset management plan schedule confirmed by PACMan committee.</p> <ol style="list-style-type: none"> <li>1. Thorak Cemetery - complete</li> <li>2. Road assets - complete</li> <li>3. Plant and Equipment - in draft due June 2021</li> <li>4. Driveways - in draft due June 2021</li> </ol> <p><u>July</u> Asset management plan schedule amended by PACMan committee. Driveways will be included in the Road Assets and th name will be changed to Transport Asset to be all inclusive.</p> <ol style="list-style-type: none"> <li>1. Thorak Cemetery - complete</li> <li>2. Plant and Equipment - in draft due October 2021</li> <li>4. Transport - June 2022</li> </ol>
Develop Inspection/Maintenance program	Oct-18	General Manager Infrastructure & Operations	<p><u>7 August 2018</u> A draft maintenance schedule covering the Mobile Workforce, Waste Transfer Stations and the Administration building has been submitted to the Director of Infrastructure and Operations for review and is on track for October 2018 completion.</p> <p><u>February 2019</u> Inspection and maintenance plans are in place for Council's building assets, including safety and compliance requirements. Programs relating to all other infrastructure assets will be incorporated into relevant Asset Management Plans. Proposed target – key requirement is complete relating to buildings, all others to be complete by December 2019</p> <p><u>February 2020</u> In progress</p> <p><u>September 2020</u> Playground inspection/maintenance program in place Cemetery Reserves Supervisor now employed - expect Tree inspection program complete by Dec 2020</p> <p><u>December</u> Tree inspection program completed. Inspection/maintenance program required for buildings on reserves - assessing internal resourcing to determine whether building maintenance for reserves will remain with Community or be moved to Infrastructure. Program can then be developed.</p> <p>Drainage/footpaths - DRAFT inspection/maintenance schedule has been developed and implementation is due to start end of February.</p> <p><u>July</u> Outstanding inspection maintenance programs remain in DRAFT form, to be implemented over the next few months.</p>



Litchfield Council Risk Dashboard Action Status Report				
RP16 - Ineffective HR Management / Employment Practices		Risk	Control	
		Moderate	Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility	Comments & Review History	
Develop Corporate Training Program	Oct-18	Manager People & Performance	February 2019 In progress February 2020 In progress September 2020 Corporate training program in development December E-learning software close to completion. July In the final stages - go live date has been set for August.	

RP1 - Misconduct		Jan-18
<b><u>This Risk Theme is defined as</u></b> Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority.  <i>This would include instances of:</i> <ul style="list-style-type: none"> <li>• Relevant authorisations not obtained.</li> <li>• Distributing confidential information.</li> <li>• Accessing systems and / or applications without correct authority to do so.</li> <li>• Misrepresenting data in reports.</li> <li>• Theft by an employee</li> <li>• Collusion between Internal &amp; External parties</li> <li>• Unauthorised and misuse of corporate systems and assets</li> </ul> This does not include instances where it was not an intentional breach - refer Errors, Omissions or Delays, or Inaccurate Advice / Information.		
<b><u>Potential causes include</u></b> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">           Lack of Training            Changing of Job Titles / Roles            Delegated Authority Process Inadequately Implemented            Disgruntled Employees         </div> <div style="width: 45%;">           Lack of Understanding            Poor Internal Checks (Supervision, PO's and Delegated Authority)            Password Sharing         </div> </div>		
<b>Key Controls</b>	<b>Type</b>	<b>Owner</b>
Delegation Manual	Preventative	Asset Engineer
Fraud Training	Preventative	General Manager Business Excellence
Control of Devices Policy / Procedures	Preventative	Information Technology Program Leader
Electronic Document Management	Preventative	Policy & Governance Program Leader
On and Off Site Records Storage	Preventative	Policy & Governance Program Leader
Recruitment Process	Preventative	Manager People & Performance
Segregation of Duties (Financial)	Preventative	Manager Corporate Services
ICT Security Access Framework - Access and Approvals	Preventative	Information Technology Program Leader
Internal / External Audits	Detective	Policy & Governance Program Leader
Induction Process (Code of Conduct)	Preventative	Manager People & Performance
Internet / Phone Usage Policy	Preventative	Information Technology Program Leader
Fraud Protection Policies	Preventative	General Manager Business Excellence
Credit Card Policy and Monthly Reporting	Detective	Manager Corporate Services
Disciplinary Procedures	Responsive	Manager People & Performance
Cash Handling Procedures	Preventative	Manager Corporate Services
Performance Review process	Detective	Manager People & Performance
Whistle Blower Policy	Preventative	Policy & Governance Program Leader
Ongoing Fraud and Misconduct Awareness Training/Information	Preventative	General Manager Business Excellence
Purchasing Policy / Process (Purchase Order Process)	Preventative	General Manager Business Excellence
<b>Overall Control Ratings</b>		Adequate
<b>Risk Ratings</b>		<b>Rating</b>
Consequence		Moderate
Likelihood		Unlikely
<b>Overall Risk Ratings</b>		Moderate
<b>Key Indicators</b>	<b>Tolerance</b>	<b>Date</b>
Number of actual / attempted fraud and misconduct incidents		
<b><u>Comments</u></b>  As rated by Workshop Attendees - 14/9/2017 - Consequence rating referred to moderate financial, compliance and reputational impacts		
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>

**RP2 - 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 include;*

- 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	Owner	Date	Rating
Business Continuity Framework (Policy & Procedures)	Preventative	Policy & Governance Program Leader	14/09/2017	Inadequate
Business Continuity Plans	Responsive	Policy & Governance Program Leader	14/09/2017	Adequate
Cyclone Plan	Responsive	General Manager Infrastructure & Operations	14/09/2017	Adequate
Fire Management Plan	Preventative	Mobile Workforce Program Leader	14/09/2017	Excellent
Council Property Inspections for Compliance (Informal) (Doc id 458315)	Detective	Asset Engineer	27/02/2020	Adequate
Pre cyclone clean up	Preventative	Manager Infrastructure & Assets	14/09/2017	Adequate
Risk management framework (Doc id 447380)	Preventative	Policy & Governance Program Leader	3/03/2020	Adequate
Risk management and audit committee (Doc id 447381)	Preventative	Policy & Governance Program Leader	3/03/2020	Adequate
Emergency Management Procedures/Drills	Responsive	General Manager Infrastructure & Operations	14/09/2017	Adequate
<b>Overall Control Ratings</b>				<b>Adequate</b>

Risk Ratings		Rating
Consequence		Moderate
Likelihood		Unlikely
<b>Overall Risk Ratings:</b>		<b>Moderate</b>

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

**RP3 - 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	Owner	Date	Rating
WTS Environmental Management Plans (Doc id 447588)	Preventative	Waste Program Leader	21/11/2019	Adequate
Waste Management Strategy	Preventative	Waste Program Leader	1/06/2018	Excellent
Contamination Register - MWF	Detective	Mobile Workforce Program Leader	21/12/2018	Inadequate
Contamination Register - Thorak (Doc id 428179)	Detective	Cemetery & Parks Program Leader	26/04/2019	Adequate
Asbestos Register (Doc D 416357)	Detective	Manager Infrastructure & Assets	14/09/2017	Excellent
Weed Control Schedule	Preventative	Mobile Workforce Program Leader	14/09/2017	Adequate
Support Local Environmental Groups	Preventative	General Manager Business Excellence	14/09/2017	Adequate
Environmental Management / Response Plans	Responsive	General Manager Infrastructure & Operations	14/09/2017	Inadequate
Erosion Control Road Side Drains	Preventative	Manager Infrastructure & Assets	14/09/2017	Adequate
Reporting of Listed Waste	Preventative	Waste Program Leader	14/09/2017	Adequate
Landfill Rehabilitation	Preventative	Waste Program Leader	14/09/2017	Adequate
Ranger (Dogs) Service (Doc D 415880)	Preventative	Waste Program Leader	14/09/2017	Adequate

