



WEST ARNHEM

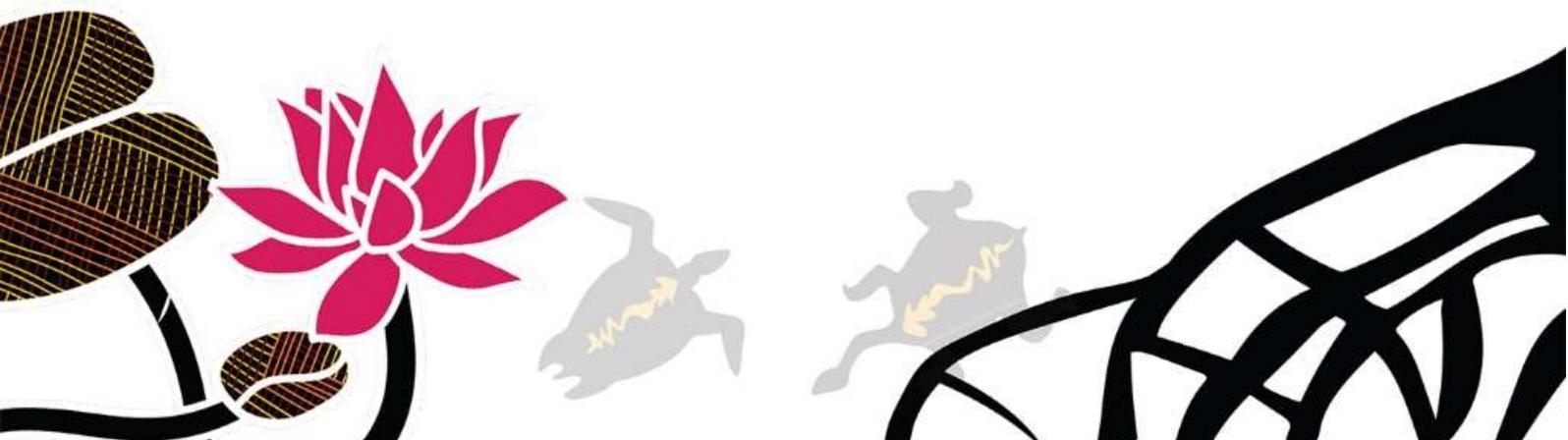


REGIONAL COUNCIL



WEST ARNHEM REGIONAL COUNCIL
RISK MANAGEMENT & AUDIT COMMITTEE MEETING
AGENDA

WEDNESDAY, 27 JULY 2022



WEST ARNHEM REGIONAL COUNCIL

Notice is hereby given that the Risk Management and Audit Committee meeting of the West Arnhem Regional Council will be held in Council Chambers, Jabiru on Wednesday, 27 July 2022 at 10:00 am.

Daniel Findley
Chief Executive Officer

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	ACKNOWLEDGEMENT OF COUNTRY	
2	CODE OF CONDUCT	
3	PERSONS PRESENT	
4	APOLOGIES	
4.1	Apologies and Leave of Absence.....	7
5	ABSENT WITHOUT NOTICE	
5.1	Absent Without Notice	8
6	ACCEPTANCE OF AGENDA	
6.1	Acceptance of Agenda	9
7	DECLARATION OF INTEREST OF MEMBERS OR STAFF	
7.1	Disclosure of Interest of Members or Staff	10
8	CONFIRMATION OF PREVIOUS MINUTES	
8.1	Confirmation of Previous Risk Management and Audit Committee Minutes May 2022.....	11
9	GENERAL ITEMS	
9.1	Update on General Action Items.....	17
10	AUDIT REPORTS	
10.1	Interim Audit Completion Report for the year ended 30 June 2022	21
10.2	Internal Audit Update for 2021-2022.....	31
11	PROCEDURAL MOTIONS	
11.1	Closure to the Public for the Discussion of Confidential Items.....	34
2	CONFIDENTIAL ITEMS	
The information in this section of the agenda is classed as confidential under section 99(2) of the <i>Local Government Act 2019</i> and regulation 51 of the <i>Local Government (General) Regulations 2021</i>.		
12.1	Confirmation of Previous Minutes – Confidential Risk Management and Audit Committee Meeting held on 31 May 2022	4
	The report will be dealt with under Section 99(2) of the <i>Local Government Act 2019</i> and regulation 51(e) of the <i>Local Government (General) Regulations 2021</i> . It contains information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.	
12.2	Council Issued Credit Cards.....	8
	The report will be dealt with under section 99(2) of the <i>Local Government Act 2019</i> and regulation 51(e) of the <i>Local Government (General) Regulations 2021</i> . It contains information provided to the council on condition that it be kept confidential, and would, if publicly disclosed, be likely to be contrary to the public interest.	
12.3	Internal Audit	11
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12.4	Disclosure of Confidential Resolutions and Re-admittance of the Public.....	89
13	NEXT MEETING	

Acknowledgement of Country

West Arnhem Regional Council acknowledges the First Nations Custodians, and the many Language and Family groups who are Managers and Caretakers to each of their Traditional homelands and Waters across the West Arnhem Region Wards.

West Arnhem Regional Council pays its respects and acknowledges Elders, past, present and rising.



Code of Conduct (Council, Local Authority and Committee Members)

The following Code of Conduct is set out in Schedule 1 of the *Local Government Act 2019*

- 1 Honesty and integrity**
A member must act honestly and with integrity in performing official functions.
- 2 Care and diligence**
A member must act with reasonable care and diligence in performing official functions.
- 3 Courtesy**
A member must act with courtesy towards other members, council staff, electors and members of the public.
- 4 Prohibition on bullying**
A member must not bully another person in the course of performing official functions.
- 5 Conduct towards council staff**
A member must not direct, reprimand, or interfere in the management of, council staff.
- 6 Respect for cultural diversity and culture**
 - 6.1 A member must respect cultural diversity and must not therefore discriminate against others, or the opinions of others, on the ground of their cultural background.
 - 6.2 A member must act with respect for cultural beliefs and practices in relation to other members, council staff, electors and members of the public.
- 7 Conflict of interest**
 - 7.1 A member must avoid any conflict of interest, whether actual or perceived, when undertaking official functions and responsibilities.
 - 7.2 If a conflict of interest exists, the member must comply with any statutory obligations of disclosure.





