

# LITCHFIELD COUNCIL



*Community effort is essential*

## Risk Management and Audit Committee (RMAC)

**BUSINESS PAPER**

**TUESDAY 7/08/2018**

Meeting to be held commencing 10.00am

In Executive Meeting Room at 7 Bees Creek Road, Freds Pass

**Kaylene Conrick, 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.



## LITCHFIELD COUNCIL RMAC MEETING

### Notice of Meeting

to be held in the Council Chambers, Litchfield  
on Tuesday, 7 August 2018 at 10.00am

Kaylene Conrick  
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 8 May 2018, 6 pages, be confirmed

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

5. Business Arising from the minutes

THAT Council receives and notes the Action Sheet

Meeting Date	Agenda Item & Resolution	Action Officer	Status
6 February 2018	<b>13.4 Internal Audit – Work Permit Processes.</b> THAT the RMAC: <ol style="list-style-type: none"> <li>1. Note the internal audit report on Council’s works permit processes</li> <li>2. Receive and note the status report on recommendations from the Work Permit Processes Report, October 2017; and</li> <li>3. Accept the management responses for the completed items</li> <li>4. Request an updated progress report at the next RMAC meeting on 8 May 2018</li> </ol>	Gov & Risk Advisor	This item is incomplete. The works permit audit has been on hold whilst the Planning Manager was the Acting Director Infrastructure and Operations. It is anticipated that work on implementation of the Works Permit Audit outcomes will begin in late July.
8 May 2018	<b>8.1 Risk Register Review</b> THAT the RMAC: <ol style="list-style-type: none"> <li>1. note the completed treatment items to be moved into the key controls of the respective risk profiles where applicable;</li> <li>2. notes and accepts the explanations for the overdue items;</li> <li>3. requests the full Risk Register and controls to be presented at the next meeting; and</li> <li>4. requests the inclusion of updated due dates and status comments as part of the risk dashboard report.</li> </ol>	Gov & Risk Advisor	Report presented in agenda item 8.1
8 May 2018	<b>8.2 Internal Audit Plan</b> THAT the RMAC:	Gov & Risk Advisor	See Item 5 attachment

Meeting Date	Agenda Item & Resolution	Action Officer	Status
	<ol style="list-style-type: none"> <li>1. note and endorse the change to the internal audits recommended to the 2018-2019 year;</li> <li>2. endorse the proposed three-year internal audit plan;</li> <li>3. review the plan annually to confirm the next three years internal audits in accordance with the RMAC terms of reference, and</li> <li>4. request the three-year internal audit plan is presented at the next RMAC meeting with the associated risk and control ratings.</li> </ol>		
8 May 2018	<p><b>10.1 Waste Transportation Contract – Tender Report</b></p> <p>THAT the RMAC:</p> <ol style="list-style-type: none"> <li>1. Note the probity advice and KPMG’s engagement to advise on procurement activities and after enquiring with management the Committee was satisfied that appropriate probity procedures were applied for the awarding of the tender subsequent to the Tender Evaluation Panel meeting on 7 March 2018;</li> <li>2. Request a report on the continuous improvement roadmap from KPMG at the next RMAC meeting, in particular <ol style="list-style-type: none"> <li>a. The update of FIN03 Procurement policy (including the offer of a tender debriefing session) and associated procurement tendering framework documents;</li> <li>b. The criteria to be used in the appointment of the independent probity adviser, and</li> <li>c. That the updates be reflected in the risk register profiles where appropriate.</li> </ol> </li> </ol>		Report presented in agenda item 8.2

Internal Audit	Value	Financial Year	Description	Risk Profile	Risk Rating	Control Rating
Audit of Council's processes related to traffic management of Council commissioned works	Proposed	18/19	In response to the recent findings handed down by the NT Coroner regarding the liability of Councils in relation to traffic management, management propose to conduct an audit of Councils processes related to traffic management at Council commissioned works. Recommendations from this audit will contribute to improving controls in the "Inadequate Safety and Security Practices" risk profile which has an overall risk rating of high and overall control rating of inadequate.	RP4 - Errors, Omissions, Delays and Incorrect Advice	Moderate	Adequate
Audit of Council's payroll processes	Proposed	18/19	Internal audit of Councils payroll processes to ensure accuracy and consistency. This audit will examine the processes currently in use to process Councils payroll including consistency between contract conditions and payroll setup. It will ensure that the "Ineffective and Unsustainable Financial Management" risk profile controls are maintained at an adequate level commensurate with the overall moderate risk rating and contributes to addressing the External Auditors findings regarding payroll certification	RP16 - Ineffective HR Management / Employment Practices	Moderate	Adequate
Audit of Contract Management Practices	Proposed	18/19	As part of the current probity advice received on tendering and contract processes an opportunity was raised for an audit on current processes for contracts management and acceptance of variations to tendered contracts.	RP14 - Inadequate Procurement / Supplier / Contract Management	High	Inadequate
Records Management processes	Proposed	19/20	This audit will look at the success of the implementation of the Records Management Improvement Plan. The findings of the audit will inform and provide confirmation of control ratings related to records management risks	RP11 - Inadequate Records Management Processes	Moderate	Inadequate
Audit of Mobile Work Force work health and safety procedures and practices	Proposed	19/20	This audit will focus on the operational practices of the MWF both at the Humpty Doo workshop and in the field. Recommendations from this audit will contribute to improving controls in the "Inadequate Safety and Security Practices" risk profile which has an overall risk rating of high and overall control rating of inadequate	RP8 - Inadequate Safety and Security Practices	High	Inadequate
Information Security	Proposed	19/20	The ICT Improvement Plan has been developed in 2017 and implementation will be undertaken over the coming years. IT Security regarding data, cyber attacks and disaster recovery are a great risk to Council if not managed appropriately. The audit should identify if the implemented measures of the ICT Improvement Plan are mitigating the risk to Council's satisfaction.	RP6 - ICT Systems and Infrastructure Failure	High	Inadequate
Audit and review of Council's reserve management arrangements	Proposed	20/21	Council has been managing Howard Park and Knuckey's reserves since 2015 with five other reserves managed by local associations. This review will examine the reserve management arrangements and make recommendations as to the risks to Council.	RP10 - Ineffective Management of Public Facilities / Venues / Events	Moderate	Inadequate
Audit of compliance with Roads Inspection Regime	Proposed	20/21	Council has a regime of roads inspection determining intervals, level of inspection and documentation required. The audit will identify if the regime is adhered to and is appropriately mitigating risk for Council.	RP15 - Inadequate Asset Sustainability Practices	High	Inadequate
Audit of compliance with Tree Risk Management Plan	Proposed	20/21	Council has resolved to develop a Tree Risk Management Plan identifying the level, intervals and documentation of tree risk assessment for Council's open space. Development will take place in the 2018/19 financial year. The audit should identify if processes have been sufficiently established and are followed to mitigate risk to Council.	RP10 - Ineffective Management of Public Facilities / Venues / Events	Moderate	Inadequate

6. Presentations

7. Accepting or Declining Late Items

8. Officer Reports



## RMAC REPORT

<b>Agenda Item Number:</b>	8.1
<b>Report Title:</b>	Presentation of the Risk Register and controls
<b>Report Number:</b>	
<b>Meeting Date:</b>	7/08/2018
<b>Attachments:</b>	Litchfield Council Risk Register Risk Control Status Template

### Purpose

To update the RMAC on the progress towards implementing treatments identified in the strategic risk register.

### Summary

At its meeting on May 2018 the Risk Management and Audit Committee requested the inclusion of updated due dates and status reports into the dashboard report for the risk framework. The full risk register, including the dashboard action status report, is attached as requested by the RMAC.

The dashboard indicates actions which have been completed and those which are still to be completed. As shown in table 1 below there are now 19 overdue treatments with 9 treatments completed in the last period. Further refinement to documenting and monitoring progress on completing actions will result in the removal of duplicates with a refined method to acknowledge that some treatments will impact on multiple risk profiles. Updates are provided for all actions which are due, including those that are overdue.

As a result of actions completed ten (10) controls have been upgraded from inadequate or adequate to an excellent rating as shown in table 2 below. This however has not impacted on the overall risk rating for any of the risk profiles as shown in table 3. It is expected that the introduction of the control owner (described below) and a control review following the confirmation of updates presented at this meeting will provide justification for further control ratings to be improved impacting on overall risk ratings, noting also that a risk profile with a high risk is acceptable with an overall excellent control rating in line with the approved risk management framework.

Other updates to the risk framework include the addition of a risk profile code prefix for each profile and a control owner field in each of the sixteen (16) risk profiles. The identification of the control owner will provide a point of contact to ensure the control is maintained and appropriate actions are recommended where required. The control owner will also maintain an understanding of its influence on the risk profile rating. For controls which have an inadequate rating this can be achieved through documentation produced using the risk control status template (attached). This template provides a structure to capture the intent of the control, any actions/treatments which are in progress which will improve the control rating and any recommendations for new actions or changes to control rating.



The identification of control owners will be supported by the inclusion of risk management KPIs in managers workplans as they are reviewed through the performance review process. An example workplan statement is provided below.

*Maintain documentation of risk controls attributed to the xxxxxxxx position and provide recommendations as to actions which will contribute to managing Council's risks and/or improve risk profile control ratings.*

To maintain engagement with Managers a standing agenda item has been included in the monthly Leadership Team meetings. Each month selected risk profiles will be reviewed including examination of existing control ratings and actions which are due for completion.

## Recommendation

THAT the RMAC

1. Notes the full risk register including the updated dashboard report to include status comments and the inclusion on control owners
2. Notes the completed treatment items to be moved into the key controls of the respective risk profiles where applicable.
3. Notes the overdue items.

## Background

Council's risk management frame work was endorsed by the RMAC at the October 2017 meeting.

**Table 1. Treatment Summary**

<i>Last RMAC</i>			<i>This RMAC</i>			
Total	Complete	Overdue	Total	New	Complete	Overdue
54	11	6	47	4	9	19

Risk Profile	Table 2. Control Status Summary					
	Last RMAC			This RMAC		
	Excellent	Adequate	Inadequate	Excellent	Adequate	Inadequate
RP1	2	13	2	3	15	2
RP2	0	7	4	1	4	2
RP3	4	16	0	2	6	3
RP4	1	4	2	0	6	2
RP5	0	6	2	4	16	0
RP6	1	5	6	2	6	4
RP7	0	10	2	1	11	1
RP8	0	12	8	2	13	6
RP9	1	16	4	2	16	3
RP10	0	6	7	0	7	6
RP11	0	2	5	0	2	5
RP12	0	3	5	1	3	4
RP13	0	9	2	1	9	1
RP14	0	2	4	0	2	4
RP15	0	5	8	0	5	8
RP16	1	4	4	1	7	2
Total	10	120	65	20	128	53

Table 3. Risk Rating Summary							
Last RMAC				This RMAC			
Extreme	High	Moderate	Low	Extreme	High	Moderate	Low
0	5	10	1	0	5	10	1

#### Links with Strategic Plan

An effective and sustainable Council.