**Overall Control Ratings****Adequate**

Risk Ratings	Rating
Consequence	Moderate
Likelihood	Rare
<b>Overall Risk Ratings</b>	<b>Low</b>

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

**RP4 - 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	Owner	Date	Rating
Documented Operational Procedures / Checklists (Doc D 408679)	Preventative	Policy & Governance Program Leader	14/09/2017	Inadequate
Complaints and Requests Register (CRM)	Detective	General Manager Business Excellence	14/09/2017	Inadequate
Senior Manager Oversight to Elected Members Information	Detective	CEO	14/09/2017	Adequate
Utilise External Expertise / Consultants	Preventative	CEO	14/09/2017	Adequate
Segregation of Duties (Financial Control)	Preventative	Manager Corporate Services	14/09/2017	Adequate
Performance Review Process	Detective	Manager People & Performance	14/09/2017	Adequate
Media and Communications Resource	Preventative	Manager Communications & Engagement	14/09/2017	Adequate
Development and Subdivision Standards (Doc id 419760)	Preventative	Project Management Program Leader	9/01/2019	Adequate
Staff Meetings (Briefings / Debriefings)	Preventative	CEO	14/09/2017	Adequate
Overall Control Ratings				Adequate

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

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 - Works	Apr-18	Manager Infrastructure & Assets
Review the CRM system	Oct-18	General Manager Business Excellence

**RP5 - 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  
 Robbery  
 Scam Invoices

Lack of Supervision / Unauthorised Entry

Key Controls	Type	Owner	Date	Rating
Visitor Sign In	Detective	Manager Corporate Services	14/09/2017	Adequate
Keyed Access Controls - Admin Building	Preventative	General Manager Business Excellence	14/09/2017	Adequate
Monitored Alarm - Admin Building	Detective	General Manager Business Excellence	14/09/2017	Adequate
Cash Handling procedures	Preventative	Manager Corporate Services	14/09/2017	Adequate
Staff Inductions	Preventative	Manager People & Performance	14/09/2017	Adequate
Restricted and Registered Keys	Preventative	Manager Corporate Services	14/09/2017	Adequate
After Hours Security	Detective	General Manager Business Excellence	14/09/2017	Adequate
System Checks for New Creditors	Preventative	Manager Corporate Services	14/09/2017	Adequate
Access Control for Online Banking (Dual Signatory)	Preventative	Manager Corporate Services	14/09/2017	Adequate
Delegation Manual	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
Disposal of assets process/forms	Detective	Manager Corporate Services	30/11/2017	Adequate
Credit Card policy	Preventative	Manager Corporate Services	1/06/2018	Excellent
Investment policy	Preventative	Manager Corporate Services	1/06/2018	Excellent
Audit reports (Monthly report, Weekly AP report)	Preventative	Manager Corporate Services	1/06/2018	Excellent
Separation of Duties	Preventative	General Manager Business Excellence	1/06/2018	Excellent
Invoice approval process	Preventative	Manager Corporate Services	30/11/2017	Adequate
Manned Access Control at Off-site Locations (Except BSWTS)	Preventative	Waste Program Leader	14/09/2017	Adequate
Asset Management System - Asset Register (Doc id 458336)	Detective	Manager Corporate Services	27/02/2020	Adequate
CCTV	Detective	General Manager Business Excellence	14/09/2017	Adequate
IT Firewall Systems	Preventative	Information Technology Program Leader	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

**RP6 - 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	Owner	Date	Rating
Data Back Up Systems (manual process) (DOC ID. 438060)	Responsive	Information Technology Program Leader	24/01/2020	Excellent
Performance Monitoring (DOC ID. 438119)	Detective	Information Technology Program Leader	20/08/2019	Adequate
UPS / Generator (DOC ID. 438122)	Responsive	Information Technology Program Leader	20/08/2019	Excellent
Disaster Recovery Plan (Doc ID. 438090)	Responsive	Information Technology Program Leader	14/11/2019	Adequate
ICT Infrastructure Replacement / Refresh Program (DOC ID. 438116)	Preventative	Information Technology Program Leader	14/11/2019	Adequate
ICT Governance/Policy Framework (Doc D. 394988 & 438114)	Preventative	Information Technology Program Leader	28/08/2019	Adequate
Internal Service Level Agreements (Doc ID. 438120)	Preventative	Information Technology Program Leader	20/08/2019	Adequate
Microwave Connection with Off-site Locations (Doc D 438118)	Responsive	Information Technology Program Leader	18/11/2019	Adequate
Telstra land lines (Doc ID 438121)	Preventative	Information Technology Program Leader	18/11/2019	Adequate
Land Lines at Off-site Locations (Thorak and Waste Transfer Stations) DOC Ds 394993 & 438121	Preventative	Information Technology Program Leader	18/11/2019	Adequate
Vendor Support (Doc D 439170)	Preventative	Information Technology Program Leader	18/11/2019	Adequate
ICT Improvement Plan (Doc id 448415)	Preventative	Information Technology Program Leader	3/03/2020	Adequate
ICT Access Control and Approval Procedures (438106)	Preventative	Information Technology Program Leader	14/11/2019	Adequate
Overall Control Ratings				Adequate

Risk Ratings	Rating
Consequence	Moderate
Likelihood	Possible
Overall Risk Ratings	Moderate

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
Implement Business Systems Review and develop Roadmap (tem 3.1.1)	Dec-19	Information Technology Program Leader
Develop high level ICT business continuity plan (BCP) and Disaster. (Item 5.2.1)	Dec-19	Information Technology Program Leader
Mitigate legacy software platforms (Windows Server) (Item 5.1.4)	Feb-20	Information Technology Program Leader
Develop Unified Communications (Voice/Video/Data) – Telecommunications plan. (Item 2.1.4)	Feb-20	Information Technology Program Leader
ICT Security Audit 2020 - Actions	Dec-21	Information Technology Program Leader



## RP7 - 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	Owner	Date	Rating
Compliance Checklist	Detective	Policy & Governance Program Leader	14/09/2017	Adequate
Compliance Calendars	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
Councils Policy Framework	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
External Auditor Reviews (Financial Compliance)	Detective	Policy & Governance Program Leader	14/09/2017	Adequate
External/ Internal Auditor Reviews (Other Compliance)	Detective	Policy & Governance Program Leader	14/09/2017	Inadequate
Monitor Legislative Changes / Subscriptions	Detective	Policy & Governance Program Leader	14/09/2017	Adequate
Induction Process - Councillors / Staff	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
Staff Network Channels	Detective	CEO	14/09/2017	Adequate
Legislative Reporting to Regulators	Detective	General Manager Business Excellence	14/09/2017	Adequate
Internal Compliance Audit - Quarterly	Detective	Policy & Governance Program Leader	14/09/2017	Adequate
Scheduled Review of Council Policies and Delegations	Detective	Policy & Governance Program Leader	14/09/2017	Adequate
Tender Process	Preventative	General Manager Business Excellence	14/09/2017	Adequate
Road Openings and Road Closures Procedures (Doc id 420364)	Preventative	Project Management Program Leader	11/01/2019	Excellent
Annual review of external auditor by RMAC	Preventative	Manager Corporate Services	3/03/2020	Adequate
Dog By-laws administration (Doc id 456989)	Preventative	Regulatory Services Program Leader	27/02/2020	Excellent
Internal Audit Program (Doc ID 417918)	Detective	Policy & Governance Program Leader	8/05/2018	Excellent
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