8 Respect for confidences

- 8.1 A member must respect the confidentiality of information obtained in confidence in the member's official capacity.
- 8.2 A member must not make improper use of confidential information obtained in an official capacity to gain a private benefit or to cause harm to another.

9 Gifts

- 9.1 A member must not solicit, encourage or accept gifts or private benefits from any person who might have an interest in obtaining a benefit from the council.
- 9.2 A member must not accept a gift from a person that is given in relation to the person's interest in obtaining a benefit from the council.

10 Accountability

A member must be prepared at all times to account for the member's performance as a member and the member's use of council resources.

11 Interests of municipality, region or shire to be paramount

- 11.1 A member must act in what the member genuinely believes to be the best interests of the municipality, region or shire.
- 11.2 In particular, a member must seek to ensure that the member's decisions and actions are based on an honest, reasonable and properly informed judgment about what best advances the best interests of the municipality, region or shire.

12 Training

A member must undertake relevant training in good faith.



WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 27 JULY 2022

Agenda Reference:	4.1
Title:	Apologies and Leave of Absence
File Reference:	1024940
Author:	Doreen Alusa, Governance and Risk Advisor

SUMMARY

This report is to table, for the Risk Management and Audit Committee's record, any apologies and requests for leave of absence received from Committee members for the meeting held on 27 July 2022.

BACKGROUND

Not applicable.

COMMENT

Not applicable.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council's Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2022-2023* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	Council and Local Authorities Excellence in governance, consultation administration and representation
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Not applicable at this time.

RECOMMENDATION:

That the Risk Management and Audit Committee notes members apologies and/or requests for leave of absence for the meeting held on 27 July 2022.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 27 JULY 2022

Agenda Reference:	5.1
Title:	Absent Without Notice
File Reference:	1024941
Author:	Doreen Alusa, Governance and Risk Advisor

SUMMARY

This report is to table, for the Risk Management and Audit Committee's record, any members that are absent without notice for the meeting held on 27 July 2022.

BACKGROUND

Not applicable.

COMMENT

Not applicable.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council's Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2022-2023* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	Council and Local Authorities Excellence in governance, consultation administration and representation
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Not applicable at this time.

RECOMMENDATION:

That the Risk Management and Audit Committee notes members absences without notice for the meeting held on 27 July 2022.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 27 JULY 2022

Agenda Reference:	6.1
Title:	Acceptance of Agenda
File Reference:	1024942
Author:	Doreen Alusa, Governance and Risk Advisor

SUMMARY

Agenda papers are submitted for acceptance by appointed members for the Risk Management and Audit Committee meeting of 27 July 2022.

BACKGROUND

Not applicable.

COMMENT

The Committee is encouraged to review the agenda and to accept or not accept the agenda.

STATUTORY ENVIRONMENT

Section 92(1) *Local Government Act 2019* is relevant to this matter.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council's Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2022-2023* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	Council and Local Authorities Excellence in governance, consultation administration and representation
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the agenda for the Risk Management and Audit Committee meeting of 27 July 2022 as circulated be accepted.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 27 JULY 2022

Agenda Reference:	7.1
Title:	Disclosure of Interest of Members or Staff
File Reference:	1025180
Author:	Doreen Alusa, Governance and Risk Advisor

SUMMARY

Elected and Committee Members are required to disclose an interest in a matter under consideration by Council at a Council or Committee meeting:

- 1) In the case of a matter featured in an officer's report or written agenda item by disclosing the interest to the Council as soon as possible after the matter is raised.
- 2) In the case of a matter raised in general debate or by any means other than the printed agenda of the Council by disclosure as soon as possible after the matter is raised.

Under disclosure, the Member must abide by the decision of the Committee on whether he/she shall remain in the Chambers and/ or take part in the vote on the issue. The Committee may elect to allow the Member to provide further and better particulars of the interest prior to requesting him/her to leave the Chambers.

Staff of the Council are required to disclose an interest in a matter at any time at which they are required to act or exercise their delegated authority in relation to the matter. Upon disclosure, the staff member is not to act or exercise his/her delegated authority unless the Council expressly directs him/her to do so.

STATUTORY ENVIRONMENT

Sections 114 (Elected Members) *Local Government Act 2019*.

Section 179 (staff members) *Local Government Act 2019*.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2022-2023* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE

Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.

Goal 6.3

Council and Local Authorities

Excellence in governance, consultation administration and representation

VOTING REQUIREMENTS

Not applicable at this time.

RECOMMENDATION:

That the Committee receives and records declarations of interest for the meeting held on 27 July 2022.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 27 JULY 2022

Agenda Reference:	8.1
Title:	Confirmation of Previous Risk Management and Audit Committee Minutes - 31 May 2022
File Reference:	1025182
Author:	Doreen Alusa, Governance and Risk Advisor

SUMMARY

Unconfirmed minutes of the 31 May 2022 Risk Management and Audit Committee meeting are submitted to the Committee for confirmation that the minutes are a true and correct record of the meeting.

COMMENT

The minutes as submitted and confirmation of the minutes must comply with section 101 of the *Local Government Act 2019*.

STRATEGIC IMPLICATIONS

The confirmation of previous minutes is aligned to the following goals as outlined in pillar 6 of the *Regional Plan and Budget 2022 - 2023*:

PILLAR 6 FOUNDATIONS OF GOVERNANCE

Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.

