



AGENDA

AUDIT COMMITTEE MEETING

WEDNESDAY, 16 SEPTEMBER 2020

Notice is given that the next Audit Committee Meeting of the Roper Gulf Regional Council will be held on:

Wednesday, 16 September 2020 at 10.00
The Roper Room, Roper Gulf Regional Council
2 Crawford Street, Katherine, NT

Your attendance at the meeting will be appreciated.

Phillip LUCK
CHIEF EXECUTIVE OFFICER

PLEDGE

“We pledge to work as one towards a better future through effective use of all resources.

We have identified these key values and principles of Honesty, Equality, Accountability, Respect and Trust as being integral in the achievement of our vision, that the Roper Gulf Regional Council is Sustainable, Viable and Vibrant.”

PRAMIS BLA WI

“Mela pramis bla wek gudbalawei bla meigim futja bla wi wanwei, en bla yusim ola gudwan ting bla helpum wi luk lida.

Mela bin luk ol dijlod rul, ebrobodi gada tok trubalawei, wi gada meik so wi gibit firgo en lisiin misalp, abum rispek en trastim misalp bla jinggabat bla luk lida, Roper Galf Rijinul Kaunsul deya maindim en kipbum bla wi pramis, dum wek brabli gudbalawei, en im laibliwan.”

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	Nil.	
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	Nil.	
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	Nil.	

17 CLOSED SESSION

17.1 Confirmation of Previous Minutes

The report will conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(c)(iv).

17.2 Finance Manager Secondment Project - update

The report will conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(a) (e).

17.3 Risk Management Plan and Register

The report will conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(c)(iii) (c)(iv) (d) (e).

17.4 AASB 16 Underlying Asset

The report will conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(e).

RESUMPTION OF MEETING**18 CLOSE OF MEETING**

CONFIRMATION OF PREVIOUS MINUTES



ITEM NUMBER	6.1
TITLE	Confirmation of Previous Minutes
REFERENCE	933372
AUTHOR	Naomi HUNTER, Executive Manager

RECOMMENDATION

That the Audit Committee confirms the minutes from the meeting held on 17 June 2020 and affirms them to be a true and accurate record of the meetings decisions and proceedings.

BACKGROUND

The Audit Committee met on Wednesday, 17 June 2020 at 10:00am in Katherine. Attached are the recorded minutes from that meeting for the Committee to review.

The next Audit Committee Meeting is scheduled to be held on Wednesday, 18 November 2020 at 10:00am.



ISSUES/OPTIONS/SWOT

Nil.

FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

1   Audit Committee 2020-06-17 [1525] Minutes.DOCX



MINUTES OF THE ROPER GULF REGIONAL COUNCIL, AUDIT COMMITTEE
MEETING HELD AT THE ROPER ROOM, ROPER GULF REGIONAL COUNCIL
2 CRAWFORD STREET, KATHERINE, NT
ON WEDNESDAY, 17 JUNE 2020 AT 10.00AM

1 PRESENT MEMBERS/STAFF/GUESTS

1.1 Members

- Independent Member Garry LAMBERT (Chairperson); and
- Councillor Donald GARNER.

1.2 Staff

- Phillip LUCK, Chief Executive Officer;
- Marc GARDNER, General Manager Corporate Services and Sustainability;
- Dave HERON, Chief Financial Officer;
- Naomi HUNTER, Executive Manager; and
- Narelle PERROTT, Governance Officer.

2 MEETING OPENED

The Audit Committee Meeting opened at 10:07am without quorum.

3 WELCOME TO COUNTRY

4 APOLOGIES AND LEAVE OF ABSENCE

Nil. Of the five (5) member positions, an independent member has resigned and an elected member vacancy has occurred. The attendees represent 66% of held positions. Members and the Chief Executive Officer agreed to proceed with the meeting.

5 QUESTIONS FROM THE PUBLIC

Nil.

6 CONFIRMATION OF PREVIOUS MINUTES

6.1 AUDIT COMMITTEE MEETING - 04 MARCH 2020

68/2020 **RESOLVED (Garry LAMBERT/Donald GARNER)**

CARRIED

That the Audit Committee confirms the minutes from the meeting held on the 04 March 2020 and affirms them to be a true and accurate record of that meetings decisions and proceedings.

7 BUSINESS ARISING FROM PREVIOUS MINUTES**7.1 ACTION LIST**

69/2020 RESOLVED (Garry LAMBERT/Donald GARNER) *CARRIED*

That the Audit Committee:

- (a) Receives and notes Action List; and
- (b) Approves the removal of completed items.

8 CALL FOR ITEMS OF GENERAL BUSINESS

Nil.

9 DISCLOSURES OF INTEREST

Nil.

10 INCOMING CORRESPONDENCE

Nil.

11 OUTGOING CORRESPONDENCE

Nil.

12 OPERATIONAL REPORTS**12.1 COVID - 19 UPDATE**

70/2020 RESOLVED (Garry LAMBERT/Donald GARNER) *CARRIED*

That the Audit Committee receives and notes the COVID-19 Update Report.

12.2 INFORMATION MANAGEMENT SYSTEMS UPDATE

71/2020 RESOLVED (Garry LAMBERT/Donald GARNER) *CARRIED*

That the Audit Committee receives and notes the update pertaining to the Corporate Information Management development.