**RP8 - 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 Signage, Barriers or other Exclusion Techniques
- Inadequate First Aid Supplies or Trained Staff
- Storage and Use of Dangerous Goods
- Rubbish / Litter Control
- Ineffective / Inadequate Testing, Sampling (similar) Health Based Req
- Inadequate Security Arrangements
- Lack of Mandate and Commitment from Senior Management

Key Controls	Type	Owner	Date	Rating
Workplace Inspections - Off-site Locations	Preventative	General Manager Infrastructure & Operations	14/09/2017	Adequate
Workplace Inspections - Administration	Preventative	General Manager Business Excellence	14/09/2017	Inadequate
WHS Policy	Preventative	Manager People & Performance	14/09/2017	Adequate
Safety Management System/Framework	Preventative	Manager People & Performance	14/09/2017	Adequate
Contractor Inductions / Safety Requirements	Preventative	Manager People & Performance	14/09/2017	Inadequate
Toolbox Meetings	Preventative	Manager People & Performance	14/09/2017	Adequate
Inventory Hazardous Goods and MSDS	Preventative	Manager Operations & Environment	14/09/2017	Adequate
PPE	Preventative	Manager Operations & Environment	14/09/2017	Adequate
Staff Uniforms (protective)	Preventative	Manager Operations & Environment	14/09/2017	Adequate
Training Register (HR File)	Preventative	Manager People & Performance	14/09/2017	Inadequate
Operator License Checks (Outdoor Workforce)	Detective	Manager People & Performance	14/09/2017	Adequate
Driver License Checks	Detective	Manager People & Performance	14/09/2017	Excellent
Asbestos Register (Doc D 416357)	Detective	Manager Infrastructure & Assets	27/02/2020	Adequate
Fleet Vehicle and plant Safety Requirements	Preventative	General Manager Infrastructure & Operations	14/09/2017	Inadequate
Conflict Resolution Training - Frontline Staff	Preventative	Manager People & Performance	14/09/2017	Inadequate
Fire Safety Systems Check (Doc id 458348)	Detective	Manager Infrastructure & Assets	27/02/2020	Excellent
Electrical Tag and Test (Doc D 416358)	Detective	Manager Infrastructure & Assets	27/02/2020	Adequate
Incident/Accident and Damage Reporting	Detective	Manager People & Performance	14/09/2017	Adequate
Staff Inductions	Preventative	Manager People & Performance	14/09/2017	Adequate
Insurance Cover	Preventative	General Manager Business Excellence	30/11/2017	Adequate
Works Permit – Public Liability Insurance (Doc id 419761)	Preventative	Project Management Program Leader	9/01/2019	Adequate
first aid kits and fire extinguishers in all Council vehicles	Preventative	Manager Infrastructure & Assets	8/05/2018	Excellent

**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.

## RP9 - 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	Owner	Date	Rating
Long Term Financial Plans	Preventative	Manager Corporate Services	14/09/2017	Adequate
Finance Reports Monthly	Detective	Manager Corporate Services	14/09/2017	Adequate
Internal Audit Program (Doc D 417918)	Detective	Policy & Governance Program Leader	8/05/2018	Adequate
External Audit Program	Detective	Manager Corporate Services	14/09/2017	Adequate
Delegation Manual	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
General Ledger and Journal control	Preventative	Manager Corporate Services	14/09/2017	Adequate
Finance Policies	Preventative	Manager Corporate Services	14/09/2017	Adequate
Segregation of Duties	Preventative	Manager Corporate Services	14/09/2017	Adequate
Developer Contribution Plan (Doc ID 415869)	Preventative	Project Management Program Leader	14/09/2017	Inadequate
Budgets - Reviews	Preventative	Manager Corporate Services	14/09/2017	Adequate
Project management of capital projects	Preventative	General Manager Infrastructure & Operations	30/11/2017	Adequate
Rating strategy	Preventative	Manager Corporate Services	30/11/2017	Adequate
Investment policy	Preventative	Manager Corporate Services	30/11/2017	Adequate
Asset management system - Capital value records	Preventative	Manager Corporate Services	30/11/2017	Adequate
Grant acquital	Preventative	Manager Corporate Services	30/11/2017	Adequate
Rating parameters approval by Finance Manager	Preventative	Manager Corporate Services	30/11/2017	Excellent
Debt Recovery - processes and agreements	Responsive	Manager Corporate Services	14/09/2017	Excellent
Risk Management and Audit Committee (Doc id 447381)	Detective	Policy & Governance Program Leader	3/03/2020	Adequate
Asset Management Plans	Preventative	Manager Infrastructure & Assets	14/09/2017	Inadequate
Rating Policy	Preventative	Manager Corporate Services	14/09/2017	Adequate
Annual review of financial manuals and procedures	Preventative	Manager Corporate Services	2/03/2020	Adequate
Asset Valuations (Doc id 458338)	Preventative	Manager Infrastructure & Assets	27/02/2020	Excellent
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 Acquired 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
Review Developer Contribution Plan	Jun-18	Project Management Program Leader
Asset management plans in progress	Jul-18	Manager Infrastructure & Assets

## RP10 - 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	Owner	Date	Rating
Booking / Permit System	Preventative	Community Development Program Leader	14/09/2017	Adequate
Inspection and Maintenance Program - Other Assets (Doc id 458319)	Preventative	Manager Infrastructure & Assets	14/09/2017	Inadequate
Community Feedback Process	Detective	Community Development Program Leader	14/09/2017	Adequate
Event Management, Risk Assessments, Emergency Procedures (Doc id 458494)	Preventative	Community Development Program Leader	2/03/2020	Inadequate
Outsource Management at Key Recreational Reserve	Preventative	Manager Community Services	14/09/2017	Inadequate
Operations Manuals	Preventative	Manager Community Services	14/09/2017	Inadequate
Conditions of Entry to Public Facilities	Preventative	Manager Community Services	14/09/2017	Adequate
Community Events Procedures on Public Land	Preventative	Manager Community Services	14/09/2017	Adequate
Public Building Compliance	Preventative	Manager Infrastructure & Assets	14/09/2017	Inadequate
Alcohol Management	Preventative	Manager Community Services	14/09/2017	Adequate
Noise Management	Preventative	Manager Community Services	14/09/2017	Adequate
Asbestos Register (Doc ID 416357)	Preventative	Manager Infrastructure & Assets	30/11/2017	Adequate
Removal of abandoned vehicles (Doc id 456987)	Preventative	Regulatory Services Program Leader	27/02/2020	Adequate
Tree management plan	Preventative	Manager Infrastructure & Assets	3/03/2020	Adequate
Playground inspection program	Preventative	Manager Infrastructure & Assets	3/03/2020	Adequate
Budgets to Support Public Facilities	Preventative	CEO	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			

<b>Comments</b>
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	General Manager Business Excellence
Review Reserve Management Leases and budget requirements	May-18	General Manager Business Excellence
Develop Inspection/Maintenance program	Jun-18	Manager Infrastructure & Assets
Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Serv	Sep-18	General Manager Business Excellence

**RP11 - 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  
Inadequate Access and/or Security Levels  
Inadequate Storage Facilities  
Staff Turnover / Loss of Corporate Knowledge

Outdated Record Keeping Practices / Incompatible Systems  
Lack of System/Application Knowledge  
High Workloads and Time Pressures  
Incomplete Authorisation Trails