Goal 6.2	Records Delivery of storage and retrieval of records processes which support efficient and transparent administration
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Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes
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VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the minutes of the 31 May 2022 Risk Management and Audit Committee meeting are adopted as a true and correct record of the meeting.

ATTACHMENTS

- 1 2022.05.31 Risk Management and Audit Committee Minutes.pdf



Minutes of the West Arnhem Regional Council Audit Committee Meeting
 Tuesday, 31 May 2022 at 10:00 am
 Council Chambers, Jabiru

Chairperson Carolyn Eagle declared the meeting open at 10:00 am, welcomed all in attendance and did an Acknowledgement of Country.

COMMITTEE MEMBERS PRESENT

Chairperson	Carolyn Eagle (videoconference)
Mayor	Matthew Ryan (videoconference)
Deputy Mayor	Elizabeth Williams (videoconference)
Councillor	James Woods (videoconference)
Councillor	Jacqueline Phillips (videoconference)

STAFF PRESENT

Chief Executive Officer	Daniel Findley
Chief Corporate Officer	David Glover
Finance Manager	Andrew Shaw
Governance and Risk Advisor	Doreen Alusa (videoconference)

APOLOGIES

3.1 APOLOGIES AND LEAVE OF ABSENCE

The Committee considered apologies and leave of absence.

The Risk Management and Audit Committee noted members apologies from Councillors Gabby Gumurdul and Catherine Ralph for the meeting held on 31 May 2022.

ABSENT WITHOUT NOTICE

4.1 ABSENT WITHOUT NOTICE

The Committee considered absences without notice.

The Risk Management and Audit Committee noted that no members were absent without notice for the meeting held on 31 May 2022.

ACCEPTANCE OF AGENDA**5.1 ACCEPTANCE OF AGENDA**

The Committee considered acceptance of the agenda.

**ACM10/2022 RESOLVED:
On the motion of Deputy Mayor Elizabeth Williams
Seconded Chairperson Carolyn Eagle**

The agenda for the Risk Management and Audit Committee meeting of 31 May 2022 as circulated was accepted.

CARRIED

DECLARATION OF INTEREST OF MEMBERS OR STAFF**6.1 DISCLOSURE OF INTEREST OF MEMBERS OR STAFF**

The Committee considered the disclosure of interest of members or staff.

The Committee received no declarations of interest for the meeting held on 31 May 2022.

CONFIRMATION OF PREVIOUS MINUTES**7.1 CONFIRMATION OF PREVIOUS RISK MANAGEMENT AND AUDIT COMMITTEE MINUTES - 21 MARCH 2022**

The Committee considered the confirmation of previous Risk Management and Audit Committee minutes - 21 March 2022.

**ACM11/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Mayor Matthew Ryan**

The minutes of the 21 March 2022 Risk Management and Audit Committee meeting were adopted as a true and correct record of the meeting.

CARRIED

GENERAL ITEMS**8.1 UPDATE ON GENERAL ACTION ITEMS**

The Committee reviewed the general action items list.

**ACM12/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Councillor Jacqueline Phillips**

The Committee reviewed the list, and approved to remove the following completed item from the list:

1. Charter and Terms of Reference review (ACM34/2021): It was noted that the documents had been finalized and would be presented to Council on 8 June 2022 for approval.

CARRIED

8.2 PROGRESS REPORT: REVIEW OF THE STRATEGIC AND OPERATIONAL RISK REGISTER

The Committee considered a progress report on the Review of the Strategic and Operational Risk Register. The Register is being updated in line with the recently developed West Arnhem Regional Council (WARC) pillars which outline the expected outcomes of WARC's performance objectives and service delivery plans.

The Committee noted the report.

AUDIT REPORTS**9.1 INTERNAL AUDITS - UPDATES ON TOPICS 2021 - 2022**

The Committee considered a report on internal audits - updates on topics 2021 - 2022.

ACM13/2022 RESOLVED:
On the motion of Councillor James Woods
Seconded Mayor Matthew Ryan

The Risk Management and Audit Committee noted the updates to the internal audits for 2021-2022.

CARRIED

PROCEDURAL MOTIONS**10.1 CLOSURE TO THE PUBLIC FOR THE DISCUSSION OF CONFIDENTIAL ITEMS**

The Committee considered Closure to the Public for the Discussion of Confidential Items.

ACM14/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Mayor Matthew Ryan

The Committee approved the closure of the meeting to the public as confidential items were about to be discussed. The meeting was closed in accordance with regulation 51(c) of the *Local Government (General) Regulations 2021* as the matters to be discussed included information that, if publicly disclosed, would be likely to cause commercial prejudice to, or confer an unfair commercial advantage on, any person; or (ii) prejudice the maintenance or administration of the law; or (iii) prejudice the security of the council, its members or staff; or (iv) subject to subregulation (3) – prejudice the interests of the council or some other person.

CARRIED

EXCLUSION OF THE PUBLIC**CONFIDENTIAL ITEMS**

The information is classed as confidential under Section 99(2) of the *Local Government Act 2019* and regulation 52 of the *Local Government (Administration) Regulations 2021*.

RE-ADMITTANCE OF THE PUBLIC**4.4 DISCLOSURE OF CONFIDENTIAL RESOLUTIONS AND RE-ADMITTANCE OF THE PUBLIC**

The Committee considered the disclosure of confidential resolutions and re-admittance of the public.

ACM18/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Mayor Matthew Ryan

The Committee opened the meeting to the public after the discussion of confidential items, and approved to disclose selected resolutions from the confidential section of this meeting in the non-confidential meeting minutes.

CARRIED

12.1 CONFIRMATION OF PREVIOUS MINUTES - CONFIDENTIAL RISK MANAGEMENT AND AUDIT COMMITTEE MEETING HELD ON 21 MARCH 2022

The Committee considered confirmation of previous minutes for the confidential Risk Management and Audit Committee meeting held on 21 March 2022.