#### Legislative and Policy Implications

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

#### Risks

Nil

#### Financial Implications

Nil

#### Community Engagement

Nil

Recommending  
Officer:

David Jan, Governance and Risk Advisor

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

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## Litchfield Council Risk Dashboard Action Status Report

<b>RP1 - Misconduct</b>		<b>Risk</b>	<b>Control</b>
		<b>Moderate</b>	<b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Record Management Improvement Project	Jun-18	DCCS	<p>7 August 2018 Significant progress has been made on implementation. - Policies and procedures have been developed and are with staff for feedback. - Business Classification Scheme (BCS) has been confirmed by senior management after considerable staff consultation - Deployment plan developed which includes staff training - Records Officer PD confirmed and position advertised</p> <p>This item will be ongoing however it is expected that with the implementation of the BCS and the conducting of the staff training as per the deployment plan this item will be finalised by next RMAC meeting.</p>
Development of IT policies	Jun-18	Info Mgr	<p>7 August 2018 Item incomplete. Draft policies have been developed. Expect completion by next RMAC meeting.</p>
<b>RP2 - Business and Community Disruption</b>		<b>Risk</b>	<b>Control</b>
		<b>Moderate</b>	<b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Develop Council Business Continuity Framework and Action Plan	Jun-18	Gov & Risk Adv	<p>7 August 2018 Item not on track. Research into existing frameworks at other Councils conducted. Investigated potential for consultancy to complete this action.</p>
<b>RP3 - Inadequate Environmental Management</b>		<b>Risk</b>	<b>Control</b>
		<b>Low</b>	<b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Waste Management Strategy	May-18	DIO	<p>Waste Management strategy due date adjusted to May 2018 Council meeting</p> <p>8 May 2018 On track for adoption May 2018 Council meeting. ITEM COMPLETE</p> <p>7 August 2018 Adopted at May Council meeting. Item complete. To be moved into controls.</p>
Weed Management Plan updated	Aug-18	MWF Mgr	
<b>RP4 - Errors, Omissions, Delays and Incorrect Advice</b>		<b>Risk</b>	<b>Control</b>
		<b>Moderate</b>	<b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Formalise Procedures, Documentation and Checklists for Core Operations - MWF	Jun-18	MWF Mgr	<p>7 August 2018 Item incomplete. Gov and Risk Advisor to meet with manager to develop plan for completion due date reviewed from June 2018</p>
Formalise Procedures, Documentation and Checklists for Core Operations - Waste	Oct-18	Waste Mgr	<p>7 August 2018 Consultant engaged to review and update documentation with waste manager. Site visits scheduled for August 2018</p>
Formalise Procedures, Documentation and Checklists for Core Operations - Thorak	Jun-18	Thorak Mgr	<p>7 August 2018 Item incomplete. Gov and Risk Advisor to meet with manager to develop plan for completion</p>
Formalise Procedures, Documentation and Checklists for Core Operations - Finance	Jun-18	Finance Mgr	<p>7 August 2018 Item incomplete. Gov and Risk Advisor to meet with manager to develop plan for completion</p>
Formalise Procedures, Documentation and Checklists for Core Operations - Planning	Sep-18	Plan & Dev Mgr	

## Litchfield Council Risk Dashboard Action Status Report

Formalise Procedures, Documentation and Checklists for Core Operations - Works	Apr-18	Works Mgr	due date reviewed from March 2018  8 May 2018 Not on schedule due to increased workload resulting from impact of cyclone Marcus. Overdue  7 August 2018 Item incomplete. Gov and Risk Advisor to meet with manager to develop plan for completion
Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Serv	Sep-18	DCCS	
Formalise Procedures, Documentation and Checklists for Core Operations - HR	May-18	HR Advisor	8 May 2018 Some processes and checklists are in place (e.g. induction checklist) Some others, e.g. recruitment process, performance appraisal process, still need to be developed in May 2018. Item expected to be complete by end of May 2018.  7 August 2018 ITEM COMPLETE . Out of date policies have been reviewed and updated including some procedures (disciplinary and travel). Checklist have been documented for exit interviews, recruitment process, performance appraisals and staff induction process. Outputs from this action to be added to existing controls.
Review the CRM system	Oct-18	DCCS	
<b>RP5 - External Theft and Fraud (inc. Cyber Crime)</b>		<b>Risk</b> <b>Moderate</b>	<b>Control</b> <b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Remove paywave capabilities from all purchasing cards	May-18	Finance Mgr	Original Due date - March 2018 8 May 2018 Discussions with card provider have determined that removal of pay wave capabilities will impact on corporate card structure. Overdue – Expect completion May 2018 22 May 2018 Anton Fernando from Westpac has advised that they cannot remove the Pay Wave feature. It is a feature of the issuer (visa/Master) therefore Westpac do not have control over it, all Visa and Master Cards have this feature.  This action will not be met. Recommend removing from risk profile.
<b>RP6 - ICT Systems and Infrastructure Failure</b>		<b>Risk</b> <b>High</b>	<b>Control</b> <b>Inadequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Finalise and Implement ICT Improvement Plan and Road Map	Jun-18	DCCS	7 August 2018 Item incomplete. Item will be reviewed and broken down into individual tasks for better tracking.
Improvement Plan - Data backup	Jun-18	Info Mgr	7 August 2018 ITEM COMPLETE . 1. Purchased Onsite NAS Backup storage, run at the hypervisor level, to ensure a rapid reliable recovery tool. 2. Cloud backup. Data is encrypted and compressed before being transferred to an identified secure Cloud storage platform.  control rating updated to excellent.
Recovery Plan	Jun-18	Info Mgr	7 August 2018 Item incomplete Documentation of process, checklists and identified risks can now be finalised with the implementation of the data back up initiative
Market test for IT Support	Oct-18	Info Mgr	

## Litchfield Council Risk Dashboard Action Status Report

<b>RP7 - Failure to Fulfil Statutory, Regulatory or Compliance Requirements</b>		<b>Risk</b> <b>Moderate</b>	<b>Control</b> <b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Annual review of external Auditor by RMAC	Oct-18	Gov & Risk Adv	
<b>RP8 - Inadequate Safety and Security Practices</b>		<b>Risk</b> <b>High</b>	<b>Control</b> <b>Inadequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Review Existing Safety Practices and Develop Council Safety Management Systems	Sep-18	HR Advisor	
Review HR Policies	Aug-18	HR Advisor	<p><i>Original Due Date March 2018</i>  <b>8 May 2018</b>                      Policy review in progress. Policies updated to date - Motor vehicle policy, Higher duties, Alcohol and other drugs, WH&amp;S, Statement of Employment policies.</p> <p>Updates in progress - Disciplinary action, Grievance policy</p> <p>Plan in place to work with Governance and Risk Advisor to ensure all out of date policies are reviewed and updated prior to compliance check.</p> <p>Overdue – expect completion by August 2018</p> <p><b>7 August 2018</b>                      ITEM COMPLETE                      Out of date policies have been reviewed and updated including some procedures (disciplinary and travel). Checklist have been documented for exit interviews, recruitment process, performance appraisals and staff induction process. Outputs from this action to be added to existing controls.</p>
Drivers and operator license checks and review process	Apr-18	HR Advisor	<p><b>8 May 2018</b>                      Request sent to staff to supply evidence of current licenses required for their role. Spreadsheet updated and will be made available to managers to monitor currency of licenses.</p> <p>Item complete and will be moved to current controls. Drivers licence control updated to excellent.</p>
Conflict resolution training for frontline staff	Dec-18	HR Advisor	
<b>RP9 - Ineffective and Unsustainable Financial Management</b>		<b>Risk</b> <b>Moderate</b>	<b>Control</b> <b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Finalise Rating Policy and Undertake Review of Rating System	Mar-18	DCCS	<p><b>8 May 2018</b>                      Business paper to be presented to Council for approval to establish Community Reference Group at the May Council meeting. Project will go over the term of this year and should be finalised with a policy approved in April 2019. Council will be adopting a project plan.</p> <p>Recommend changing due date in line with project plan according to Council decision</p> <p><b>7 August 2018</b>                      Council noted the rating review report at its May 2018 meeting. A budget allocation has been included for 2018/19 to conduct community engagement through the establishment of a Community Reference Group (CRG). Recommendations from the CRG will be put to Council in time for inclusion in the 2020/21 budget development process.</p>
Review Developer Contribution Plan	Jun-18	DIO	<p><b>7 August 2018</b>                      Consultants have prepared a draft Developer Contribution Plan. Planning and Development Manager is currently reviewing for preparation to Council in October.</p>

## Litchfield Council Risk Dashboard Action Status Report

Implementation of Procurement Audit Findings	Jun-18	DCCS	<u>7 August 2018</u> 1. Councils procurement policy has been updated of which the draft document (attached) is presented for RMAC endorsement. Updates to the current policy include, a. inclusion of provisions for the appointment of a probity advisor by the Tender Evaluation Panel (TEP) b. removal of procedural items to be included in a procurement procedures document, and c. clarifying the documenting of justification when it is impractical to obtain three written quotations. Detailed references to legislation remain in the policy document due to the importance of ensuring all staff understand the context of the policy in relation to the legislation and their responsibilities. 2. Development has commenced on a procurement manual (table of contents attached). This manual will provide procedures for all Councils procurement activities including forms, templates and checklists. Procedural items from the current policy will be included. 3. Key procurement personnel (Works Controller and Asset Management Officer) have attended a three-day procurement training session hosted by the Local Government Association of the Northern Territory.	
Implementation of Works Permit Audit Findings	Oct-18	DIO		
Asset management plans in progress	Jul-18	DIO	<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	
Asset revaluations in progress	Jun-18	DCCS	<u>7 August 2018</u> ITEM COMPLETE. The next scheduled asset revaluation will be in 2021.	
				7-Aug-18
<u>RP10 - Ineffective Management of Public Facilities / Venues / Events</u>		Risk	Control	
		Moderate	Inadequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Comments & Review History				
Formalise Public Places By-Law	Jun-19	DCCS	<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.	
Undertake Formalised Playground Inspections	Sep-18	DCCS		
Review Reserve Management Leases and budget requirements	May-18	DCCS	<u>8 May 2018</u> New lawyer contracted for support, leases to be ready for discussion with reserves in October 2018  <u>7 August 2018</u> Draft lease received from Lawyers.	
Develop Maintenance Schedules - Buildings	Jun-18	DIO	<u>7 August 2018</u> Schedules have been completed and are with the relevant responsible officers for final review. Expect sign of by next RMAC meeting.	
Develop Maintenance Schedules - Parks	Jun-18	DIO		
Develop Maintenance Schedules - Reserves	Jun-18	DIO		

## Litchfield Council Risk Dashboard Action Status Report

Undertake Tree Audit on Public Facilities	Jul-18	DCCS	<p>Original Due Date February 2018 8 May 2018 Tree audit undertaken in January 2018, needs to be redone due to Cyclone Marcus, new due date July 2018</p> <p>Overdue – Expect completion July 2018</p> <p>7 August 2018 Review of tree audit scheduled for 30 July commencement.</p>
Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Serv	Sep-18	DCCS	
<b>RP11 - Inadequate Records Management Processes</b>		<div>Risk</div> <div>Moderate</div>	<div>Control</div> <div>Inadequate</div>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Employ Records Management Officer	Jun-18	Gov & Risk Adv	<p>7 August 2018 Position advertised and closed. Selection process and interviews in progress</p>
Implement Records Management Improvement Project	Jun-18	Gov & Risk Adv	<p>7 August 2018 Significant progress has been made on implementation. - Policies and procedures have been developed and are with staff for feedback. - Business Classification Scheme (BCS) has been confirmed by senior management after considerable staff consultation - Deployment plan developed which includes staff training - Records Officer PD confirmed and position advertised</p> <p>This item will be ongoing however it is expected that with the implementation of the BCS and the conducting of the staff training as per the deployment plan this item will be finalised by next RMAC meeting.</p>
<b>RP12 - Inadequate Project/Change Management</b>		<div>Risk</div> <div>High</div>	<div>Control</div> <div>Inadequate</div>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Establish Council Project Management Methodology	Jun-18	DIO	<p>7 August 2018 Project management processes are being revised to enable a project management methodology to be prepared.</p>
Provide Project Management Training Opportunities	Sep-18	HR Advisor	
<b>RP13 - Inadequate Engagement Practices</b>		<div>Risk</div> <div>Moderate</div>	<div>Control</div> <div>Adequate</div>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Standardised community information processes for Road Network	Dec-18	Works Mgr	
<b>RP14 - Inadequate Procurement / Supplier / Contract Management</b>		<div>Risk</div> <div>High</div>	<div>Control</div> <div>Inadequate</div>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Increase Staff Awareness and Consistency in Approach to Procurement, Contracts and Suppliers	Jun-18	DCCS	<p>7 August 2018 ITEM COMPLETE. Staff awareness has been increased through the engagement of a probity advisor on several recent tenders, staff participation at local government procurement training, staff training from KPMG regarding the continuous improvement roadmap resulting from the Waste Transportation Contract tender report, review of FIN03 Procurement policy and the development of a procurement manual. Whilst complete this item will be ongoing.</p>
Develop a contract management system	Jun-18	DIO	<p>7 August 2018 Project management processes are being revised to enable a project management methodology to be prepared.</p>