Key Controls	Type	Owner	Date	Rating
Central Record Systems (EDMS)	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
Records Management Committee	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
Records Management Process (Doc id 419406)	Preventative	Policy & Governance Program Leader	2/01/2019	Adequate
Records Management Policy (Doc id 419406)	Preventative	Policy & Governance Program Leader	2/01/2019	Adequate
Document / Correspondence Receipt / Action Process	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
On and Off Site Records Storage (Doc id 419960)	Preventative	Policy & Governance Program Leader	4/01/2019	Adequate

<b>Overall Control Ratings</b>	<b>Adequate</b>
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Risk Ratings	Rating
Consequence	Minor
Likelihood	Possible

<b>Overall Risk Ratings</b>	<b>Moderate</b>
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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

**RP12 - 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
- 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	Owner	Date	Rating
Project Management Framework (Project Methodology)	Preventative	Manager Infrastructure & Assets	14/09/2017	Adequate
Project Budget Tracking	Detective	Manager Corporate Services	14/09/2017	Adequate
New Initiative Reporting	Detective	DIRECTORS	14/09/2017	Adequate
Council Adoption of New Initiatives	Preventative	CEO	14/09/2017	Adequate
Community Engagement Strategy and Policy - Implementation of strategy over 4 years - ongoing from Feb 2018	Preventative	Manager Communications & Engagement	14/09/2017	Excellent
Project Status Reporting	Detective	DIRECTORS	14/09/2017	Adequate
Project Management Training	Preventative	Manager People & Performance	14/09/2017	Inadequate
Change Management Plan	Preventative	Manager People & Performance	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
% 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

**RP13 - 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	Owner	Date	Rating
Some Public Education Programs (Animal Management, Waste)	Preventative	Manager Communications & Engagement	14/09/2017	Adequate
Council Reports	Preventative	DIRECTORS	14/09/2017	Adequate
Community Engagement Strategy and Policy - Implementation of strategy over 4 years - ongoing from Feb 2018	Preventative	Manager Communications & Engagement	14/09/2017	Excellent
Media Policy	Preventative	Manager Communications & Engagement	14/09/2017	Adequate
Communications Plans within Project Plans/Events	Preventative	Manager Communications & Engagement	14/09/2017	Adequate
Strategic Partner Lists	Preventative	Manager Communications & Engagement	14/09/2017	Adequate
Sponsorship Policy	Preventative	Manager Communications & Engagement	14/09/2017	Adequate
Councillor Bulletin	Preventative	Manager Communications & Engagement	14/09/2017	Adequate
Annual Rates Newsletters	Preventative	General Manager Business Excellence	14/09/2017	Adequate
Require Public Consultation prior to Granting Works Permit (Doc id 4472)	Preventative	Project Management Program Leader	17/01/2019	Adequate
Pop Up Info and Consultation Stalls	Detective	Manager Communications & Engagement	14/09/2017	Adequate
Animal Management Plan (Doc id 456988)	Preventative	Regulatory Services Program Leader	27/02/2020	Excellent
Provision of economic and social data via Council website (Doc id 4472)	Preventative	Policy & Governance Program Leader	3/03/2020	Excellent
Community Grants Scheme (Doc id 448168)	Preventative	Community Development Program Leader	2/03/2020	Adequate
Social Media/Website Updates	Preventative	Manager Communications & Engagement	14/09/2017	Adequate
Overall Control Ratings				Adequate

Risk Ratings	Rating
Consequence	Moderate
Likelihood	Unlikely

Overall Risk Ratings	Moderate
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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



**RP14 - 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	Owner	Date	Rating
Contract Management System	Preventative	Manager Infrastructure & Assets	14/09/2017	Adequate
Local Government Guidelines (Doc id 447310)	Preventative	Policy & Governance Program Leader	14/09/2017	Adequate
Suppliers and Contractors WHS Requirements	Preventative	Manager People & Performance	14/09/2017	Inadequate
Strategic Relationship Map	Preventative	CEO	14/09/2017	Inadequate
Tender Procedure (Doc id 447431)	Preventative	Manager Infrastructure & Assets	15/04/2020	Adequate
Procurement Manual (Doc id 447431)	Preventative	Manager Infrastructure & Assets	15/04/2020	Adequate
F N03 Procurement Policy (Doc id 447431)	Preventative	General Manager Business Excellence	15/04/2020	Adequate

<b>Overall Control Ratings</b>	<b>Inadequate</b>
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Risk Ratings	Rating
Consequence	Major
Likelihood	Possible

<b>Overall Risk Ratings</b>	<b>High</b>
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Key Indicators	Tolerance	Date	Overall Result
<i>Number of contracts expired prior to renewal</i>			

**Comments**

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

Current Issues / Actions / Treatments	Due Date	Responsibility

## RP15 - 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	Owner	Date	Rating
Asset Management Plans (Doc id 458323)	Preventative	Manager Infrastructure & Assets	27/02/2020	Inadequate
Asset Management Steering Group (Doc id 458322)	Preventative	Manager Infrastructure & Assets	27/02/2020	Excellent
Asset Management System - Asset Register	Preventative	Manager Corporate Services	21/12/2018	Adequate
Asset Handover Procedures (Doc id 420053)	Preventative	Regulatory Services Program Leader	17/01/2019	Adequate
Conditional Analysis (Doc id 458339)	Detective	Manager Infrastructure & Assets	27/02/2020	Adequate
Asset Valuations (Doc id 458338)	Preventative	Manager Infrastructure & Assets	27/02/2020	Excellent
Inspection and Maintenance Program - Roads	Detective	Manager Infrastructure & Assets	14/09/2017	Adequate
Wet season road network management	Preventative	Manager Infrastructure & Assets	3/03/2020	Inadequate
Capital Works Program	Preventative	Manager Infrastructure & Assets	3/03/2020	Adequate
Street Lighting Program	Preventative	Manager Infrastructure & Assets	3/03/2020	Adequate
Road Network, Road Reserve and Fire Breaks on Council land slashing (447507)	Preventative	Mobile Workforce Program Leader	19/11/2019	Excellent
Inspection and Maintenance Program - Other Assets (Doc id 458319)	Detective	Manager Infrastructure & Assets	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
Develop Asset Management Plan inc Asset costings to establish renewal program	Jul-18	Manager Infrastructure & Assets
Develop Inspection/Maintenance program	Oct-18	General Manager Infrastructure & Operations

**RP16 - 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	Owner	Date	Rating
HR Policy and Procedures	Preventative	Manager People & Performance	14/09/2017	Inadequate
Performance Development Plans and Training Register	Detective	Manager People & Performance	14/09/2017	Adequate
Workforce Plan	Preventative	Manager People & Performance	14/09/2017	Inadequate
Staff Inductions (Code of Conduct Component)	Preventative	Manager People & Performance	14/09/2017	Adequate
Staff Surveys	Detective	Manager People & Performance	14/09/2017	Adequate
Recruitment Process	Preventative	Manager People & Performance	14/09/2017	Excellent
Corporate Training Plan	Preventative	Manager People & Performance	14/09/2017	Adequate
Training Budget	Preventative	CEO	14/09/2017	Adequate
Implement people and culture program	Preventative	Manager People & Performance	12/02/2018	Adequate
Litchfield Council Enterprise agreement	Preventative	Manager People & Performance	10/04/2019	Inadequate
Regular Staff Meetings	Preventative	CEO	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
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	Manager People & Performance