ACM15/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Deputy Mayor Elizabeth Williams

The confidential minutes of the 21 March 2022 Risk Management and Audit Committee meeting were confirmed as a true and correct record of the meeting.

CARRIED

12.2 EXTERNAL AUDIT STRATEGY MEMORANDUM FOR THE YEAR ENDED 30 JUNE 2022

The Committee considered a report on the external audit strategy memorandum for the year ended 30 June 2022.

ACM16/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Mayor Matthew Ryan

The Committee received and noted the Nexia Edwards Marshall NT Audit Strategy Memorandum for the year ended 30 June 2022.

CARRIED

3.3 INTERNAL AUDIT - PAYROLL, INFRASTRUCTURE AND ASSET MANAGEMENT (PROCUREMENT) - TRACKING REGISTER UPDATE

The Committee considered a report on the internal audit - payroll, infrastructure and asset management (procurement) - tracking register update.

ACM17/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Councillor James Woods

The Risk Management and Audit Committee noted the updates on two remaining action items in the Internal Audit: Payroll, Infrastructure and Asset Management (Procurement) report, and a completion date of 30 June 2022.

CARRIED

MEETING DECLARED CLOSED

Chairperson Carolyn Eagle declared the meeting closed at 11:14 am.

NEXT MEETING

The next meeting is scheduled to take place on Wednesday, 27 July 2022.

This page and the preceding four (4) pages are the minutes of the Risk Management and Audit Committee meeting held on Tuesday, 31 May 2022.

Chairperson

Date Confirmed

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 27 JULY 2022

Agenda Reference:	9.1
Title:	Update on General Action Items
File Reference:	1025199
Author:	Doreen Alusa, Governance and Risk Advisor

SUMMARY

This report is submitted for the Committee to consider the progress on outstanding resolutions from Risk Management and Audit Committee meetings.

BACKGROUND

The items included on the action items list emanate from resolutions that were passed during previous Risk Management and Audit Committee meetings.

POLICY IMPLICATIONS

As per the Risk Management and Audit Committee's Charter, the Committee is responsible for monitoring and evaluating management's responsiveness to matters raised during the course of its meetings.

STRATEGIC IMPLICATIONS

The review of the action items list is aligned to the following goals as outlined in pillar 6 of the *Regional Plan and Budget 2022 - 2023*:

PILLAR 6 FOUNDATIONS OF GOVERNANCE

Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.

Goal 6.2	Records Delivery of storage and retrieval of records processes which support efficient and transparent administration
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Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes
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VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the Committee reviews the list, and approves to remove completed item from the list.

ATTACHMENTS

- 1 Risk and Audit Committee Action Items List - Ongoing.pdf

Risk Management and Audit Committee Action Items List - Ongoing

Date Of Meeting	Resolution Number	Action Required	Status	Comment	Action Officer/Team
26 May 2021	ACM12/2021	<p>STRATEGIC INTERNAL AUDIT PLAN</p> <p>The Committee:</p> <ol style="list-style-type: none"> Noted the updates made, and after discussion with management about alternative review procedures being available, endorsed the removal of the following auditable areas from the plan: <ul style="list-style-type: none"> Planning and reporting (item 2.4); Strong governance and leadership (item 1.4); and Storage and retrieval of records (item 2.3). Requested that an updated Plan for 2021-22 and 2022-23 be prepared for the Committee's next meeting on 27 July 2021 to include priority areas of significant existing controls. 	In Progress	<p>20 July 2021 A report on this item, including the updated Strategic Internal Audit Plan 2021-2022 has been prepared for this meeting. The 2022-2023 Plan will be prepared for a subsequent meeting after the election of new Council members.</p>	Chief Corporate Officer
	ACM24/2021	<p>The Committee:</p> <ol style="list-style-type: none"> Noted the updates to the Strategic Internal Audit Plan and the revised Audit Review timelines for 2021/22; and Requested that the subsequent 2-year audit plan topics be provided at the Committee's first meeting in 2022. 		<p>19 October 2021 Management is on track to update the Strategic Internal Audit Plan as per the Committee's request, and will provide a report at the first Risk Management and Audit Committee meeting in 2022.</p> <p>10 March 2022 Two-year audit plan topics included in March meeting report. The strategic internal audit plan 2022-23 is to be updated once the regional plan pillars, Goals, Strategies and Measures document becomes final at April 2022 OCM, and subsequent May 2022 Local Authority meetings.</p>	

Risk Management and Audit Committee Action Items List - Ongoing

Date Of Meeting	Resolution Number	Action Required	Status	Comment	Action Officer/Team
				<p>24 May 2022 The strategic internal audit plan 2022-2023 is to be updated after Council approves the Regional Plan and Budget, 2022-2023 on 8 June 2022. The audit plan will be presented at the Committee meeting in July 2022.</p> <p>19 July 2022 The strategic internal audit plan 2022-2023 is currently being updated alongside the strategic risk register. The document will be presented at the October 2022 Committee meeting.</p>	
<p>27 October 2021</p>	<p>ACM35/2021</p>	<p>RECRUITMENT OF INDEPENDENT MEMBER</p> <p>The Committee:</p> <ol style="list-style-type: none"> 1. Noted the report; 2. Appointed the following to the selection panel for the recruitment of an Independent Member for the Risk Management and Audit Committee: <ol style="list-style-type: none"> i. Chairperson Carolyn Eagle ii. Mayor Matthew Ryan iii. Deputy Mayor Elizabeth Williams iv. Councillor Jacqueline Phillips v. Mr David Glover <p>The Committee:</p> <ul style="list-style-type: none"> • Noted and discussed the report; 	<p><i>In Progress</i></p>	<p>11 March 2022 An update report on the recruitment of an independent member is included in the agenda for the March 2022 meeting.</p>	<p>Governance and Risk Advisor</p>
	<p>ACM4/2022</p>			<p>24 May 2022 Once Council has approved the Terms of Reference (at the June 2022 meeting), the position will be</p>	