## Litchfield Council Risk Dashboard Action Status Report

Develop Contract templates	May-18	DIO	<p><i>Original Due Date April 2018</i>  <b>8 May 2018</b>                      Currently finalising the contract tendering process using consultants KPMG.</p> <p>Overdue – Expect completion May 2018</p> <p><b>7 August 2018</b>                      ITEM COMPLETE.                      Templates have been developed with the assistance of a contracted probity advisor. These will be included into the procurement manual.</p>

## Litchfield Council Risk Dashboard Action Status Report

<b>RP15 - Inadequate Asset Sustainability Practices</b>		<b>Risk</b> <b>High</b>	<b>Control</b> <b>Inadequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Asset revaluation	Jun-18	Asset Mgt Officer	7 August 2018 ITEM COMPLETE. The next scheduled asset revaluation will be in 2021.
Develop Asset Management Plan inc Asset costings to establish renewal program	Jul-18	Asset Mgt Officer	7 August 2018 The Thorak Cemetry 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
Develop Inspection/Maintenance program	Oct-18	DIO	7 August 2018 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.
<b>RP16 - Ineffective HR Management / Employment Practices</b>		<b>Risk</b> <b>Moderate</b>	<b>Control</b> <b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	<b>Comments &amp; Review History</b>
Develop Corporate Training Program	Oct-18	HR Advisor	
Implement Reward and Recognition Program	Oct-18	HR Advisor	
Review HR Policies	Aug-18	HR Advisor	Original Due Date March 2018 8 May 2018 See Inadequate Safety and Security Practices risk profile  7 August 2018 ITEM COMPLETE. Out of date policies have been reviewed and updated including some procedures (disciplinary and travel). Checklist have been documented for exit interviews, recruitment process, performance appraisals and staff induction process. Outputs from this action to be added to existing controls.

## RP1 - Misconduct

Jan-18

### This Risk Theme is defined as:

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

This would include instances of:

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

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

### Potential causes include:

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

Key Controls	Type	Owner	Date	Rating
Delegation Manual	Preventative	Gov & Risk Adv	14/09/2017	Adequate
Fraud Training	Preventative	DCCS	14/09/2017	Adequate
Control of Devices Policy / Procedures	Preventative	Info Mgr	14/09/2017	Inadequate
Electronic Document Management	Preventative	Gov & Risk Adv	14/09/2017	Adequate
Hard Copy Document Management (Archiving)	Preventative	Info Mgr	14/09/2017	Inadequate
Recruitment Process	Preventative	HR Advisor	14/09/2017	Adequate
Segregation of Duties (Financial)	Preventative	Finance Mgr	1/06/2018	Excellent
ICT Security Access Framework - Access and Approvals	Preventative	Info Mgr	14/09/2017	Adequate
Internal / External Audits	Detective	Gov & Risk Adv	14/09/2017	Adequate
Induction Process (Code of Conduct)	Preventative	HR Advisor	14/09/2017	Adequate
Internet / Phone Usage Policy	Preventative	Info Mgr	14/09/2017	Adequate
Fraud Protection Policies	Preventative	DCCS	14/09/2017	Adequate
Credit Card Policy and Monthly Reporting	Detective	Finance Mgr	1/06/2018	Excellent
Disciplinary Procedures	Responsive	HR Advisor	14/09/2017	Adequate
Cash Handling Procedures	Preventative	Finance Mgr	14/09/2017	Adequate
Performance Review process	Detective	HR Advisor	30/11/2017	Adequate
Whistle Blower Policy	Preventative	Gov & Risk Adv	15/11/2017	Excellent
Ongoing Fraud and Misconduct Awareness Training/Information	Preventative	DCCS	12/02/2018	Adequate
Purchasing Policy / Process (Purchase Order Process)	Preventative	DCCS	14/09/2017	Adequate

Overall Control Ratings: Adequate

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

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

### Comments

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

Current Issues / Actions / Treatments	Due Date	Responsibility
Record Management Improvement Project	Jun-18	DCCS
Development of IT policies	Jun-18	Info Mgr

## 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 includes;*

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

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

### Potential causes includes:

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

Key Controls	Type	Owner	Date	Rating
Business Continuity Framework (Policy & Procedures)	Preventative	Gov & Risk Adv	14/09/2017	Inadequate
Business Continuity Plans	Responsive	Gov & Risk Adv	14/09/2017	Inadequate
Cyclone Plan	Responsive	DIO	14/09/2017	Adequate
Fire Management Plan	Preventative	MWF Mgr	14/09/2017	Excellent
Council Property Inspections for Compliance (Informal)	Detective	Asset Mgt Officer	14/09/2017	Adequate
Pre cyclone clean up	Preventative	Works Mgr	14/09/2017	Adequate
Emergency Management Procedures/Drills	Responsive	DIO	14/09/2017	Adequate

Overall Control Ratings:

Adequate

### Risk Ratings

Consequence: Moderate

Likelihood: Unlikely

Overall Risk Ratings:

Moderate

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

### Comments

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

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

## 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
Waste Management Plans	Preventative	Waste Mgr	14/09/2017	Inadequate
Waste Management Strategy	Preventative	Waste Mgr	1/06/2018	Excellent
Contamination Register	Detective	Asset Mgt Officer	14/09/2017	Inadequate
Asbestos Register for Council buildings	Detective	Asset Mgt Officer	14/09/2017	Excellent
Weed Control Schedule	Preventative	MWF Mgr	14/09/2017	Adequate
Support Local Environmental Groups	Preventative	DCCS	14/09/2017	Adequate
Environmental Management / Response Plans	Responsive	DIO	14/09/2017	Inadequate
Erosion Control Road Side Drains	Preventative	Works Mgr	14/09/2017	Adequate
Reporting of Listed Waste	Preventative	Waste Mgr	14/09/2017	Adequate
Landfill Rehabilitation	Preventative	Waste Mgr	14/09/2017	Adequate
Ranger (Dogs) Service	Preventative	Reg Serv Mgr	14/09/2017	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Rare

Overall Risk Ratings: Low

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
Waste Management Strategy	May-18	DIO
Weed Management Plan updated	Aug-18	MWF Mgr

## 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                       | ) Incorrect Information |
| ) Inadequate Procedures or Training | ) Miscommunication      |
| ) Lack of Staff (or trained staff)  |                         |

Key Controls	Type	Owner	Date	Rating
Documented Operational Procedures / Checklists	Preventative	Gov & Risk Adv	14/09/2017	Inadequate
Complaints and Requests Register (CRM)	Detective	DCCS	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	DCCS	14/09/2017	Adequate
Performance Review Process	Detective	HR Advisor	14/09/2017	Adequate
Media and Communications Resource	Preventative	Comm Eng Adv	14/09/2017	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 - MWF	Jun-18	MWF Mgr
Formalise Procedures, Documentation and Checklists for Core Operations - Waste	Oct-18	Waste Mgr
Formalise Procedures, Documentation and Checklists for Core Operations - Thorak	Jun-18	Thorak Mgr
Formalise Procedures, Documentation and Checklists for Core Operations - Finance	Jun-18	Finance Mgr
Formalise Procedures, Documentation and Checklists for Core Operations - Planning	Sep-18	Plan & Dev Mgr
Formalise Procedures, Documentation and Checklists for Core Operations - Works	Apr-18	Works Mgr
Formalise Procedures, Documentation and Checklists for Core Operations - Corp and Comm Serv	Sep-18	DCCS
Formalise Procedures, Documentation and Checklists for Core Operations - HR	May-18	HR Advisor
Review the CRM system	Oct-18	DCCS

## 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
- Lack of Supervision / Unauthorised Entry
- Robbery
- Scam Invoices

Key Controls	Type	Owner	Date	Rating
Visitor Sign In	Detective	DCCS	14/09/2017	Adequate
Keyed Access Controls - Admin Building	Preventative	DCCS	14/09/2017	Adequate
Monitored Alarm - Admin Building	Detective	DCCS	14/09/2017	Adequate
Cash Handling procedures	Preventative	Finance Mgr	14/09/2017	Adequate
Staff Inductions	Preventative	HR Advisor	14/09/2017	Adequate
Restricted and Registered Keys	Preventative	DCCS	14/09/2017	Adequate
After Hours Security	Detective	DCCS	14/09/2017	Adequate
System Checks for New Creditors	Preventative	Finance Mgr	14/09/2017	Adequate
Access Control for Online Banking (Dual Signatory)	Preventative	Finance Mgr	14/09/2017	Adequate
Delegation Manual	Preventative	Gov & Risk Adv	14/09/2017	Adequate
Disposal of assets process/forms	Detective	Finance Mgr	30/11/2017	Adequate
Credit Card policy	Preventative	Finance Mgr	1/06/2018	Excellent
Investment policy	Preventative	Finance Mgr	1/06/2018	Excellent
Audit reports (Monthly report, Weekly AP report)	Preventative	Finance Mgr	1/06/2018	Excellent
Separation of Duties	Preventative	DCCS	1/06/2018	Excellent
Invoice approval process	Preventative	Finance Mgr	30/11/2017	Adequate
Manned Access Control at Off-site Locations (Except BSWTS)	Preventative	Finance Mgr	14/09/2017	Adequate
Asset Register	Detective	Asset Mgt Officer	14/09/2017	Adequate
CCTV	Detective	DCCS	14/09/2017	Adequate
IT Firewall Systems	Preventative	Info Mgr	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
Remove paywave capabilities from all purchasing cards	May-18	Finance Mgr

## 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. 392054)	Responsive	Info Mgr	1/07/2018	Excellent
Performance Monitoring (DOC ID. 394944)	Detective	Info Mgr	14/09/2017	Adequate
UPS / Generator (DOC ID. 394945)	Responsive	Info Mgr	1/07/2018	Excellent
Disaster Recovery Plan (Doc ID. 394950)	Responsive	Info Mgr	14/09/2017	Inadequate
ICT Infrastructure Replacement / Refresh Program (DOC ID. 394946)	Preventative	Info Mgr	14/09/2017	Adequate
ICT Governance/Policy Framework (Doc ID. 394988)	Preventative	Info Mgr	14/09/2017	Inadequate
Internal Service Level Agreements (Doc ID. 394989)	Preventative	Info Mgr	14/09/2017	Adequate
Microwave Connection with Off-site Locations	Responsive	Info Mgr	14/09/2017	Adequate
Telstra land lines	Preventative	Info Mgr	14/09/2017	Adequate
Land Lines at Off-site Locations (Thorak and Waste Transfer Stations)	Preventative	Info Mgr	14/09/2017	Inadequate
Vendor Support	Preventative	Info Mgr	14/09/2017	Inadequate
ICT Access Control and Approval Procedures	Preventative	Info Mgr	14/09/2017	Adequate

Overall Control Ratings:

Inadequate

### Risk Ratings

### Rating

Consequence: Moderate

Likelihood: Likely

Overall Risk Ratings:

High

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

### Comments

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

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



## 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	Gov & Risk Adv	14/09/2017	Adequate
Compliance Calendars	Preventative	Gov & Risk Adv	14/09/2017	Adequate
Councils Policy Framework	Preventative	Gov & Risk Adv	14/09/2017	Adequate
External Auditor Reviews (Financial Compliance)	Detective	Gov & Risk Adv	14/09/2017	Adequate
External/ Internal Auditor Reviews (Other Compliance)	Detective	Gov & Risk Adv	14/09/2017	Inadequate
Monitor Legislative Changes / Subscriptions	Detective	Gov & Risk Adv	14/09/2017	Adequate
Induction Process - Councillors / Staff	Preventative	Gov & Risk Adv	14/09/2017	Adequate
Staff Network Channels	Detective	CEO	14/09/2017	Adequate
Legislative Reporting to Regulators	Detective	DCCS	14/09/2017	Adequate
Internal Compliance Audit - Quarterly	Detective	Gov & Risk Adv	14/09/2017	Adequate
Scheduled Review of Council Policies and Delegations	Detective	Gov & Risk Adv	14/09/2017	Adequate
Tender Process	Preventative	DCCS	14/09/2017	Adequate
3 year Internal Audit Plan	Detective	Gov & Risk Adv	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
Annual review of external Auditor by RMAC	Oct-18	Gov & Risk Adv

## 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	DIO	14/09/2017	Adequate
Workplace Inspections - Administration	Preventative	DCCS	14/09/2017	Inadequate
WHS Policy	Preventative	HR Advisor	14/09/2017	Adequate
Safety Management System/Framework	Preventative	HR Advisor	14/09/2017	Inadequate
Contractor Inductions / Safety Requirements	Preventative	HR Advisor	14/09/2017	Inadequate
Toolbox Meetings	Preventative	HR Advisor	14/09/2017	Adequate
Inventory Hazardous Goods and MSDS	Preventative	Outdoor Mgrs	14/09/2017	Adequate
PPE	Preventative	Outdoor Mgrs	14/09/2017	Adequate
Staff Uniforms (protective)	Preventative	Outdoor Mgrs	14/09/2017	Adequate
Training Register (HR File)	Preventative	HR Advisor	14/09/2017	Inadequate
Operator License Checks (Outdoor Workforce)	Detective	HR Advisor	14/09/2017	Adequate
Driver License Checks	Detective	HR Advisor	14/09/2017	Excellent
Asbestos Register	Detective	Asset Mgt Officer	14/09/2017	Adequate
Fleet Vehicle and plant Safety Requirements	Preventative	DIO	14/09/2017	Inadequate
Conflict Resolution Training - Frontline Staff	Preventative	HR Advisor	14/09/2017	Inadequate
Fire Safety Systems Check	Detective	Asset Mgt Officer	14/09/2017	Adequate
Electrical Tag and Test	Detective	Asset Mgt Officer	14/09/2017	Adequate
Incident/Accident and Damage Reporting	Detective	HR Advisor	14/09/2017	Adequate
Staff Inductions	Preventative	HR Advisor	14/09/2017	Adequate
Insurance Cover	Preventative	DCCS	30/11/2017	Adequate
first aid kits and fire extinguishers in all Council vehicles	Preventative	Fleet Mgr	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.

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Existing Safety Practices and Develop Council Safety Management Systems	Sep-18	HR Advisor
Review HR Policies	Aug-18	HR Advisor
Drivers and operator license checks and review process	Apr-18	HR Advisor
Conflict resolution training fro frontline staff	Dec-18	HR Advisor

## 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                     | / Lack of Policy Framework |
| / Uncertainty of Funding Sources        | / Investment Performance   |
| / Lack of Information (Assets, Debtors) | / Council Decisions        |

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

Overall Control Ratings: Adequate

Risk Ratings	Rating
Consequence:	Major
Likelihood:	Unlikely

Overall Risk Ratings: Moderate

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

### Comments

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

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

# 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	Comm Dev Officer	14/09/2017	Adequate
Maintenance Schedules	Preventative	Asset Mgt Officer	14/09/2017	Inadequate
Community Feedback Process	Detective	Comm Eng Adv	14/09/2017	Adequate
Event Management / Risk Assessments / Emergency Procedures	Preventative	Comm Dev Officer	14/09/2017	Inadequate
Outsource Management at Key Recreational Reserve	Preventative	DCCS	14/09/2017	Inadequate
Operations Manuals	Preventative	DCCS	14/09/2017	Inadequate
Conditions of Entry to Public Facilities	Preventative	DCCS	14/09/2017	Adequate
Community Events Procedures on Public Land	Preventative	DCCS	14/09/2017	Adequate
Public Building Compliance	Preventative	DIO	14/09/2017	Inadequate
Alcohol Management	Preventative	DCCS	14/09/2017	Adequate
Noise Management	Preventative	DCCS	14/09/2017	Adequate
Asbestos Registers	Preventative	Asset Mgt Officer	30/11/2017	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			

## Comments

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

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

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

Key Controls	Type	Owner	Date	Rating
Central Record Systems (EDMS)	Preventative	Gov & Risk Adv	14/09/2017	Inadequate
Records Management Committee	Preventative	Records Officer	14/09/2017	Inadequate
Records Management Process	Preventative	Records Officer	14/09/2017	Inadequate
Records Management Policy	Preventative	Records Officer	14/09/2017	Inadequate
Document / Correspondence Receipt / Action Process	Preventative	DCCS	14/09/2017	Adequate
On and Off Site Records Storage	Preventative	Records Officer	14/09/2017	Adequate
Record Keeping Plan	Preventative	Records Officer	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
Incoming documents entered into records management system	<1day		
Staff using records management system	>80%		

### Comments

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

Current Issues / Actions / Treatments	Due Date	Responsibility
Employ Records Management Officer	Jun-18	Gov & Risk Adv
Implement Records Management Improvement Project	Jun-18	Gov & Risk Adv

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

Key Controls	Type	Owner	Date	Rating
Project Management Framework (Project Methodology)	Preventative	DIO	14/09/2017	Inadequate
Project Budget Tracking	Detective	Finance Mgr	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 Plan/Strategy	Preventative	Comm Eng Adv	14/09/2017	Excellent
Project Status Reporting	Detective	DIRECTORS	14/09/2017	Inadequate
Project Management Training	Preventative	HR Advisor	14/09/2017	Inadequate
Change Management Plan	Preventative	HR Advisor	14/09/2017	Inadequate

Overall Control Ratings: Inadequate

Risk Ratings	Rating
Consequence:	Major
Likelihood:	Possible

Overall Risk Ratings: High

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

### Comments

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

Current Issues / Actions / Treatments	Due Date	Responsibility
Establish Council Project Management Methodology	Jun-18	DIO
Provide Project Management Training Opportunities	Sep-18	HR Advisor

## 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	Comm Eng Adv	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	Comm Eng Adv	14/09/2017	Excellent
Media Policy	Preventative	Comm Eng Adv	14/09/2017	Adequate
Communications Plans within Project Plans/Events	Preventative	Comm Eng Adv	14/09/2017	Inadequate
Strategic Partner Lists	Preventative	Comm Eng Adv	14/09/2017	Adequate
Sponsorship Policy	Preventative	Comm Eng Adv	14/09/2017	Adequate
Councillor Bulletin	Preventative	Comm Eng Adv	14/09/2017	Adequate
Annual Rates Newsletters	Preventative	DCCS	14/09/2017	Adequate
Pop Up Info and Consultation Stalls	Detective	Comm Eng Adv	14/09/2017	Adequate
Social Media/Website Updates	Preventative	Comm Eng Adv	14/09/2017	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Rating
Consequence:	Moderate
Likelihood:	Unlikely

Overall Risk Ratings: Moderate

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

### Comments

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

Current Issues / Actions / Treatments	Due Date	Responsibility
Standardised community information processe for Road Network	Dec-18	Works Mgr

## 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	DIO	14/09/2017	Inadequate
Review Meetings (Major Contracts)	Detective	DIRECTORS	14/09/2017	Inadequate
Local Government Guidelines	Preventative	Gov & Risk Adv	14/09/2017	Adequate
Procurement Policies and Procedures	Preventative	Gov & Risk Adv	14/09/2017	Adequate
Suppliers and Contractors WHS Requirements	Preventative	HR Advisor	14/09/2017	Inadequate
Strategic Relationship Map	Preventative	CEO	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
Number of contracts expired prior to renewal			

### Comments

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

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



## 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 System	Preventative	Asset Mgt Officer	14/09/2017	Inadequate
Asset Management Plans	Preventative	Asset Mgt Officer	14/09/2017	Inadequate
Asset Management Steering Group	Preventative	Asset Mgt Officer	14/09/2017	Adequate
Corporate Asset Register	Preventative	Asset Mgt Officer	14/09/2017	Adequate
Asset Handover Procedures	Preventative	Asset Mgt Officer	14/09/2017	Adequate
Future Trends Analysis	Preventative	DCCS	14/09/2017	Inadequate
Land Asset Optimisation Strategy	Preventative	DCCS	14/09/2017	Inadequate
Conditional Analysis	Detective	Asset Mgt Officer	14/09/2017	Inadequate
Asset Valuations	Preventative	Asset Mgt Officer	14/09/2017	Adequate
Asset Renewal Program	Preventative	Asset Mgt Officer	14/09/2017	Inadequate
Community Engagement - Service Levels	Detective	CEO	14/09/2017	Inadequate
Inspection and Maintenance Program - Roads	Detective	Works Mgr	14/09/2017	Adequate
Inspection and Maintenance Program - Other Assets	Detective	Asset Mgt Officer	14/09/2017	Inadequate

Overall Control Ratings: Inadequate

Risk Ratings	Rating
Consequence:	Major
Likelihood:	Possible

Overall Risk Ratings: High

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

### Comments

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

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

## 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	HR Advisor	14/09/2017	Inadequate
Performance Development Plans and Training Register	Detective	HR Advisor	14/09/2017	Adequate
Workforce Plan	Preventative	HR Advisor	14/09/2017	Inadequate
Staff Inductions (Code of Conduct Component)	Preventative	HR Advisor	14/09/2017	Adequate
Staff Surveys	Detective	HR Advisor	14/09/2017	Adequate
Recruitment Process	Preventative	HR Advisor	14/09/2017	Excellent
Corporate Training Plan	Preventative	HR Advisor	14/09/2017	Adequate
Training Budget	Preventative	CEO	14/09/2017	Adequate
Implement people and culture program	Preventative	HR Advisor	12/02/2018	Adequate
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	HR Advisor
Implement Reward and Recognition Program	Oct-18	HR Advisor
Review HR Policies	Aug-18	HR Advisor



## RISK CONTROL STATUS

### Risk Profile:

Choose an item.

### Key Control

*(Control title as noted in Risk Profile)*

### Control Rating

Choose an item.

### Responsible Person/Position

*(Person or position responsible for maintaining the control.)*

### Background

*Provide background on the control, why we need it, what it is,*

### Current Issues / Actions / Treatments

#### Treatment 1

*(Brief description of what the treatment is – Once off)*

*(Date of entry and Status. Include location of evidence of completion)*

#### Treatment 1

*(Brief description of what the treatment is – Once off)*

*(Date of entry and Status. Include location of evidence of completion)*

### Recommendations

*(Date of entry and recommendation. Recommendation can include new actions and or controls, update of control status)*

**Commented [DJ1]:** *(File Name: RP[Risk profile No.]-RCS-[abbreviated control name])*

**Commented [DJ2]:** *If no current Issues / Actions / Treatments identified use this space to identify evidence to justify current control rating by providing links to supporting documents*

*If there is a treatment from another control which impact this control provide the reference to that control here.*



## RMAC REPORT

<b>Agenda Item Number:</b>	8.2
<b>Report Title:</b>	Procurement Continuous Improvement Update
<b>Report Number:</b>	
<b>Meeting Date:</b>	8/05/2018
<b>Attachments:</b>	Litchfield Council Procurement Manual – Table of Contents

### Purpose

This report provides the RMAC with an update on progress made in implementing the continuous improvement procurement roadmap from KPMG.