### Review - Risk Profile 15 Inadequate Asset Sustainability Practices

#### 1. Review the inadequate controls

Current RP15 Controls	
Inadequate	8
Adequate	6
Excellent	3
Total	17

Control	Background	Date	Rating	Discussion	Proposed Action
Asset Management System – Infrastructure	Inconsistent and fragmented approach to collection and storage of corporate data. Inability to; <ul style="list-style-type: none"> <li>- plan long/short term am programs</li> <li>- budget for am</li> <li>- monitor and assess levels of service delivery</li> </ul>	21/12/2018	Inadequate	RP15 already has an existing control being Asset Management System – Asset Register.  After reviewing the background and reasoning behind the two different controls, there was no obvious difference between the two controls. It was decided this was a duplicate and not required.	Remove control
Asset Management Plans	Thorak Cemetery Asset MP – September 2018 Roads Asset MP – October 2019 Remaining asset management plans will be developed as per the schedule.	27/02/2020	Inadequate	A schedule is in place for the development of asset management plans.  Agreed that this control remain at inadequate until all plans have been developed as per the schedule.	Control remain
Future trend analysis	No background found	14/09/2017	Inadequate	Historical control with no background information as to why it was added to the register. At this time, the control does not add any value to the risk register.	Remove control
Land asset optimisation strategy	No background found	14/09/2017	Inadequate	Historical control with no background information as to why it was added to the register. Control could potentially be considered in the future, as Council matures and looks to optimise it's land assets.	Remove control

Community Engagement – Service levels	Related to the treatment under RP13 Engagement practices. Standardised community information – action has been completed as a result of the project management framework (communication plan).	14/09/2017	Inadequate	The control - <i>Communications Plans within Project Plans/Events</i> has been changed to adequate with the completion of the project management framework. This control is a duplicate and is already captured under RP13.	Remove control
Inspection and maintenance program – drainage	Inspection and maintenance programs are used to ensure assets are safe and proactively managed.	03/03/2020	Inadequate	A duplicate of the existing control - <i>Inspection and maintenance program – other assets</i> . The Risk Control Status document states “other assets” includes all non-road assets such as buildings, drainage, pathways, driveways and street lighting. The Risk Control Status for Roads also includes drainage. More investigations are required to determine where drainage inspections sits. This control however is a duplicate and can be removed.	Remove control
Wet season road network management	No background found	03/03/2020	Inadequate	Although no background or information was found in relation to this control, it was agreed this control was required. A Risk Control Status document was produced to provide information on what would be required to change this control from inadequate to adequate.	Control Remain
Inspection and maintenance program – other assets	Inspection and maintenance programs are used to ensure assets are safe and proactively managed.	14/09/2017	Inadequate	Inspection and maintenance programs are currently still being developed. Control to remain as inadequate until completed.	Control Remain

2. Review the adequate/excellent controls (to be completed)
3. Consider adding any further controls and actions (to be completed)

## RMAC REPORT

<b>Agenda Item Number:</b>	8.5
<b>Report Title:</b>	FIN04 Financial Reserves Policy
<b>Author:</b>	Bianca Hart, Manager Corporate Services
<b>Recommending Officer:</b>	Arun Dias, General Manager Business Excellence
<b>Meeting Date:</b>	3/08/2021
<b>Attachments:</b>	A: FIN04 Financial Reserves Policy

### Executive Summary

This report presents for the Risk Management and Audit Committee FIN04 Financial Reserves Policy (Attachment A).

Due to the time constraints imposed by Municipal Plan adoption deadlines, this policy has already been adopted by resolution of Council 16 June 2021.

### Recommendation

THAT RMAC note and receive FIN04 Financial Reserves Policy

### Background

To facilitate the preparation of the 2021/2022 Budget (Budget) and 2021/2022 to 2030/2031 Long Term Financial Plan (LTFP), Council held multiple budget workshops.

During these workshops, Council discussed financial reserves which resulted in the following assumptions underpinning the Budget and LTFP:

- Inclusion of a new Information & Communication Technology (ICT) Reserve.
- An increase to the Disaster Recovery Reserve to \$900k over the next 4-5 years; and
- 10% increase to election reserve every four (4) years

Further to these workshops, Council sought advice to clarify if the Waste Management Reserve should be an externally restricted reserve. The advice was inconclusive. In order to ensure Council remain compliant with the Local Government Act and associated Regulations, the Waste Management Reserve has been reclassified as an externally restricted reserve.

In light of the above, Council Policy FIN04 Financial Reserves has been updates to reflect the above changes.

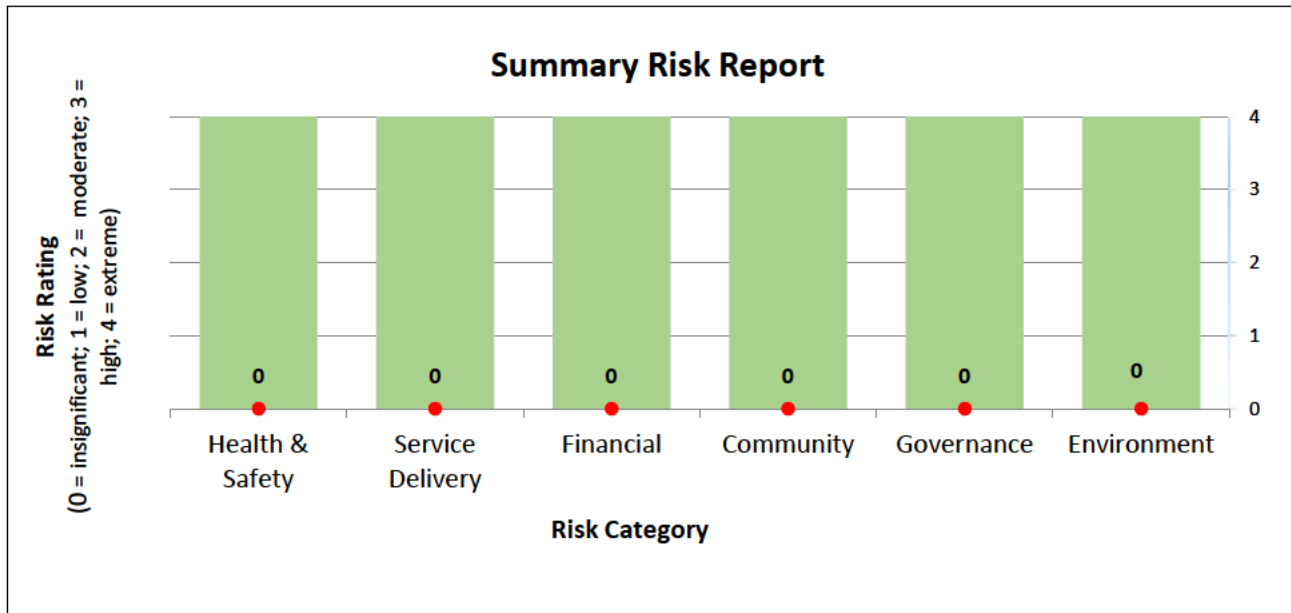
### Links with Strategic Plan

A Well-Run Council - Good Governance

## Legislative and Policy Implications

Developed in accordance with the new Northern Territory Local Government Act 2019 and Local Government (General) Regulations 2020.

## Risks



Risks identified in the interim audit report are rated 'low' risk and considered to have an insignificant risk rating for the purposes of this report.

## Financial Implications

Nil

## Community Engagement

Whilst Community Engagement is not required in direct relation to FIN04 Financial Reserves Policy, public submissions were sought in response to both the 2021/2022 Draft Municipal Plan and Budget and 2021/2022 to 2030/2031 Draft Long Term Financial Plan which include movements in reserves.



Financial Reserves **POLICY FIN04**

Name	FIN04 Financial Reserves
Policy Type	Council
Responsible Officer	Manager Corporate Services
Approval Date	16/06/2021
Review Date	15/06/2025

**1. Purpose**

To ensure sustainable and responsible financial management of Litchfield Council, through consistent identification, administration and usage of externally and internally restricted reserves.