Risk Management and Audit Committee Action Items List - Ongoing

Date Of Meeting	Resolution Number	Action Required	Status	Comment	Action Officer/Team
		<ul style="list-style-type: none"> Noted that the position of Independent Member will be re-advertised and include the selection criteria that applicants should reside in the NT; and Approved the revision of the Committee's Terms of Reference to include the provision that at least one of the Committee's Independent Members should reside in the NT at the time of their appointment and membership on the Committee. 		<p>re-advertised with the condition that the Independent Member should reside in the NT.</p> <p>19 July 2022</p> <p>The position was re-advertised on 21 July 2022 and the Committee will be provided with regular updates.</p>	

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 27 JULY 2022

Agenda Reference:	10.1
Title:	Interim Audit Completion Report for the year ended 30 June 2022
File Reference:	1020885
Author:	David Glover, Chief Corporate Officer

SUMMARY

This report presents the Interim Audit Completion Report from Nexia Edwards Marshall NT for the year ended 30 June 2022.

BACKGROUND

On 11 May 2022 Nexia Edwards Marshall NT provided their Audit Plan for the year ended 30 June 2022, and completed the interim audit work during May 2022. On 5 July 2022, they signed off their interim audit findings letter, which was received after the last meeting of this committee.

COMMENT

The Audit Interim Completion Report includes a summary of key interim audit risks in relation to Revenue, Employee expenditure, and Operating expenditure.

Additionally, there are two items highlighted in the attached report for improvement. Both related to corporate credit card formalities and policy. These are outlined as:

- 1/. Formal signing off of monthly transactions by the card holder, and,
- 2/. In the approval process for the Mayor and the CEO credit cards, suggesting an authorised member of either the Council or the Risk Management and Audit Committee review and sign off.

Council's policy in relation to the CEO and Mayor credit cards is inconsistent with the recommendation. Practice is consistent with the Credit Card Policy for the Mayor and CEO OCM45/2021, in that the CEO approves reconciliations of the credit card held by the Mayor. The Chief Corporate Officer approves the reconciliation of the CEO's credit card. However the CCO has not been providing notice to the Mayor of the approval as the policy requires. The CCO is also required to provide notice to the Mayor of any issues arising with that card (there have been none).

STATUTORY ENVIRONMENT

Part 10.7 (Annual Financial Statement) of the *Local Government Act 2019* requires annual financial statements to be prepared and audited. The *Local Government (General) Regulations 2021*, Part 2 Accounting also relate to this matter.

POLICY IMPLICATIONS

Policies and procedures may need to be reviewed as a result of any recommendations made by Nexia Edwards Marshall NT in its interim and / or final audit reports.

FINANCIAL IMPLICATIONS

Not applicable.

STRATEGIC IMPLICATIONS

In preparing this report, the Committee is mindful of its goals as detailed in the *Regional Plan and Budget 2022-2023* as follows:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.1	Financial Management Provision of strong financial management and leadership which ensures long term sustainability and growth
Goal 6.4	Risk Management The monitoring and minimisation of risks associated with the operations of Council
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the Committee receives and notes the Nexia Edwards Marshall NT Audit Interim Completion Report for the year ended 30 June 2022.

ATTACHMENTS

- 1 WARC 2022 Interim Audit Completion Letter 05.07.2022.pdf



West Arnhem Regional Council
Audit Interim Completion Report

FOR THE YEAR ENDING 30 JUNE 2022



Nexia Edwards Marshall NT (ABN 74 414 239 116) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited by a scheme approved under Professional Standards Legislation.

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 p +61 8 8981 5585
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22 June 2022

The Council Members
C/- David Glover
Chief Corporate Officer
West Arnhem Regional Council
PO Box 721
Jabiru NT 0886

via email: David.glover@westarnhem.nt.gov.au

Dear Council Members,

Interim Report to the Council for the year ending 30 June 2022

We have significantly completed our interim audit of West Arnhem Regional Council (the "Council") for the year ending 30 June 2022. During our interim phase we have tested the transaction cycles and identified controls impacting upon our audit processes.

Australian Auditing Standards require us to communicate with you matters that include Qualitative aspects of the Council accounting practices and financial reporting; Significant matters that have arisen during the audit including any internal control observations; and any other matters which we feel should be brought to your attention.

We have appreciated the assistance provided to us during the interim audit by the finance team and ask that you convey our thanks to them.

This information is intended solely for the use of the Council and management of West Arnhem Regional Council and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Noel Clifford'.

Noel Clifford
Partner

West Arnhem Regional Council: Audit Interim Completion Report

page | 2



Summary of Key Interim Audit Risks

Risk area	Audit risk assessment (High / Medium / Normal)	Possible risk of misstatement due to	Residual risk subsequent to audit procedures (High/ Medium/ Low)
Revenue and Other Income	Medium	<ul style="list-style-type: none"> Incorrect application of revenue standard Incorrect recording of GST Incorrect account allocations Errors in invoicing of rates and other revenue transactions 	Low
Employee benefits expense	Medium	<ul style="list-style-type: none"> Significant financial statement balance. Compliance with relevant laws and regulations for payroll. Incorrect authorisation and processing of payroll including leave. Inadequate payroll records and authorisation 	Low
Operating expenditure	Medium	<ul style="list-style-type: none"> Significant financial statement balance. Risks in relation to unrecorded liabilities and cut-off. Inadequate supporting documentation and authorisation Incorrect account allocations 	Low

areas for improvement

Areas For Improvement

Deficiency in Internal Controls Classifications

We have ranked the issues raised in order of their importance and risk to the Council to enable you to prioritise the control findings. The key to the colour coding used below is as follows:

- **Category A:** Those matters which pose significant business or financial risk, including financial reporting risk to West Arnhem Regional Council and should be addressed as a matter of urgency. This assessment is derived from considering the likelihood and consequence of the underlying risk.
- **Category B:** Those matters which pose moderate business or financial risk, including financial reporting risk. This assessment is derived from considering the likelihood and consequence of the underlying risk.
- **Category C:** Those matters which are procedural in nature or minor administrative failings. These could include minor accounting issues or relatively isolated control breakdowns which need to be brought to the attention of management. This assessment is derived from considering the likelihood and consequence of the underlying risk.