### Summary

Following the Waste Transportation Contract Tender Report and the subsequent continuous improvement roadmap from KPMG, actions have been implemented to improve Council's, procurement capacity, policy and procedures.

1. Council's procurement policy undergoing a full review and will be ready for the October RMAC meeting prior to presentation at the October Council meeting for adoption. This will ensure that the leadership team and staff have sufficient time to provide feedback on the draft policy. Proposed updates to the current policy include,
  - a. inclusion of provisions for the appointment of a probity advisor by the Tender Evaluation Panel (TEP)
  - b. removal of procedural items to be included in a procurement manual, and
  - c. clarifying the documenting required for justification when it is impractical to obtain three written quotations.
2. Work has commenced to develop a procurement manual (table of contents attached) for staff. This manual will provide procedures for all Council's procurement activities including forms, templates and checklists. Procedural items from the current policy will be included.
3. Key procurement personnel (Works Controller and Asset Management Officer) have attended a three-day procurement training session hosted by the Local Government Association of the Northern Territory.
4. A probity advisor was engaged for the following Council tenders
  - a. RFT17-159 Waste Transportation - \$1,101,716.00
  - b. RFT18-162 Finn Road Upgrade – Not yet awarded
  - c. RFT18-163 Freds Pass Road Upgrade - \$690,213.00
  - d. RFT18-164 Removal of Scrap Steel - \$100,000.00 estimated income
  - e. RFT18-165 Recycle and Comingle Recyclable Materials \$129,483.42
  - f. RFT18-166 Mulching of Green & Timber Waste \$364,320.00

g. RFT18-167 Maintenance of Pavement Repairs & New Works - \$227,395.00

With the review of Council's business classification system and electronic document management processes, procurement documentation will now be made easier to access for all staff.

### **Recommendation**

THAT the RMAC

1. Receives the update report on the continuous improvement roadmap and notes the progress made to date.
2. Requests a further update on the procurement manual at its next meeting on 2 October 2018.

### **Background**

An internal audit was conducted into Council's procurement activities in 2017 and an improvement plan developed. A subsequent tender probity audit on the provision of the Waste Transportation tender process identified several areas which were either not noted in the 2017 audit or not sufficiently addressed following the recommendations of the 2017 audit plan. Council engaged the services of a probity advisor for several of its tenders since the letting of the Waste Transportation Contract to assisted with the refinement of Council policy and procedures and to supervise Council tender processes from a probity perspective.

### **Links with Strategic Plan**

An effective and sustainable Council

### **Legislative and Policy Implications**

Council's procurement activities are regulated by Northern Territory Government Local Government Regulations.

### **Risks**

Inadequate procurement, supplier and contract management is seen as a high-risk currently with inadequate controls. Acceptance of a high-risk profile requires that the overall control rating be excellent. Actions implemented consistent with the continuous improvement roadmap will contribute towards improving overall controls rating and move the rating to excellent allowing a high-risk rating to be accepted.

### **Financial Implications**

The engagement of a probity advisor for high risk tenders has cost approximately \$3,600 per tender and will greatly improve Council's tender processes.

### **Community Engagement**

Nil

**Recommending  
Officer:**

**David Jan, Governance and Risk Advisor**

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

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

# LITCHFIELD COUNCIL PROCUREMENT MANUAL

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## RMAC REPORT

<b>Agenda Item Number:</b>	8.3
<b>Report Title:</b>	Interim Audit Observations with Management Responses
<b>Report Number:</b>	
<b>Meeting Date:</b>	7/08/2018
<b>Attachments:</b>	Litchfield Council Audit Plan for the Year Ended 30 June 2018

### Purpose

This provide the committee with the Interim Audit Observations for the year ended 30 June 2018 including Management responses.

### Summary

The attached Litchfield Council Audit Plan enclosed the Interim Audit Observations prepared by the external auditor Merit Partners Chartered Accountants is provided to the RMAC along with Management responses.

### Recommendation

THAT the RMAC receive and note the 2018 Interim Audit Observations including Council's response as attached to this report.

### Background

This report is to present the 2018 Interim Audit Observations by Council's newly appointed external auditors, Merit Partners Chartered Accountants to the RMAC with Management responses included.

The organisation's improvements in processes and procedures continues to be evident as only seven observations have been identified in the Interim Audit Observations. All items raised are of low risk, however are important and have been or will be addressed as communicated in the Management responses.

### Links with Strategic Plan

An effective and sustainable Council.

### Legislative and Policy Implications

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

### Risks



Nil

### Financial Implications

Nil

### Community Engagement

Not Applicable

**Recommending Officer:** **Silke Maynard, Director Community and Corporate Services**

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

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

# **Litchfield Council Audit Plan**

for the Year Ended 30 June 2018

**Private and confidential**

20 July 2018

The Council  
Litchfield Council  
PO Box 446  
Humpty Doo, NT 0836

Dear Council Members

We are pleased to present our Audit Plan ("Plan") for the audit of Litchfield Council ("the Council") for the year ended 30 June 2018. This Plan outlines the scope of our services, identifies Merit Partners ("MP") as professionals who will serve you and presents our understanding of some key considerations that will affect the 2018 audit.

Our audit is designed to express an opinion on the 2018 full year financial statements. Our Audit Plan has been prepared based on our understanding of the Council's business and the local government sector. We have considered and will continue to consider the Council's risks, assess those that could materially affect the financial statements and align our procedures accordingly. The Plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high quality audit you expect.

Our commitment to quality will be reflected in every aspect of our work. If you have any questions or comments, please contact myself or Adam White on 8982 1444.

Yours faithfully

Matthew Kennon  
Partner

cc Karina Gates

# Litchfield Council Audit Plan

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# Litchfield Council Audit Plan

## 1. Executive Summary

### 1.1 Introduction

As part of our engagement as the External Auditors of Litchfield Council ("the Council"), we will undertake a financial statement audit of the Council for the year ended 30 June 2018. Our audit process, which is comprised of a planning and interim audit and a year-end audit, will focus on those risks with the potential for significant financial statement impact.

### 1.2 Our Audit

Our audit procedures are designed to assist us to form an opinion at year-end as to whether the financial report of the Council as a whole, is presented in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act (NT) 2008* and *Local Government Accounting Regulations*.

During the interim audit, we make an assessment of the internal control environment of the Council. We document the business and accounting processes of the Council, including the internal controls over these processes. We also perform walkthroughs and tests of key controls.

Following the outcome of the controls testing during the interim audit, we will determine the nature, timing and extent of the substantive audit that we need to perform at year-end. Where we identify significant weaknesses in internal controls we will bring them to the attention of management and the Risk Management and Audit Committee. Please refer to Appendix A for matters arising from our interim audit.

### 1.3 Audit Plan Highlights

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Audit approach	<p>Our scope, which is based on the size and risk of the Council, is set out in Section 2 of this report.</p> <p>We seek to test IT and manual controls in the key financial statement processes and therefore expect to take a controls based approach wherever possible. Details of our controls based approach are outlined in Section 2.4 of this report. The nature and extent of our controls testing is dependent on and considers whether the IT general controls environment of the Council is operating effectively. We assess the IT general control</p>
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# Litchfield Council Audit Plan

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environment during the interim audit and obtain an understanding of any changes to the IT general control environment during the year end audit.

There continues to be a substantive approach taken to areas of significant management judgement such as:

- Impairment of Property, Plant and Equipment
- Allowance for Doubtful Debts
- Employee Provisions

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## Risk assessment and areas of audit focus

As part of our risk assessment process, we hold discussions with Council management to understand the key changes in the business and adapt our audit approach accordingly. Matters arising from these discussions are incorporated into our key areas of audit focus.

Our key focus areas are summarised below and explained in detail in Section 3 of this report:

- Going Concern
  - Application of Future Applicable Accounting Standards, in particular AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income for Not-for-profit Entities*, and AASB 16 *Leases*
  - Compliance with *Australian Accounting Standards*, the *Local Government Act* and other applicable Laws and Regulations
  - Fraud Related matters
  - Valuation of Financial and Non-Financial Assets
  - Land Under Roads
  - Revenue Recognition
  - Restricted Reserves
-

# Litchfield Council Audit Plan

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## Key Financial Processes

During the interim audit, we will document the Council's key processes and test the key controls relating to the following processes:

- ▲ Revenue and receipts
- ▲ Procurement/Purchases and payments
- ▲ Payroll and related payments
- ▲ Bank reconciliations
- ▲ Financial Statement Close Process

Refer also to Section 2 for the audit approach.

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## Financial Reporting Risks and Accounting Issues

Our assessment of the key financial reporting risks and audit and accounting issues facing the Council in 2017/2018 and our plan to address these during our audit are detailed in Section 3 of this report.

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## Independence

We remain in compliance with the *APES 110 Code of Ethics for Professional Accountants* independence requirements, and in our professional judgment, the engagement team and the Firm are independent. We have the appropriate controls in place to ensure we remain independent throughout the audit.

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## Engagement execution and reporting

We have set out the scope of our audit in Section 2 of this report.

We have set out in Appendix B a summary of our communication and deliverables throughout our audit.

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# Litchfield Council Audit Plan

## 2. An effective Audit Approach

Our audit of the Council is primarily designed to enable us to express an opinion that the general purpose financial report of the Council for the year ended 30 June 2018 presents fairly, in all material respects, the Council's financial position and financial performance in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Local Government Act 2008* and Local Government (Accounting) Regulations.

Similarly, our audit of Thorak Regional Cemetery (the "Cemetery") is primarily designed to enable us to express an opinion that the special purpose financial report of the Cemetery for the year ended 30 June 2018 presents fairly, in all material respects, the Cemetery's financial position and financial performance in accordance with the adopted accounting policies and the *Cemetery Act (NT) 2016*.

The specific terms and scope of the external audit engagement are set out in our engagement letter.

### 2.1 Opinions to be issued

#### *Audit of the full year financial statements*

Our audit will be conducted to provide reasonable assurance as to whether the financial report for the year ended 30 June 2018 is free of material misstatement.

We will conduct our audit in accordance with Australian Auditing Standards and the financial reporting requirements of the *Local Government Act (NT) 2008* and Local Government (Accounting) Regulations for the general purpose financial statements of the Council.

#### *Other opinions*

*Thorak Regional Cemetery:* We will conduct our audit in accordance with Australian Auditing Standards and the *Cemetery Act (NT) 2016* for the special purpose financial statements of Thorak Regional Cemetery.

We will also audit the special purpose financial report of the Council's road to recovery returns grant program in accordance with the reporting requirements of the funding body.

### 2.2 Materiality

We design our audit procedures to obtain reasonable assurance that errors in the financial statements are not material individually or in aggregate. Errors are considered to be material if, individually or in aggregate, they could reasonably be expected to influence readers of the financial statements.



# Litchfield Council Audit Plan

Materiality is used to determine the nature and extent of our audit procedures. AASB108 *Accounting Policies, Changes in Accounting Estimates and Errors* states that “omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements”.

Materiality levels are established by reference to total revenue as well as other quantitative and qualitative factors. Our planning materiality for the 30 June 2018 full year audit is based upon 2% of total revenue. We propose to establish planning materiality at \$354k based on the extrapolated full year revenue of \$17.7m.