**2. Scope**

This policy applies to all funds held in reserve.

**3. Definitions**

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

Financial Reserves	The term includes Asset Revaluation Reserves under Australian accounting Standards and other reserves as described in this policy.
Asset Revaluation Reserves	Reserves required by the Australian Accounting Standards and are not cash backed reserves.
Internally Restricted Reserves	Reserves established by Council to ensure that sufficient funds are available when required for a specific purpose. These reserves are cash backed.
Externally Restricted Reserves	Reserves that are subject to external restrictions in their purpose. These reserves are cash backed.

**4. Policy Statement****4.1 Classification of Financial Reserves****4.1.1 Asset Revaluation Reserves**

This reserve is established under the requirements of the Australian Accounting Standards. It reflects the increments or decrements of fixed asset values as result of an asset revaluation.

**4.1.2 Externally Restricted Reserves**

The following criteria apply to externally restricted reserves:

- The reserve is subject to legal requirements that govern the use of the funds; or
- The reserve includes funds that have not been utilised for the purpose for which they were received, and an obligation or requirement to return funds to its contributor exist.

The following Council reserves are externally restricted reserves:

Externally Restricted Reserves	
Unexpended Grants and Contributions	This reserve holds the balance of unexpended grants and contributions received from external contributors. The funds are held in this reserve until expensed in line with the funding conditions. External restrictions apply in line with the individual funding agreements and Australian Accounting Standards.
Developer Contribution Reserve	This reserve holds contributions received by Council by developers in line with the Litchfield Council Developer Contribution Plan. Restrictions apply as set out in both the Plan and under provisions outlined in the Planning Act.
Waste Management Reserve	This reserve holds surplus funds generated specifically from the Waste Management Department. These reserves will only be expensed on activities relating to Waste Management such as the renewal, replacement or upgrading of existing assets, the establishment of new assets in line with Council's Asset Management Plan, remedial works or strategic development of the Waste Service delivery.

**4.1.3 Internally Restricted Reserves**

The following criteria apply to internally restricted reserves:

- The reserve is not subject to legal requirements governing the use of the funds; or
- The reserve has been established for a specific internal purpose, however, if that purpose does not eventuate or Council changes its priorities the funding can be diverted to other purposes

The following Council reserves are internally restricted reserves:

Internally Restricted Reserves	
Asset Reserve	The reserve holds funding for renewal, replacement or upgrading of existing assets and/or the establishment of new assets in line with Council's Asset Management Plans.
Unexpended Capital Works Reserve	This reserve holds the balance of unexpended capital works funds that are requested to be carried forward to the following financial year.
Election Reserve	The reserve will fund expenses related to Council Member election including, unplanned By-Elections.
Disaster Recovery Reserve	This reserve will fund expenses occurred due to storms, storm surges, and floods or any other natural disaster. The fund will enable Litchfield Council to recover from these disasters and return to operations.
Strategic Initiatives Reserve	This reserve will fund strategic initiatives for the future development of Litchfield Council in line with the Municipal Plan and the Long Term Financial Plan. Specific initiatives must be identified in order to have funds allocated.
Thorak Regional Cemetery	This reserve holds surplus funds generated by Thorak Regional Cemetery.
Information & Communication Technology Reserve	This reserve will hold funds for activities related to the Information Communication & Technology Department such as the renewal, replacement or upgrading of existing assets and investment in software upgrades and cyber crime protection initiatives.

#### 4.2 Establishment of Financial Reserves

Asset Revaluation Reserves	Establishment of the reserve follows the Australian Accounting Standards.
Externally Restricted Reserves	A reserve will be established for any value if there is a legal requirement or a requirement under the Australian Accounting Standards.
Internally Restricted Reserves	The establishment of a new reserve must be authorised by Council and shall not be established for an amount less than \$100,000.

#### 4.3 Transfer of funds in/out Financial Reserves

For financial management purposes all reserve transfers must be detailed separately.

Asset Revaluation Reserves	Transfer of funds follow the Australian Accounting Standards.
Externally Restricted Reserves	Transfer of funds are restricted to the relevant legal requirements and accounting standards.
Internally Restricted Reserves	Transfer of funds are made in line with 4.4 of this policy unless otherwise determined by Council resolution.

4.3.1 All transfers for reserves shall be assessed at least annually during the preparation of the budget and the Long Term Financial Plan. Transfers of reserves made under this policy at the end of the financial year do not require authorisation by Council resolution.

4.3.2

4.3.5 The total of all reserves shall not exceed the current assets held by Council.

#### **4.4 Maintaining Balance of Financial Reserves**

Transfers made at the end of the financial year shall be made with consideration to the following.

Thorak Regional Cemetery Reserve	Calculated as Thorak Regional Cemetery surplus/deficit (excluding depreciation), plus capital grant funding, minus capital expenditure
Election Reserve	This reserve shall be maintained at no more than \$200,000
Disaster Recovery Reserve	This reserve shall be maintained at or near \$900,000
Strategic Initiatives Reserve	This reserve shall be maintained at no more than \$500,000
Information & Communication Technology Reserve	This reserve shall be maintained at no more than \$200,000
Unexpended Capital Reserve	This reserve shall hold the balance of uncompleted capital works approved to carry over from the previous financial year
Asset Reserve	Will receive any surplus reserves once all other reserves have been replenished

#### **4.5 Reporting on Financial Reserves**

Council is required under Part 6 (13) (1) (c) of the Local Government (General) Regulations to disclose all reserves set aside for a specific purpose in its annual financial statement. In addition to this, reserves are reported on as follows:

- A detailed statement with movements as part of the annual budget.
- A detailed statement with actual performance compared to annual budget as part of the budget review reports.
- A statement of balances as part of the monthly finance report.

## 5. Associated Documents

Litchfield Council Policies  
 Litchfield Council Municipal Plan  
 Litchfield Council Long Term Financial Plan  
 Litchfield Council Asset Management Plans  
 Litchfield Council Asset Management Policy  
 Litchfield Council Subdivisional Guidelines  
 Litchfield Council Developer Contributions Plan

## 6. References and Legislation

Northern Territory Local Government Act 2019  
 Northern Territory Local Government (General) Regulations  
 Australian Accounting Standards  
 Ministerial Guidelines

## 7. Review History

Date Reviewed	Description of changes (Inc Decision No. if applicable)
17 September 2015	New policy 15/0097/02
13 December 2017	Reviewed
16 June 2021	Reviewed and updated

## RMAC REPORT

<b>Agenda Item Number:</b>	8.6
<b>Report Title:</b>	PACMan Committee Minutes
<b>Author:</b>	Alana Rosse, Executive Assistant to General Manager Infrastructure and Operations
<b>Recommending Officer:</b>	Leon Kruger, General Manager Infrastructure and Operations
<b>Meeting Date:</b>	3/08/2021
<b>Attachments:</b>	A: PACMan Minutes 20210527 B: PACMan Minutes 20210624

### Executive Summary

The purpose of this report is to provide an update to RMAC on the Procurement, Asset Management and Capital Works Committee (PACMan).

### Recommendation

THAT RMAC accept and note the minutes from the PACMan Committee meeting dated 27 May 2021 and 24 June 2021.

### Background

The PACMan Committee meeting minutes, held on 27 May 2021 are presented at Attachment A.  
The PACMan Committee meeting minutes, held on 24 June 2021 are presented at Attachment B.