Area	Risk Rating	Issue/Observation	Risk/Implication	Recommendation	Management Response
Credit Cards	Category B	We noted in the month of September 2021, Cardholders may not accept the credit card reconciliation forms for Kim Sutton and Brooke Darmanin were not signed by the CEO.	Cardholders may not accept the month end reconciliation forms for Kim Sutton and Brooke Darmanin were not signed by the CEO.	We recommend that reconciliation forms should be signed by the respective cardholders. We believe that this ensures that the cardholders accept responsibility for the transactions that they incur on credit cards. This responsibility being documented and attested to by their signatures.	Agreed, if a cardholder is absent the CEO can sign and the cardholder to follow up later.

areas for improvement

Area	Risk Rating	Issue/Observation	Risk/Implication	Recommendation	Management Response
Credit Cards	Category B	Based on the WARC's delegation policy, the approval and revocation of the CEO and Mayor's credit cards is by the Council. During our testing of credit card transactions in 2022, we noted that the Mayor's (Ryan Matthew) credit card transactions are authorised by the Chief Executive Officer (Daniel Findley) and the CEO's credit card transactions are authorised by the Chief Corporate Officer (David Glover). We note for example that the Chief Corporate Officer reports to the CEO. In our opinion, credit cards transactions should never be reviewed by a person who ultimately reports to the credit card holder.	The absence of a robust review process increases the risk that any unauthorised and/or illegitimate transactions that do occur will not be appropriately dealt with.	We recommend that both the Mayor and CEO's credit card transactions are reviewed and authorised by an authorised member of either the Council and or the Risk Management and Audit Committee.	Recommendation is agreed. Noting that the CCO will continue to review the transactions as before (it helps the EA to the CEO in confirming correct allocations to the GL).
					The Deputy Mayor is Jabiru based and may be possible to obtain signature without delay. Additionally, the Mayor and Deputy Mayor are members of the Risk Mgt & Audit Committee.



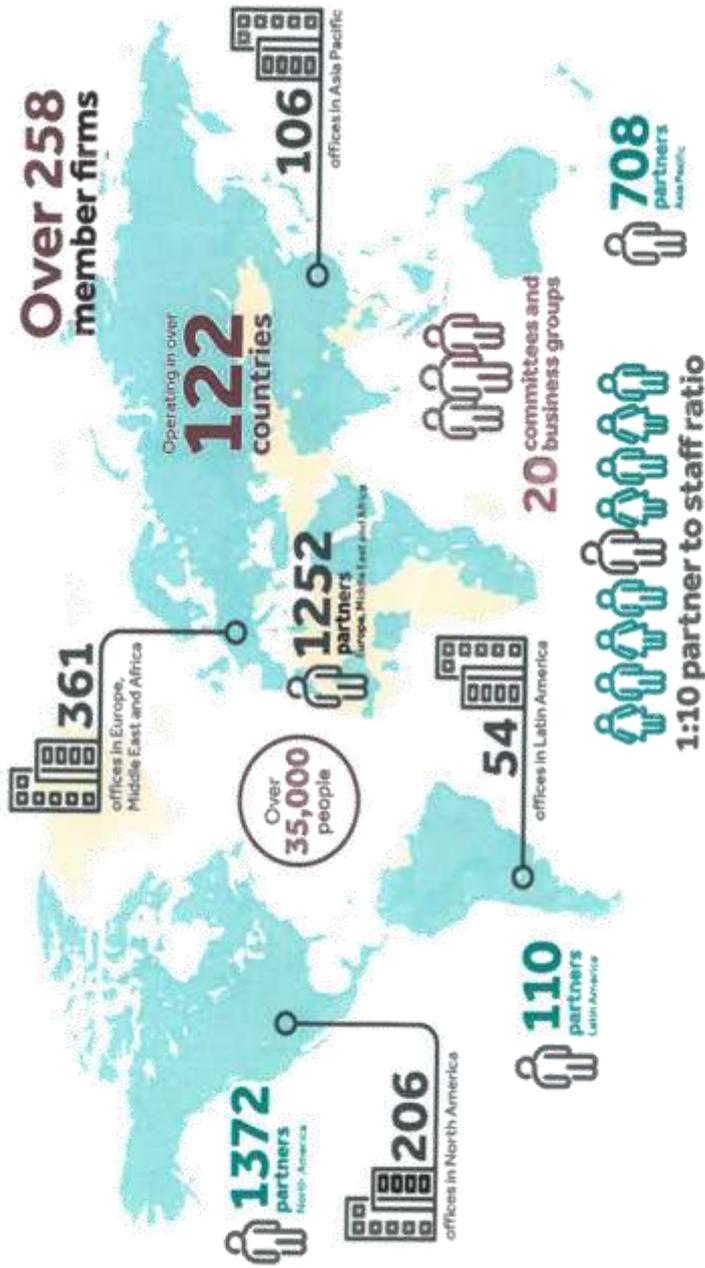
Risk Area	Audit Risk Assessment	Risk of Misstatement Due to	Audit Response
Revenue and Other Income	Medium	<p>Revenue is not recognised.</p> <p>Revenue is incorrectly recorded or recorded in the incorrect period.</p> <p>Incorrect treatment of deferred revenue.</p> <p>Incorrect application of the Revenue Accounting Standard's provisions.</p> <p>GST is incorrectly applied.</p>	<p>A sample of revenue that has occurred throughout the year and is recognised at year end was examined against supporting documents (invoices, rates, charges and fees, engagement letters, agreements, including evidence of service delivery and property valuation assessments).</p> <p>GST was checked and verified on revenue transactions tested. GST reasonableness test to be conducted at year end.</p> <p>Review appropriateness of deferred revenue.</p> <p>Revenue accounting policies will be reviewed and matched against the applicable Accounting Standard.</p>
Other Operating Expenditure	Medium	<p>Operating expenditure may be recorded, inaccurately recorded, inappropriately or inconsistently classified and/or recorded in the incorrect period.</p> <p>Illegitimate and/or unauthorised payments.</p>	<p>Analytical reviews will be conducted on revenue and other income.</p> <p>A sample of expenditure that has occurred throughout the year and is recognised at year end will be examined against supporting documents (invoices, evidence of approval, bank statements).</p> <p>Analytical reviews will be carried out on operating expenditure.</p> <p>Controls over the authorisation of purchases and payment of expenses and the processing of supplier invoices will be assessed.</p> <p>A sample of credit card statements will be reviewed, and transactions tested for appropriateness.</p>