All identified audit and review differences in excess of \$18k will be brought to the attention of management for further consideration and action as appropriate. We will communicate to you any of these audit differences that are not adjusted by management, as well as significant corrected misstatements.

We will regularly review the level of materiality throughout the engagement and where a change is necessary we will advise the Risk Management and Audit Committee.

## 2.3 The risk of fraud and error

The primary responsibility for the prevention and detection of fraud and error rests with those charged with the governance and management of the Council. The Council has an active program for the prevention and detection of fraud.

Our responsibility as the external auditor is to consider the risk of fraud and the factors that are associated with it so as to ensure that the financial statements are free from material misstatement resulting from fraud. However, it is important to note that while our external audit work is not primarily directed towards the detection of fraud or other irregularities, we will report any matters identified during the course of our work.

During our interim audit we were informed of fraudulent incidents involving an employee. This has been discussed in further detail in 7.4 of this report.

## 2.4 Controls reliance

Our audit has been designed to obtain a significant degree of audit comfort from reliance on and testing of internal controls. This approach of understanding and evaluating controls is risk based and structured on a foundation of the Council having a strong control environment framework.

In accordance with Australian Auditing Standards, the external auditor must gain an understanding of the internal controls relevant to the audit. Specifically, this assessment must cover:

# Litchfield Council Audit Plan

- The control environment
- The Council's risk assessment procedures
- Control activities (including general IT controls)
- Monitoring of controls (internal audit and self-assessment).

Where significant deficiencies come to our attention during the course of our audit, we will communicate these to the Risk Management and Audit Committee and management in a timely manner. We will also provide management with a letter during the audit process, outlining our findings and our recommendations on where improvements can be made. Refer to Appendix A for matters identified during our interim audit.

## 2.5 IT general controls

In conducting our work, we intend to place reliance on the IT systems across the Council, based on the significant accounts supported by these systems. Evaluating IT general controls ("ITGCs") is an integral part of our audit in assessing the controls that underpin financially significant systems and support the confidentiality, integrity and availability of information processing. Our evaluation of ITGCs focuses on two key areas:

Area	Description
Access to programs and data	Controls are in place to determine that only authorised persons have access to data and applications (including programs, tables, and related resources) and that they can perform only specific authorised functions
Change management	Controls are in place to determine that only appropriately authorised, tested, and approved changes are made to applications, interfaces, databases, and operating systems.

In the absence of an effective ITGC, reliance cannot be placed on system based controls or the data they produce.

## 2.6 Approach to key financial statement close process

We expect that the IT general control environment for the Council, which drives the financial statement close, accounts receivable and accounts payable processes, will be assessed as effective.

## Litchfield Council Audit Plan

However, in the absence of an effective ITGC, reliance cannot be placed on the Council's system based controls or the data it produces without significant alternate procedures being performed around verifying the integrity and accuracy of any reports generated from the Council. This includes testing a sample of transactions or data contained in the reports and vouching to supporting documentation as well as checking the report for clerical accuracy. For application or IT dependent manual controls, we will be required to extend our testing sample size from 1 to 25 depending on the frequency of the control.

As per Section 2.5, we do expect to achieve IT general controls reliance, and therefore test IT application controls in the following key processes:

- Billings and Collection (Rates and user charges)

We support our IT general controls testing with manual controls testing in the following processes:

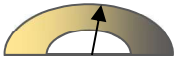

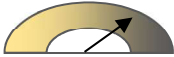
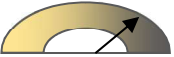




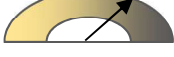
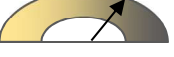
- Procurement/Purchases and payments
- Payroll and payments
- Grants and other revenue streams and receipts

In the course of any audit, there are areas where a controls reliance approach is not appropriate and where a substantive audit approach is more efficient or effective. Significant or judgemental balances that we audit substantively are:

- Valuation of financial and non-financial assets
- Employee provisions
- Any Other provisions

As the Council continues to improve the process controls, we will review our approach and rely on controls where possible. We have set out below a table which summarises the level of controls reliance we expect to achieve in the key financial statements processes.

# Litchfield Council Audit Plan

Process	IT reliance	Controls reliance
Financial statement close	 Low      High	 Substantive      Control
Revenue and receivables	 Low      High	 Substantive      Control
Purchases and payables	 Low      High	 Substantive      Control
Cash receipts and payments	 Low      High	 Substantive      Control
Payroll and payments	 Low      High	 Substantive      Control

# Litchfield Council Audit Plan

## 2.7 Audit Approach

	Planning / Risk Assessment	Testing	Completion
Objectives	<ul style="list-style-type: none"> <li>Perform risk assessments</li> <li>Determine critical accounting matters</li> <li>Plan audit procedures</li> <li>Evaluate fraud risk in financial reporting</li> <li>Understand accounting and reporting activities</li> </ul>	<ul style="list-style-type: none"> <li>Test operating effectiveness of key controls with sample sizes based on frequency and nature of controls</li> <li>Assess control risk and the risk of significant misstatement</li> <li>Perform substantive audit procedures</li> <li>Audit non-routine transactions and re-assess the risk of misstatement</li> <li>Consider if audit evidence is sufficient and appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate and report audit findings</li> <li>Form and issue audit opinion</li> </ul>
Activities	<ul style="list-style-type: none"> <li>Update our understanding of Council's business via discussions with executive management</li> <li>Assess risks and identify general ledger accounts requiring audit focus</li> <li>Assess materiality having regard to business forecasts</li> <li>Undertake analytical reviews and assess key accounting issues</li> <li>Discuss key processes and controls relevant to "Significant general ledger accounts"</li> <li>Test the design and implementation of controls</li> </ul>	<ul style="list-style-type: none"> <li>Perform testing on complex and non-routine transactions</li> <li>Perform other tests to supplement controls testing</li> <li>Audit financial statement disclosures</li> </ul>	<ul style="list-style-type: none"> <li>Resolve judgemental issues identified during the audit</li> <li>Evaluate the Council's financial statements</li> <li>Summarise key findings and report to management and the RMAC Members</li> </ul>

## Litchfield Council Audit Plan

	Planning / Risk Assessment	Testing	Completion
Deliverables	<ul style="list-style-type: none"> <li>📌 Audit Plan</li> </ul>	<ul style="list-style-type: none"> <li>📌 Summary of adjusted and unadjusted audit differences for consideration by management including significant deficiencies in internal controls</li> <li>📌 Draft report to the Risk Management and Audit Committee (the "RMAC")</li> <li>📌 Draft Audit closing report</li> </ul>	<ul style="list-style-type: none"> <li>📌 Audit opinions and applicable independence declarations</li> <li>📌 Full year report to the RMAC</li> <li>📌 Attendance at the RMAC meeting</li> </ul>

# Litchfield Council Audit Plan

## 3. Risk Assessment and Areas of Audit Focus

### 3.1 Our risk assessment of financial statement accounts

Our approach is to identify the significant accounts at a financial statements level and the critical accounting processes that impact these accounts. This necessitates the determination of significant accounts and related key processes. Our audit then addresses these areas. The Council's significant accounts and the planned testing are as follows:

Financial Component	Analytical review	Planned control reliance	Substantive Testing Approach
Grant income	✓		✓
Non-grant income (Rates and Waste Management Service Charges, Statutory Charges, User Charges, and others)	✓	✓	®
Investment income	✓	✓	®
Other income	✓		✓
Material and contract expenses	✓	✓	®
Employee expenses	✓	✓	®
Depreciation and Impairment	✓		✓
Other operating expenses	✓	✓	®
Cash and cash equivalents	✓	✓	✓
Trade and Other Receivables	✓		✓
Other Financial Assets	✓		✓
Infrastructure, Property, Plant and Equipment	✓		✓

## Litchfield Council Audit Plan

Other Non- Current Assets	✓		✓
Trade and Other Payables	✓		✓
Provisions	✓		✓
Equity	✓		✓

® As we plan to rely on the key controls, we will perform other primary substantive procedures such as substantive analytics.

Throughout the year, we will meet regularly with process owners and key members of management and continue to challenge and modify our risk assessment.

### 3.2 A risk focused approach

Our risk assessment process helps us focus our audit efforts on the Council's key risk areas, being those risks which might lead to a material misstatement in the Council's financial statements, and forms the basis of our overall audit plan. We revisit the appropriateness of our view of risk throughout the audit cycle as the business, economy and industry conditions evolve.

In order to identify the key business risks of the Council, we have considered the following:

- 📌 The Council's strategies and objectives
- 📌 The locations in which the Council operates
- 📌 Changes in the *Local Government Act* and Regulations
- 📌 The economic and market conditions in which the Council operates

This will involve discussions and input from senior management, drawing on our experience and knowledge, reference to external data sources, examining the Council's current and proposed accounting and reporting practices and identifying key judgemental areas.

We have prepared a summary of areas of audit focus and our planned response as below:



# Litchfield Council Audit Plan

Areas of audit focus	Audit procedures to be performed
Ability to continue to operate as a going concern.	<p>The audit will form a view as to whether the Council will have sufficient funds to continue to operate and fund its programs for the next 12 months from the sign-off date of the 2018 audit report.</p> <p>We will review the Council's minutes of meetings and hold discussions with management to identify any events that may impact the viability of the Council.</p> <p>We will also review the Council's business plans, budgets and cash flow forecasts.</p> <p>We will obtain an understanding of why management believes the Council is a going concern.</p>
Application of Future Applicable Accounting Standards	<p>The <i>Australian Accounting Standards Board</i> (AASB) issued the following new Standards which are deemed applicable to the Council:</p> <ul style="list-style-type: none"> <li>📌 AASB 15 <i>Revenue from Contracts with Customers</i></li> <li>📌 AASB 1058 <i>Income for not-for-profit entities</i></li> <li>📌 AASB 16 <i>Leases</i></li> </ul> <p>AASB 1058 <i>Income for Not-for-Profit Entities</i> and AASB 15 <i>Revenue with Contracts with Customers</i> are effective for annual reporting periods beginning on or after 1 January 2019 and will be reported in the Council's financial statements for the first time in 2019-20, unless the Council chooses to early adopt these standards.</p> <p>Under these new standards, revenue from grants and donations will be recognised when any associated performance obligation to provide goods or services is satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities are expected to be recognised in the balance sheet after adoption of this standard.</p> <p>AASB 16 <i>Leases</i> is effective for annual reporting periods beginning on or after 1 January 2019 and will be reported in these financial statements for the first time in 2019-20.</p> <p>The new standard will supersede AASB 117 <i>Leases</i> and requires the majority of leases to be recognised on the balance sheet. The Council has various long-term leases in place. Accordingly, a right-of-use asset will now come onto the balance sheet together with a lease liability for all leases with a term of more than 12 months, unless the underlying assets are of low value. The Statement of</p>

## Litchfield Council Audit Plan

Areas of audit focus	Audit procedures to be performed
	<p>Comprehensive Income will no longer report operating lease rental payments, instead a depreciation expense will be recognised relating to the right-to-use asset and interest expense relating to the lease liability.</p> <p>The new standards will have a material impact on the Council's financial statements. It is important that management dedicate resources to ensure that the requirements and disclosures required by these new standards are met.</p>
Compliance with Australian Accounting Standards, the Local Government Act (NT), Cemetery Act and other applicable laws and regulations.	<p>Changes to Australian Accounting Standards (AAS) and regulatory requirements may have an impact on the Council's financial reporting requirements. The continuous close monitoring from regulators will also impact the Council's operations.</p> <p>We will perform audit procedures over year-end reconciliations and review the financial statements in accordance with AAS, the <i>Local Government Act (NT)</i>, <i>Cemetery Act (NT) 2016</i> (for Thorak Regional Cemetery Audit) and Local Government Accounting Regulations.</p> <p>We will also follow up on any compliance audits undertaken by regulators.</p>
Existence of Fraud	<p>Occurrences of fraud may result in significant losses to the Council if controls in place are not effective. The impact of fraud may become material to the Council's financial statements.</p> <p>We will continue to assess the impact of fraud on Council's operations and the effectiveness of controls in place to prevent and detect fraud.</p>