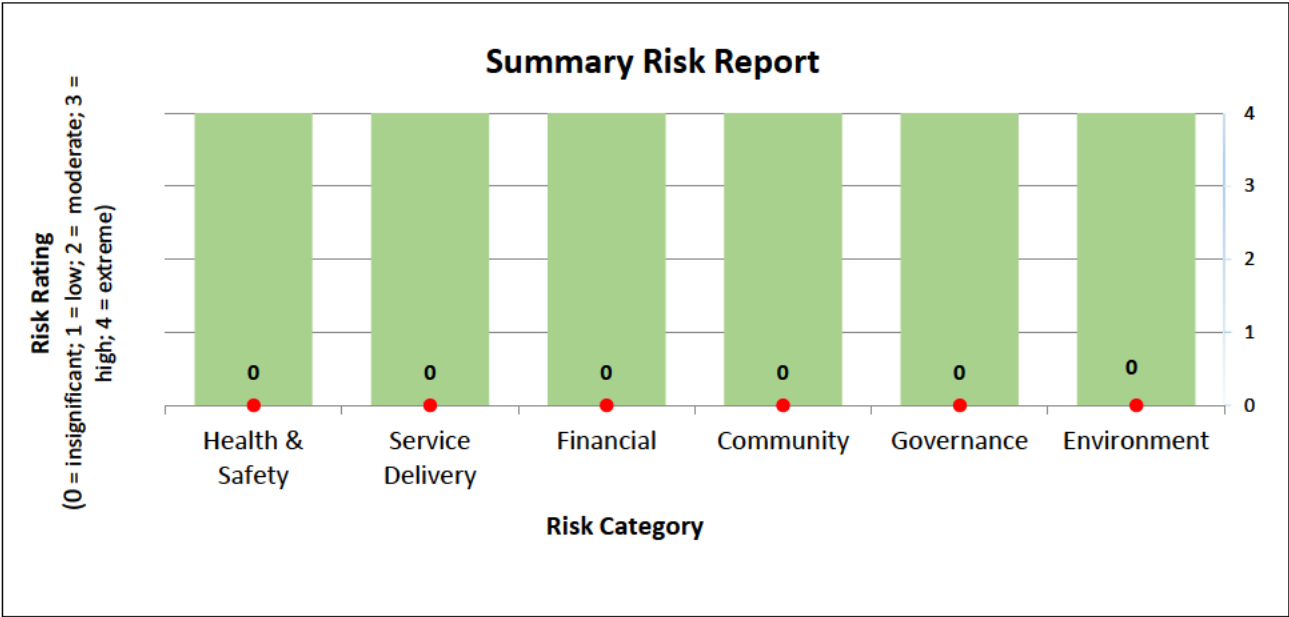
### Links with Strategic Plan

A Well-Run Council - Good Governance

### Legislative and Policy Implications

Nil

Risks



Financial Implications

Nil

Community Engagement

N/A





# MINUTES

## PROCUREMENT | ASSET MANAGEMENT | CAPITAL WORKS MANAGEMENT COMMITTEE

### Minutes of Meeting

held in the Council Chambers Meeting Room, Litchfield

Leon Kruger

on Thursday 25<sup>th</sup> March, 2021, 09.00am

General Manager Infrastructure & Operations

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Attendees: David Jan, Bikram Poudel, Rodney Jessup, Bianca Hart, Mark Hogan, Arun Dias, Ellie Cuthbert, Hannah Horrocks, Leon Kruger (Chair)

Apologies: Rebecca Taylor, Raj Gadhav, Charissa Monteleone, Daniel Fletcher

Minutes Taken By: Melissa Waite

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#### ITEM

#### ATTENDEES

### 1. WELCOME

ALL

1.1. Apologies

1.2. Agenda run-through

1.3. Confirmation of Previous Minutes

Minutes accepted

1.3.1. Status update of outstanding actions

Actions Updated

### 2. CAPITAL WORKS

MEETING OPEN 09:17am

2.1. Program of Works

Group reviewed the comments and status within the Capital Works spreadsheets.

**ACTION:** David to add his comments on Waste status within document.

## 2.2. Future planning requirements

Will push to get as much done by December 2021 to assist with planning for 2022.

MEETING CLOSE 09:34am

## 3. PROCUREMENT

MEETING OPEN 09:34am

### 3.1. KPI Reporting

#### a) Split Orders

Report for March and April split orders presented (attached). Noted that Butler Place orders, there was only one (1) contractor available at the time.

Waste is under the same contractor for different locations but same invoice.

David is to follow up on the order with Justin for subscriptions for the different prices. **ACTION**

Two (2) orders for the same emergency works, believe it was from another job out to the location to inspect. This will be checked to make sure. **ACTION**

#### b) Insufficient Quotes

Report for March and April insufficient quotes presents (attached). All orders have sufficient reasoning for insufficient quotes.

Follow up on Waste LGWR and Mobile Workforce Terralab **ACTION**

### 3.2. Periodic Contracts

- Extension for 5 years for period contracts.
- Document being put together to show when tenders are up and will be shared with ELT.

### 3.3. Upcoming Tenders

- Every 2 weeks there will be a new tender for about the next 3 months.

### 3.4. Risk Register

- Rebecca absent will follow up next meeting.

MEETING CLOSED 9.51am

## 4. ASSET MANAGEMENT

MEETING OPEN 9.51am

### 4.1. Asset Management Plan schedule

- Bikram provided an overview of the updated AMP schedule.
- Draft Plant and Fleet asset management plan targeting for July Council Briefing.
- Plant and Fleet portion removed from Thorak Regional Cemetery AMP and incorporated into the draft plant and fleet AMP. Update required in Thormak Cemetery AMP.
- Currently drafting RFQ for Council Admin Buildings and surrounds.
- Completed condition assessment of following road assets category: sealed roads, unsealed roads, kerbs, shared path. Driveways are being looked at; this will take some time as Council have around 7000 driveways in its network. Options to fasten this up is taking photos from the vehicle and inspect only if its required urgent attention.
- Need to investigate AMP and further break down using Asset classifications.
- Reserves will be looked at in more details for dates in 2022, currently they have estimated a date, by July August there will be a more realistic date for completion.

### 4.2. Fleet Asset Management Plan- review/overview draft plan

- Plant and Fleet asset register updated as per the new organizational structure.
- Replacement periods set out for plant and fleet, referenced from IPWEA Guidelines and Plant and Vehicle Management Manual.
- NAMS PLUS subscription is used to develop Asset Management plan which is easy to use.

- There are two methods that can be used for the renewal/replacement program, asset register and alternate method.
- Discussion underway with the relevant managers regarding replacement program schedule for next 10 years.
- There are two (2) methods that can be used, working out which is best for Council.
- Getting the Register Plan back up to date so Assets are being changed when required and kept up to date.

#### Other business in Asset Management

- Completed mapping table drains assets in ArcGIS
- Completed backlogs of Capital Works program in Asset Register backlog from 2017.
- Additional workloads for mapping system- ArcGIS (ITPL- position vacant).