Risk Area	Audit Risk Assessment	Risk of Misstatement Due to	Audit Response
Grant Income/ Income in Advance/ Unspent Grants	Medium	<p>Grant income not being recorded completely and accurately.</p> <p>GST on grant income being incorrectly determined and accounted for.</p> <p>Income relating to grants and / or contract revenue being recorded in the incorrect period.</p> <p>Income is recognised before the conditions of the grant / contract have been met.</p> <p>Incorrect treatment of unspent grant funding, deferred revenue, and/or contract liabilities.</p> <p>Incorrect application of the Revenue Accounting Standards.</p>	<p>Review controls around the billing/invoicing cycle.</p> <p>Inspect funding agreements to ascertain whether these are performance obligations and to determine the correct period for recognition of grant income.</p> <p>We will review grant funding agreements to ensure that any applicable financial terms and conditions are being complied with, including any requirements to refund unspent grant funding at 30 June.</p> <p>Review and test year end grant acquittals and reconciliations; including unspent grant funding, deferred revenue and/or contract liabilities.</p> <p>We will obtain from management a listing and reconciliation of all unearned grant funding, deferred revenue and/or contract liabilities at 30 June. We will review this list for reasonableness and to ensure treatment in the financial statements is appropriate and in line with accounting policies adopted by the Council.</p> <p>Accuracy of reconciliation between general ledger and payroll will be checked.</p>
Payroll Related Expenditure	Medium	<p>Salaries and wages (and associated costs) may not be correctly calculated, recorded, and remitted.</p> <p>Illegitimate and/or unauthorised payments.</p> <p>Employees may be paid incorrect/ unauthorised remuneration amounts.</p>	<p>A sample of payroll transactions that have occurred throughout the year and at year end will be examined against payroll records and other supporting documents (timesheets, employment contracts, and bank statements).</p> <p>Analytical reviews will be conducted on payroll and payroll related expenses.</p>

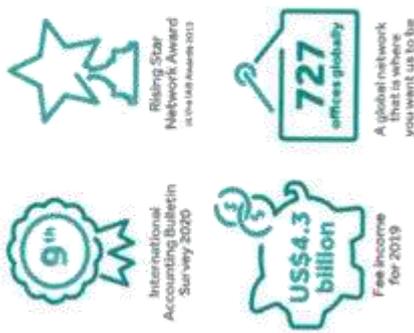


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WEST ARNHEM REGIONAL COUNCIL
FOR THE MEETING 27 JULY 2022

Agenda Reference:	10.2
Title:	Internal Audits - Update for 2021 - 2022
File Reference:	1025451
Author:	David Glover, Chief Corporate Officer

SUMMARY

This report is to update the Committee on the internal audit topics for 2021-2022.

BACKGROUND

At the 24 July 2019 Risk Management & Audit Committee meeting, the Committee members approved the Strategic Internal Audit Plan 2020 – 2022. The version of the Strategic Internal Audit Plan in use is 5.0 from July 2021. The document was developed by taking into account of risks identified within the Risk Register. The Risk Register maintains alignment of risks with the Regional Plan. The Regional Plan and budget 2022-23 underwent review during 2021-22, with a changed format and design. It has been endorsed by Council resolution OCM45/2022, at the June 2022 OCM, which followed 21 days of public consultation. The Strategic Internal Audit Plan is to be updated to tie into the new Regional Plan 2022-23.

COMMENT

Internal audits / evaluations are administered internally. The internal audit topics for 2021-22 remain as per the table below.

Strategic Objective No.	AUDITABLE AREAS	MITIGATION STRATEGY	2021-22	RESIDUAL RISK RATING 2021
2.1	Financial management	Review Rates Debtors as at 30 June <i>annually</i> to assess achievement of target 5% maximum, process improvements to monthly reports- Audit Review	Internal	MEDIUM
2.5.2	Modern information and communications technology to maximize service delivery	Engage in dialogue with CouncilBiz and consider alternative IT platform options available to Council – Audit Review	Internal	HIGH
6.2	Commercial Services	Internal Review of the implemented recommendations from the 2016/2017 internal audit to confirm ongoing compliance.	Internal	MEDIUM

Updates on the three auditable areas:

2.1 Financial Management:

The rates review shows current rates outstanding as at 30 June 2022, of \$39,952 out of a total rates run of \$4,354,424 (October 2021). The target of less than 5% outstanding was achieved by 31 May 2022. The arrears settled at 0.92% at year end. Target achieved.

The detailed situation as at 30 June 2022 is as per the two tables below.