Apart from the identification of the areas of audit focus, below are the other key audit and accounting issues that will be considered during our audit:

Consideration	Audit procedures performed
Revaluation of Infrastructure Assets/ Fixed Assets valuation and Ownership	<p>The Council revalues its physical non-current assets that are recorded at fair value when there has been a material change in fair value or at least every three years. The Council has appointed an external third party valuer to conduct a valuation of infrastructure assets as at 30 June 2018. The Council's Infrastructure department &amp; Finance team is currently supplying the physical data to the Valuer. We will follow up and assess the integrity of the data and review the reconciliation</p>

## Litchfield Council Audit Plan

	<p>between the data used for revaluation and the asset records in the Council's fixed asset register.</p> <p>Fixed assets' useful lives and depreciation rates will be reviewed based on the revaluation report received from the external Valuer and we will review management's assessment of impairment.</p> <p>We will also obtain and review the Council's fixed assets register and agree this to the general ledger balances. A sample of additions and disposals will be checked against related support, procurement guidelines and policies. We will also review related repairs and maintenance accounts to ascertain that relevant transactions of a capital nature have not been omitted from being capitalised.</p>
Land Under Roads	<p>We will obtain and review the Council's accounting policy and related support surrounding the exclusion or inclusion of accounting for Land Under Roads within the financial statements at year-end.</p> <p>This will include a further review and examination on the basis for ownership and control of the asset, the basis for valuing the land, the proposed treatment for recognising land prior to 1 July 2008 and related disclosures within the financial statements.</p>
Revenue received in advance	<p>We will follow up on the accounting for Revenue Received in Advance, in particular, Rates Revenue, and ascertain that it complies with the relevant accounting standards.</p>
Restricted reserves	<p>We will obtain and review the Council's support over the Developer Contributions and Cemetery Reserve restricted accounts. We will review and test the accuracy of the information within the accounts to relevant support/approvals for use of the Restricted Reserves and undertake a review of budgets and funding agreements to ascertain that balances are complete at reporting date.</p>

### 4. A Trusted Client Service Team

We understand that our team is the most important element of your relationship with us.

The allocation of the key roles and responsibilities of the Merit Partners' audit engagement team is summarised below. Our team has been structured to ensure an effective audit is achieved to meet your requirements.

Name, commitment, role	
Matthew Kennon	<b>Lead Audit Partner</b>  As the Lead Audit Partner, Matthew will have overall responsibility for the provision of audit services to the Council and will oversee the team's work. Matthew is familiar with the audit requirements of the Council. He will ensure a seamless and undistruptive service to the Council
Adam White	<b>Engagement Manager</b>  As the Engagement Manager, Adam will be the main contact person liaising with the Council's relevant personnel to ensure seamless conduct of the audit and to provide continued feedback on the progression of the audit through the various stages of completion. He will also have responsibility for the provision of audit services to the Council and will manage and be involved in the team's work.
Mary Joseph	<b>Audit Senior</b>  As the Audit Senior, Mary will perform the audit fieldwork and prepare the file for the Lead Audit Partner and Manager's review. They will also prepare the planning documentation as well as general and substantive audit procedures.

# Litchfield Council Audit Plan

## 5. Proposed Work Plan and Deliverables

The estimated timing for the provision of audit services is as follows and has been based upon our initial estimates of Litchfield Council's likely reporting time frame. Our proposed timetable is subject to change depending on the availability of Council personnel.

Procedures	Mar / Apr	May - Jul	Aug / Sep	Sep / Oct
Liaise with management to arrange timing of onsite visit and discuss issues	✓			
Develop audit plan		✓		
Internal team briefing		✓		
Site visit to undertake Interim audit (interim audit visit – 30 April 2018)		✓		
Site visit to undertake final audit (proposed final audit visit – September 2018 for approx 2 weeks)			✓	
Site visit to undertake Grant Acquittal audit (proposed audit visit – same as final audit)			✓	
<b>Deliverables</b>				
Engagement letter issued	✓			
Client Assistance Package (interim and final audit)	✓		✓	
Issue Audit Plan		✓		
Issue Final Audit Opinions *				✓
Issue Grant Acquittal Audit Opinions *				✓
Issue Audit Closing Report *				✓

*\* Initially plan to sign off the report in October 2018, however, this will be dependent on the Audit Committee meeting for approval of the financial report.*

# Litchfield Council Audit Plan

## 6. Independence

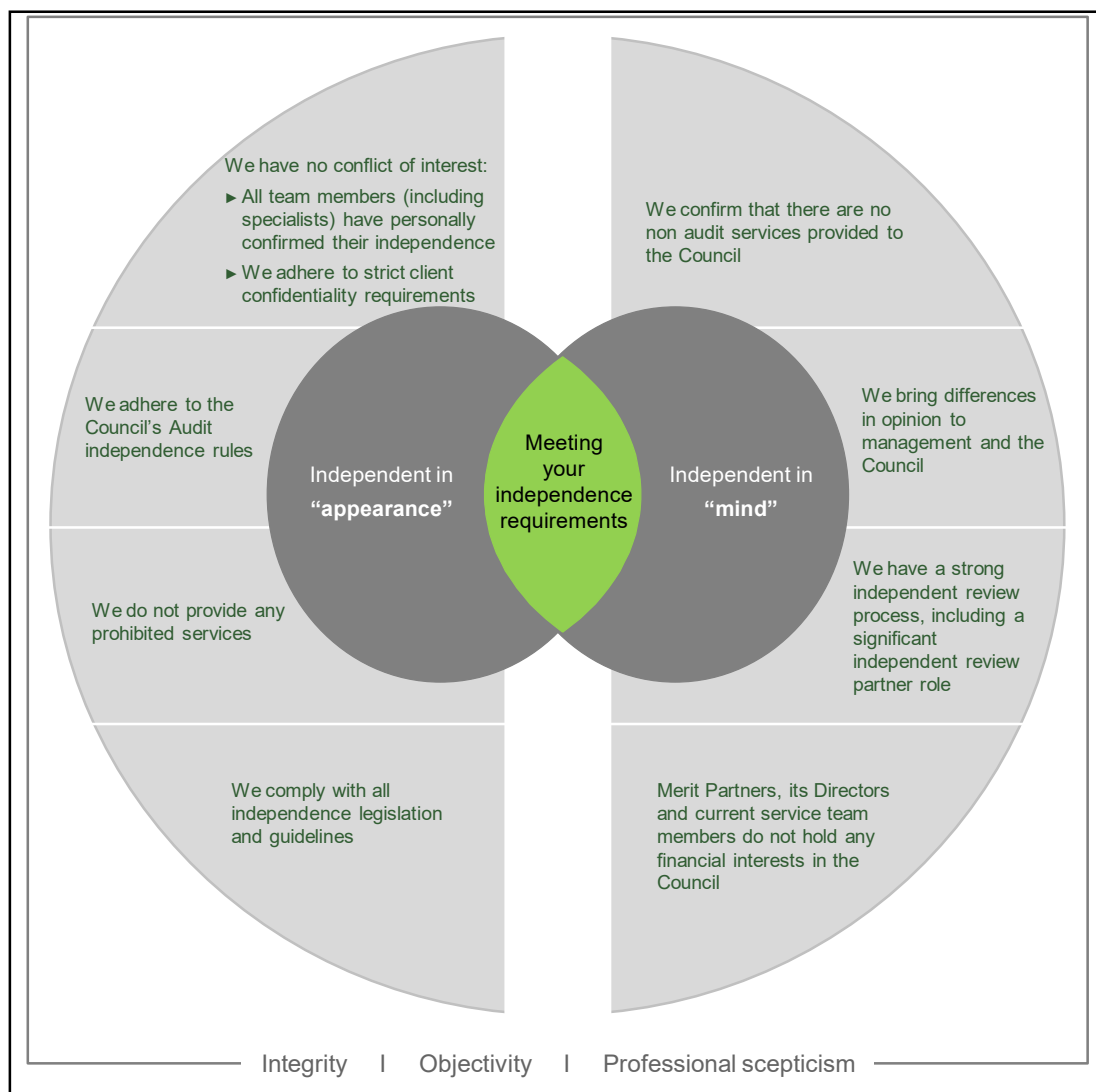
We understand the importance of independence to you. We have been rigorous in maintaining our independence and managing conflicts. We will remain independent, and be seen to be independent.

Independence is fundamental to Merit Partners as our ongoing reputation and success is connected to our ability to meet both the Council's and broader regulatory independence requirements.

We have consistently complied with all professional regulations relating to auditor independence including those outlined in:

🏡 APES 110 code of Ethics for Professional Accountants

Accordingly, we ensure that there are controls in place and actions taken on a regular basis that mitigate any risks to our independence.



# 7. Report on the Interim Financial Statements

## 7.1 Summary

We have completed the interim component of our audit of the financial statements of the Litchfield Council and the Thorak Regional Cemetery for the year ended 30 June 2018.

Our report addresses matters of governance that came to our attention as a result of performing the audit. Our audit was not designed to identify all matters that may be relevant to those charged with governance.

## 7.2 Inherent Limitation and Management Responsibility

It should be noted that the primary purpose of the interim audit procedures was to obtain sufficient and appropriate audit evidence to prepare for the requirement to form an opinion on the Council's financial statements. The audit was not, therefore, a comprehensive review of all systems and processes and was not designed to uncover all weaknesses, breaches and irregularities in those systems and processes. Inherent limitations in any management process and system of internal control may mean that errors or irregularities might occur and not be detected.

The audit did not constitute a complete examination of all relevant data and was not designed to uncover all processing errors and therefore may not have detected all breaches and irregularities that could have occurred.

The fact that the interim audit has not identified any significant matters does not mean that there are no other matters of which you should be aware of in meeting your responsibilities, nor does this report absolve you from taking appropriate action to meet your responsibilities.

## 7.3 Interim Findings

The accounting and control procedures examined during the interim audit were found to be generally satisfactory. Performance improvement observations identified are detailed below. Discussions with management and staff have provided an understanding of the key business processes and controls. Overall, despite the incident referred to in 7.4 below, it appears that the Council has a satisfactory control environment and controls that will be able to be relied upon in the audit of the Council for the year ended 30 June 2018.

An objective of this interim audit was also to liaise with the Council to plan for the orderly preparation and audit of the year-end financial statements. Part of this process involved reviewing the timing and nature of audit procedures performed. The outcome of this process was that the audit fieldwork and



## Litchfield Council Audit Plan

procedures will commence on 3 September 2018 to facilitate the completion of the audit to meet the required deadline.

### 7.4 Fraud Observations

During the interim audit we were informed of an instance where an employee forged a signature on a Council tender evaluation document.

We have been informed that the Council has terminated the relevant employee's employment contract. It was also noted that the tender was re-evaluated by the Council and that the Council engaged an independent third party to review the probity of the process.

Upon termination of the employee's contract, the Council discovered that the employee's credit card was stolen. Transactions on the credit card statement included disputed amounts believed to be in the region of \$2,000.

In our opinion activities undertaken by the Council upon discovery of the fraud have been appropriate.

### 7.5 Performance Improvement Observations

The matters reported in Appendix A are limited to those controls improvements that we identified during the interim audit and that we concluded are of sufficient importance to merit being reported to you.