MEETING CLOSED 10:32am

**MEETING ACTIONS – 27<sup>th</sup> May 2021**

Item Number	Action	Action Officer	STATUS
2.1	Update the spreadsheet with all relevant commentary and status	MOE	
3.1	Split orders for subscriptions 2 orders same details different price. Follow up to why	MOE	
3.1	Split orders Emergency Repairs for March to orders same location follow up to why there are 2 POs	MIA	
3.1	Insufficient Quotes follow up with Waste LGWR and Mobile Workforce Terralab	MOE	

**MEETING ACTIONS – 25<sup>th</sup> March 2021**

Item Number	Action	Action Officer	STATUS
2.1	Update the spreadsheet with all relevant commentary and status	Project Managers	Complete
3.3	Coordinate implementing Tender register to see upcoming requirements.	Rodney Jessup	Complete
3.3	Review process for nominating Tender panel members (and reasoning)	Rodney Jessup	In progress
3.4	Risk Rating for procurement and asset management present to group for review. Plan to recommend changes to RMAC if required.	Rebecca Taylor	In progress
4.1	Review new legislation regarding Asset Management and requirements of the Accounting Regulations	Bianca Hart	Complete

**MEETING ACTIONS – 9<sup>th</sup> February 2021**

Item Number	Action	Action Officer	STATUS
2.1	Update the spreadsheet to reflect the capital projects list in the latest budget review	Jaimie O'Connor	Complete
3.3	Charissa to remind staff raising purchase orders of best practice when commenting/ attaching quotes	Charissa Monteleone	Complete
3.4	Combine Period Contracts excel sheets Add the Period Contracts schedule to the Contract module	Charissa Monteleone	In Progress

4.1	Bikram to meet with Arun and Bianca to discuss further regarding thresholds. Both the Asset Management and Accounting Policy will need updating in due course; noting policies need to go to Council for approval	Bikram Poudel	Complete
4.1	Bikram to create an Asset Management procedure/ manual which can refer to the 'how' we manage our Assets and the documents and processes required in terms of capitalisation and linking in with Finance, asset registers et al	Bikram Poudel	In Progress
4.3	Craig - Driveway policy to be reviewed to clarify issues that are open to interpretation. Update and present to Council briefing, followed by a Council report	Craig Maffescioni	In Progress

Split Orders for  
01/03/2021 to 31/03/2021

1/04/2021

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Total No. of Order      403



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## PROCUREMENT | ASSET MANAGEMENT | CAPITAL WORKS MANAGEMENT COMMITTEE

**Minutes of Meeting****held in the Council Chambers Meeting Room, Litchfield  
on Thursday 24 June, 2021, 09.00am**

Leon Kruger

**General Manager Infrastructure & Operations**

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Attendees: David Jan, Bikram Poudel, Rodney Jessup, Bianca Hart, Mark Hogan, Hemi, Rebecca Taylor, Charissa Monteleone, Leon Kruger (Chair),

Apologies: Daniel Fletcher

Minutes Taken By: Alana Rosse

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## ITEM

## ATTENDEES

**1. WELCOME**

ALL

MEETING OPEN 09:00

- 1.1. Apologies
- 1.2. Agenda run-through
- 1.3. Confirmation of Previous Minutes

Minutes Accepted

- 1.3.1. Status update of outstanding actions
- Actions Updated

**2. CAPITAL WORKS**

MEETING OPEN 09:17am

**2.1. Program of Works**

Group reviewed the comments and status within the Capital Works spreadsheets

**ACTION:** Rodney to add commentary on relevant works projects that require updating in the spreadsheet.

**2.2. Future planning requirements**

- There are a lot of projects upcoming for new financial year and a few carrying over from this year.

- Approximately \$2 million of funding carrying forward including Grant Funded projects commenced during the year.
- Approximately \$1.2 million left of municipal plan funding carrying forward.

MEETING CLOSE 09:28am

### 3. PROCUREMENT

MEETING OPEN 09:34am

#### 3.1. KPI Reporting

##### a) Split Orders

Report for May split orders presented (attached).

Group reviewed Split Orders and all orders have sufficient reasoning. Group agreed, no further action required.

##### b) Insufficient Quotes

Report for May insufficient quotes presents (attached).

Group reviewed insufficient quotes and all orders have sufficient reasoning for insufficient quotes. Group agreed, no further action required.

#### 3.2. Periodic Contracts

- Most Period Contracts will be extended following Minister's letter allowing this to happen.
- David to review and extend any relevant contracts as they are due to expire on July 2 **(ACTION)**.
- Cleaning contract for cleaning of Thorak and Council building out with RFQ.

### 3.3. Upcoming Tenders

- A lot of upcoming and overlapping tenders.
- Looking at training to help spread load of tender evaluations across panel.
- All 2022 tenders up to date.

### 3.4. Risk Register

- Questions were raised around duplications and outdated information by group.
- Rodney to assess the controls and check for duplications. **(ACTION)**
- Group agreed Rebecca to work with Rodney on Risk Register and present back at next meeting. **(ACTION)**
- Rebecca to meet with Arun and run through relevant controls. **(ACTION)**

MEETING CLOSED 9.55am

## 4. ASSET MANAGEMENT

MEETING OPEN 9.55am

### 4.1. Asset Management Plan schedule

- New target date column to be added in
- Adopted and Revision columns
- Bikram & Rodney revisit table to have monthly updates **(ACTION)**
- Updated target dates to reflect commentary **(ACTION)**

#### ***Street Lighting***

- PWC no longer provide with streetlight numbering and place – Council is now responsible moving forward.
- Rodney & Bikram working on a streetlight numbering system (360 lights).
- Capital budget is 30k for street lights, will be consumed by this street lighting project.

***Sealed Roads***

- All roads done in last year have taken a substantial chunk out of the backlog of roads.

4.2. Fleet Asset Management Plan- review/overview draft plan

Other business in Asset Management

- Bikram Asset management planning training complete.

MEETING CLOSED 10:10am





## PACMAN

### MEETING ACTIONS – 24 June 2021

Item Number	Action	Action Officer	STATUS
2.1	Update spreadsheet with all relevant commentary and status.	Rodney Jessup	
3.2	Review current Period Contracts and update/extend any contracts as they are due to expire on July 2.	David Jan	
3.4	Assess controls and check for duplications. Also assess ratings and present back at next meeting with updates.	Rodney Jessup & Rebecca Taylor	
4.1	Revisit AMP document and improve layout and functionality. Suggestions to create it similar to Capital Works spreadsheet.	Rodney Jessup & Bikram Proudal	
4.1	Update AMP target dates to reflect commentary timelines.	Rodney Jessup	

### MEETING ACTIONS – 27 May 2021

Item Number	Action	Action Officer	STATUS
2.1	Update the spreadsheet with all relevant commentary and status	MOE	Complete
3.1	Split orders for subscriptions 2 orders same details different price. Follow up to why	MOE	Complete
3.1	Split orders Emergency Repairs for March to orders same location follow up to why there are 2 POs	MIA	Complete (As per email to MCS 02/06/2021) from SBSO
3.1	Insufficient Quotes follow up with Waste LGWR and Mobile Workforce Terralab	MOE	Complete

### MEETING ACTIONS – 25 March 2021

Item Number	Action	Action Officer	STATUS
3.3	Review process for nominating Tender panel members (and reasoning)	Rodney Jessup	Complete
3.4	Risk Rating for procurement and asset management present to group for review. Plan to recommend changes to RMAC if required.	Rebecca Taylor	Ongoing

### MEETING ACTIONS – 9 February 2021

Item Number	Action	Action Officer	STATUS
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3.4	Combine Period Contracts excel sheets Add the Period Contracts schedule to the Contract module	Charissa Monteleone	Complete
4.1	Bikram to create an Asset Management procedure/ manual which can refer to the 'how' we manage our Assets and the documents and processes required in terms of capitalisation and linking in with Finance, asset registers et al	Bikram Poudel	Complete
4.3	Craig - Driveway policy to be reviewed to clarify issues that are open to interpretation. Update and present to Council briefing, followed by a Council report	Craig Maffescioni	Complete (to be incorporated into the Transport Asset Management Plan)

**UPDATED: 24/06/2021**

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[illegible]



9. Other Business

10. Confidential Items

11 Close of Meeting