	Location	Arrears	2021/22 Levy	Balance Payable
18.63%	ARNHEMLAND	\$1,448.00	5,996.77	7,444.77
5.78%	GUNBALANYA	\$0.00	2,309.60	2,309.60
63.55%	JABIRU	\$0.00	25,391.20	25,391.20
-2.66%	MANINGRIDA	\$0.00	-1,062.00	-1,062.00
5.04%	MINJILANG	\$0.00	2,013.00	2,013.00
9.65%	WARRUWI	\$1,842.00	2,013.00	3,855.00
100.00%		\$3,290.00	36,661.57	39,951.57

Ratepayer	Arrears prior years	2021/22 TOTAL	Balance Payable
Corporate Body	\$1,842	\$9,124	\$10,966
Individual	\$0	\$2,310	\$2,310
Association	\$1,448	\$25,228	\$26,676
TOTALS	\$3,920	\$36,662	\$39,952

There are several entities with significant amounts levied which Council enters into agreements with to pay their debts per agreed payment plans. Generally these plans ensure that all outstanding Rates and Charges are paid by 30 June. These arrangements assist in sound cashflow management by the entities concerned.

The process in use for rates review was discussed in the last May 2022 update to the Committee.

2.5.2 Modern information & Communications technology to maximize service delivery:

This topic will move into the 2022-23 year, being a 36 month five phase project.

As included in the May 2022 update, Councilbiz has new cloud based solutions via a five phase focus over 36 month, one phase at a time, as per the below

Phase 1 – Installation of new data links and Meraki hardware. (Network Upgrade)

Phase 2 – Deployment of Office 365 (updated suites for email, word, excel) An E1 plan which will include Exchange Online, OneDrive and Teams (we use Starleaf at present)

Phase 3 – Migration of Telephone (TIPT) to Teams Calling and Teams Video Conferencing

Phase 4- After phases 1 to 3 are complete. Expansion of O365 E1 to E5 plans with the introduction of SharePoint Online-likely replacement to Majiq. Sharepoint on line must meet Local Government compliance

Phase 5 – ERP Cloud migration

Councilbiz currently implementing MYOB Advanced (acumenica in the USA) in house. Other software under implementation is Xero at West Daly Regional Council and MYOB Advanced at Roper Gulf Regional Council.

WARC staff visited Katherine Town Council, and Roper Gulf Regional Council on 3 June to discuss their software products. These meetings were very useful with staff in both Councils eager to meet with us and be very open about their decisions on software, or ERP. From this, Xero is no longer considered, and MYOB Advanced remains a

possibility. Further discussions are to be held with other Regional Councils around their pathways forward, and a decision to appoint a design consultant from the early stages.

6.2 Commercial Services:

This relates to the Internal Review of the implemented recommendations from the 2016/2017 internal audit to confirm ongoing compliance.

A separate paper is included into the confidential section of this agenda.

STATUTORY ENVIRONMENT

The provisions relating to the levying of Rates and Charges are contained within Chapter 11 of the *Local Government Act 2019*. Payment by instalment is included in s244 of the Act.

The Committee is an advisory body to Council. It functions within both the Risk Management and Audit Committee Charter and its Terms of Reference. As a function of this, it approves the Councils Strategic Internal Audit Plan.

POLICY IMPLICATIONS

Councils Debt Management Policy 2021 is relevant in terms of Rates Recovery. The activities of the Risk Management and Audit Committee are conducted in accordance with the specific Local Government General Regulations and WARC's adopted Risk Management documents.

FINANCIAL IMPLICATIONS

As a significant component of Council's revenue sound management of Rates Debtors is imperative.

STRATEGIC IMPLICATIONS

The completion of this paper will serve to achieve the following Pillars from the *Regional Plan and Budget 2022-2023*:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration.	
Our processes, procedures and policies are ethical and transparent.	
Goal 6.1	Financial Management Provision of strong financial management and leadership which ensures long term sustainability and growth
Goal 6.4	Risk Management The monitoring and minimisation of risks associated with the operations of Council
Goal 6.6	Information and Communication Technology Effective and innovative information technology solutions which maximise service delivery and support Council's operations

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION

That the Risk Management and Audit Committee:

- **Notes the updates to the internal audits for 2021-2022.**

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 27 JULY 2022

Agenda Reference:	11.1
Title:	Closure to the Public for the Discussion of Confidential Items
File Reference:	1025205
Author:	Doreen Alusa, Governance and Risk Advisor

SUMMARY

Pursuant to section 99(2) of the *Local Government Act 2019* and regulation 52 of the *Local Government (Administration) Regulations 2021*, the meeting is to be closed to the public to consider confidential matters.

STATUTORY ENVIRONMENT

Section 99(2) of the *Local Government Act 2019*
Regulations 51 and 52 of the *Local Government (Administration) Regulations 2021*

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the Committee approves the closure of the meeting to the public as confidential items are about to be discussed. The meeting is closed in accordance with regulation 51(c) of the *Local Government (General) Regulations 2021* as the matters to be discussed include information that, if publicly disclosed, would be likely to cause commercial prejudice to, or confer an unfair commercial advantage on, any person; or (ii) prejudice the maintenance or administration of the law; or (iii) prejudice the security of the council, its members or staff; or (iv) subject to subregulation (3) – prejudice the interests of the council or some other person.

**WEST ARNHEM REGIONAL COUNCIL
FOR THE RISK MANAGEMENT AND AUDIT COMMITTEE**

27 JULY 2022

EXCLUSION OF THE PUBLIC

The information in this section of the agenda is classed as confidential under section 293(1) of the *Local Government Act 2019* and regulation 51 of the *Local Government (Administration) Regulations 2021*.

**WEST ARNHEM REGIONAL COUNCIL
FOR THE RISK MANAGEMENT AND AUDIT COMMITTEE**

27 JULY 2022

RE-ADMITTANCE OF THE PUBLIC