# Litchfield Council Audit Plan

## Appendix A – Interim Audit Observations

### Overview of Risk Ranking System

Though we have rated each finding individually on a stand-alone basis, you should also assess the collective impact of these matters, together with other findings from within your organisation.

<b>High</b> Needs significant improvement	<b>Immediate corrective action is required.</b> These recommendations relate to a serious weakness which exposes the organisation to a material extent in terms of achievement of corporate objectives, financial results or otherwise impair the company's reputation.
<b>Moderate</b> Needs substantial improvement	<b>Corrective action is required,</b> generally within 6 months. A control weakness, which can undermine the system of internal control and/or operational efficiency and should therefore be addressed.
<b>Low</b> Needs some improvement	<b>Corrective action is required,</b> generally within 6 to 12 months. A weakness which does not seriously detract from the system of internal control and/or operational effectiveness/efficiency but which should nevertheless be addressed by management.

### Disclaimer

Issues identified are only those found within the course of the interim audit for the year ended 30 June 2018. Recommendation issues are intended solely for the use of the Council's management. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Council or for any purpose other than that for which it was prepared.

## Litchfield Council Audit Plan

Observation	Effect	Risk	Recommendation	Management's Response
<p><b>Policies</b></p> <p>We noted that the following policies have not been reviewed in accordance with required timeframes:</p> <ul style="list-style-type: none"> <li>HR06 Internet and Email Policy (review required March 2017)</li> <li>LC34 Record Management Policy (review required March 2016)</li> <li>Code of Conduct policy (review required March 2016)</li> </ul>	The Council's policies may not reflect current best practice and may not address current risks.	Low	It is recommended that internal policies are reviewed and updated in accordance with established timeframes and requirements to ensure that they remain relevant and address current risks.	The timeframe of these policies are incorrect. HR06 Internet and Email Policy - review date on policy is 19/10/2018 which is 3 years from approval date, however GOV01 prescribes a four year review date. LC34 Records Management - Rescinded by CEO in December 2017 (Memo attached). HR01 Employee Code of Conduct - review date on policy is 17/08/2018 which is 3 years from approval, however GOV01 prescribes a four year review date.
<p><b>IT Policy</b></p> <p>Based on our discussion with the IT Manager, we noted that the Council does not have an IT policy detailing user access, system access or password maintenance controls. There is also no information present regarding the IT governance structure.</p>	The absence of an overarching IT policy increases the Council's risk of fraud, error and data loss.	Low	The Council should develop an IT policy covering IT governance, user access levels, password maintenance and system changes.	IT Policies are in the final review stage to be approved by Executive Management by the end of September 2018.

## Litchfield Council Audit Plan

Observation	Effect	Risk	Recommendation	Management's Response
<b>Review of IT User Access</b> The Council's standard practice is to review user access levels of its accounting software (Authority), biannually. However, we were unable evidence that the Operator Role Access report from Authority had been reviewed within the financial year.	An absence of review of user profiles by a senior employee may result in inappropriate or outdated access levels.  There is also an increased risk of fraud.	Low	It is recommended that a review of user access levels be undertaken regularly (e.g. six monthly) and documented to ensure that user access reflects current user needs.	The quarterly reviews will continue to be performed. The Assistant Accountant will review the user access levels. These reviews will be signed off by the Finance Manager to ensure sufficient audit trail is obtained.
<b>Dormant Suppliers</b> The Council currently has no process in place to review and deactivate old and unused supplier accounts.	The absence of a review of old and unused supplier accounts increases the risk of fraud or error occurring.	Low	Supplier accounts should be reviewed periodically to remove old, unused and duplicated vendors from the accounting system.	A process will be implemented to deactivate suppliers unused on a periodic basis.
<b>Internal Control Weaknesses – Receipts</b> Our audit observations identified that not all Council employees have access to the receipting module in Authority. In the absence of the Customer Service Officer, her responsibilities are temporarily handled by other members of the Finance team. It is our understanding that these employees use the Customer Service Officer's user login to access the appropriate modules within the accounting software (Authority).	Shared user logins increase the risk of fraud occurring.	Low	User logins should not be communicated to other employees within the Council. It is recommended that temporary access is provided to the appropriate individual if required. This would also ensure there is a clear audit trail of who performed the relevant activity..	Council understands the risk with officers sharing a user access.. Processes for reconciliation at the end of a business day are in place. The implementaiton of single user access for every staff member to allow coverage fo the reception area is impractical and not deemed operationally feasible.

## Litchfield Council Audit Plan

Observation	Effect	Risk	Recommendation	Management's Response												
<p><b>Internal Controls – Payroll</b></p> <p>Our testing of payroll related internal controls noted the following non-compliance with the Council's internal controls:</p> <p>Three instances where prepared timesheets were not authorised by the employees supervisor. The Council's HR Policy requires that timesheets are completed by all staff members are approved by the relevant supervisor before submission to the Payroll Officer.</p> <table><tr><th>Pay Period No.</th><th>Pay Period</th><th>Employee (#)</th></tr><tr><td>2</td><td>6 July to 19 July 2017</td><td>1071</td></tr><tr><td>17</td><td>1 Feb to 14 Feb 2018</td><td>1044</td></tr><tr><td>22</td><td>12 April to 25 April 2018</td><td>1043</td></tr></table>	Pay Period No.	Pay Period	Employee (#)	2	6 July to 19 July 2017	1071	17	1 Feb to 14 Feb 2018	1044	22	12 April to 25 April 2018	1043	<p>The absence of supervisor approval of employee timesheets increases the risk that employees are paid incorrect amounts.</p> <p>A lack of review of the Masterfile audit report increases the risk that fraud or error is not detected.</p>	Low	<p>All payroll policies and procedures should be strictly adhered to.</p>	<p>Staff have been advised to ensure all timesheet responsibility is with the delegation of line managers for both staff preparedness and approval to ensure compliance with Council's payroll policies and procedures.</p> <p>These incidents have been reviewed and noted, however the pay period 22 incident had a leave application form in replacement of the timesheet signed by both parties, the employee and manager.</p>
Pay Period No.	Pay Period	Employee (#)														
2	6 July to 19 July 2017	1071														
17	1 Feb to 14 Feb 2018	1044														
22	12 April to 25 April 2018	1043														

## Litchfield Council Audit Plan

Observation	Effect	Risk	Recommendation	Management's Response						
<div> Two instances where the Masterfile audit report was not signed by the Finance Manager within a timely manner. The Council's policies require the Finance Manager to run, review and sign a Masterfile Audit Report from Authority each payroll period. This report shows any changes that have been made to employee details within Authority.</div> <table><tr><th>Pay Period No.</th><th>Pay Period</th></tr><tr><td>13</td><td>7 Dec to 20 Dec 2017</td></tr><tr><td>22</td><td>12 April to 25 April 2018</td></tr></table>	Pay Period No.	Pay Period	13	7 Dec to 20 Dec 2017	22	12 April to 25 April 2018				The masterfile audit reports for these two instances were reviewed and signed,after the payment process was approved. This process is an important control within our payroll procedure and will be enforced as an essential element as part of each pay run in future.
Pay Period No.	Pay Period									
13	7 Dec to 20 Dec 2017									
22	12 April to 25 April 2018									

## Litchfield Council Audit Plan

Observation	Effect	Risk	Recommendation	Management's Response
<p><b>Completeness of Waste Disposal Income</b></p> <p>The Council charges fees for waste disposals from clients for dumping waste at Humpty Doo and Howard Springs stations.</p> <p>The weight at the weigh bridge is manually recorded and updated in Council's facility software iWEIGH by personnel at the waste stations. The Waste Station Manager verifies the reports from iWEIGH on a regular basis to check if there are any anomalies.</p> <p>However, there is no audit trail available to ensure a review has been performed. There are no other Council documents available to confirm that weights entered are complete and accurate.</p>	<p>The lack of documentation and approval increases the risk that waste disposal income as recorded in the financial statements is incomplete.</p>	<p>Low</p>	<p>The Council should develop a formal process over the recording and review of waste disposal income.</p> <p>Potential controls to impose include:</p> <ul style="list-style-type: none"> <li>▲ Tickets automatically produced from the scales to verify the weight in the reports</li> <li>▲ Segregation of duties between the employee weighing the waste and the employee recording it</li> <li>▲ Regular documented reviews of the weigh reports</li> <li>▲ Cash takings to be stored in a secure area and banked frequently</li> </ul>	<p>The weigh bridge scales do not produce printed tickets or reports. The amount viewed on the scale is directly inputted into the iWEIGH system. This is the sole responsibility of one gate keeper as only one gate keeper is present at each waste transfer station on a daily basis.</p> <p>Waste Transfer Station end-of-month procedures will be updated to ensure the reports generated from the iWEIGH system continue to be reviewed by the Waste Manager and it is ensured these reports are signed and verified so an adequate audit trail is maintained.</p>

# Litchfield Council Audit Plan

## Appendix B – Communication with those charged with governance

There are certain communications that we are required by Australian Auditing Standards to provide to those charged with governance. These are detailed below for management, the Council and the RMAC's reference:

Required communication	Reference
<b>Terms of engagement</b>	
<ul style="list-style-type: none"> <li>Confirmation by the Management of acceptance of terms of engagement</li> <li>MP to provide a copy of the engagement letter</li> </ul>	<b>Engagement letter</b>
<b>Planning and audit approach</b>	
<ul style="list-style-type: none"> <li>Communication of the planned scope and timing of the audit including any limitations</li> </ul>	<b>Audit Plan</b>
<b>Significant findings from the audit</b>	
<ul style="list-style-type: none"> <li>Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>Significant difficulties, if any, encountered during the audit</li> <li>Significant matters, if any, arising from the audit that were discussed with Management</li> <li>Written representations that we are seeking</li> <li>Expected modifications to the audit report</li> <li>Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	<b>Audit Letter to Those Charged with Governance</b>
<b>Misstatements</b>	
<ul style="list-style-type: none"> <li>Uncorrected misstatements and their effect on our audit opinion</li> <li>The effect of uncorrected misstatements related to prior periods</li> <li>A request that any uncorrected misstatement be corrected</li> <li>In writing, corrected misstatements that are significant</li> </ul>	<b>Audit Letter to Those Charged with Governance</b>
<b>Fraud</b>	
<ul style="list-style-type: none"> <li>Enquiries of the Council/RMAC to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Council</li> <li>Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>A discussion of any other matters related to fraud</li> </ul>	<b>Audit Letter to Those Charged with Governance</b>



# Litchfield Council Audit Plan

Required communication	Reference
<b>External confirmations</b> <ul style="list-style-type: none"> <li>Management's refusal for us to request confirmations</li> <li>Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	<b>Audit Letter to Those Charged with Governance</b>
<b>Consideration of laws and regulations</b> <ul style="list-style-type: none"> <li>Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional</li> <li>Enquiry of the RMAC into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that the RMAC may be aware of.</li> </ul>	<b>Audit Letter to Those Charged with Governance</b>
<b>Independence</b> <p>Confirmation that we have complied with the Local Government Act, and our professional judgment, including</p> <ul style="list-style-type: none"> <li>A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and</li> <li>All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgement, may reasonably be thought to bear on independence;</li> <li>The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.</li> </ul>	<b>Audit Plan and Audit Letter to Those Charged with Governance</b>
<b>Going concern</b> <p>Events or conditions identified that may cast significant doubt on the Council's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>Whether the events or conditions constitute a material uncertainty</li> <li>Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>The adequacy of related disclosures in the financial statements</li> </ul>	<b>Audit Letter to Those Charged with Governance</b>
<b>Significant deficiencies in internal controls identified during the audit</b>	<b>Audit Letter to Those Charged with Governance</b>



9. Other Business

10. Confidential Items

11 Close of Meeting