13 GENERAL BUSINESS**13.1 DRAFT BUDGET 2020-21**

72/2020 RESOLVED (Garry LAMBERT/Donald GARNER) *CARRIED*

That the Committee notes the Draft Budget 2020-21 report.

13.2 SELF-ASSESSMENT OF AUDIT COMMITTEE

73/2020 RESOLVED (Garry LAMBERT/Donald GARNER) *CARRIED*

That the Audit Committee:

- (a) Receives and notes the report in relation to the Self-Assessment of the Audit Committee; and

(b) Refers this matter to the next meeting.

13.3 DEPARTMENT OF LOCAL GOVERNMENT, HOUSING AND COMMUNITY DEVELOPMENT - CLOSURE OF 2017 COMPLIANCE AUDIT

74/2020 RESOLVED (Garry LAMBERT/Donald GARNER) CARRIED

That the Audit Committee notes the report in relation closure of the 2017 Compliance Audit of the Department of Local Government, Housing and Community Development.

13.4 REGIONAL PLAN UPDATE

75/2020 RESOLVED (Garry LAMBERT/Donald GARNER) CARRIED

That the Audit Committee receives and notes the Regional Plan Update Report.

13.5 RGRC POLICY UPDATE

76/2020 RESOLVED (Garry LAMBERT/Donald GARNER) CARRIED

That the Audit Committee receives and notes the RGRC Policy Update report.

13.6 CHANGES TO ACCOUNTING STANDARDS

77/2020 RESOLVED (Garry LAMBERT/Donald GARNER) CARRIED

That the Audit Committee receives and notes the adoption of the changes to accounting standards AASB 16 & AASB 1058.

13.7 PROGRESS OF AUDIT

78/2020 RESOLVED (Garry LAMBERT/Donald GARNER) CARRIED

That the Audit Committee receives and notes the report in relation to progress of the 2019/2020 Audit.

14 CLOSED SESSION

DESCISION TO MOVE TO CLOSED SESSION

79/2020 RESOLVED (Donald GARNER/Garry LAMBERT) CARRIED

That the Audit Committee resolves to move into the closed session of the Audit Committee Meeting.

Members of the press and public be excluded from the meeting of the Closed Session and access to the correspondence and reports relating to the items considered during the course of the Closed Session be withheld. This action is taken in accordance with Section 65(2) of the *Local Government Act, 2008* as the items lists come within the following provisions:-
The report will conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(c)(iv).

14.1 Audit Committee Meeting – 04 March 2020 - *The report will be conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(c)(iv).*

14.2 Finance Manager Secondment Project - Update

The report will be conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(a) (e).

14.3 Risk Management Plan

The report will be conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(c)(4).

14.4 Recent Compliance Issue

The report will be conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(e).

15 RESUMPTION OF MEETING

15.1 MOVE OUT OF CLOSED SESSION

80/2020 RESOLVED (Donald GARNER/ Garry LAMBERT)

CARRIED

That the Audit Committee moves to return to the open session of the Audit Committee meeting and declare the resolutions made in the confidential session not be available to the public in accordance with the *Local Government Act 2008*, section 201.

16 CLOSE OF MEETING

The meeting terminated at 11:26am.

This page and the preceding pages are the minutes of the Audit Committee Meeting held on Wednesday, 17 June 2020 and will be confirmed Wednesday, 16 September 2020.

Chairperson Garry LAMBERT

BUSINESS ARISING FROM PREVIOUS MINUTES

ITEM NUMBER	7.1
TITLE	Action List
REFERENCE	959707
AUTHOR	Naomi HUNTER, Executive Manager

RECOMMENDATION

That the Audit Committee :

- a) Receives and notes Action List; and
- b) Approves the removal of completed items.

BACKGROUND

The Action List is a summary of tasks that the Audit Committee meeting has requested be undertaken by Council staff. The table also identifies the Staff member assigned to the task by the Chief Executive Officer and the current status.

Date	Agenda Item #	Item Description	Responsible Person	Comments/ Details	Ongoing	Status Comments - Completion Date
19-09-2018	11.2	New Policies	Executive Manager	That the standard operating procedure applicable to the mandatory reporting policy be presented to the November Audit Committee.	Ongoing	Website has been updated to reflect the four (4) divisions within its operational structure.
19-09-2019	13.2	Information Rights Management	Information Systems Manager	Contractor to overhaul entire EDRMS and records management processes, including IRM.	Ongoing	Project schedule has been developed and in action.
17-06-20	13.2	Audit Committee Self-Assessment	Marc Gardner	Referred to next meeting 16.09.20	Ongoing	Report in September agenda.
17-06-20	13.2	Risk Management Plan	Marc Gardner	Referred to next meeting 16.09.20	Ongoing	Report in September agenda.

ATTACHMENTS:

GENERAL BUSINESS

ITEM NUMBER	12.1
TITLE	Self-Assessment of Audit Committee
REFERENCE	928775
AUTHOR	Marc GARDNER, General Manager Corporate Services and Sustainability

Audit Committee at its meeting on 17 June 2020 resolved that the matter be deferred to the meeting to be held on 16 September 2020.

RECOMMENDATION

That the Audit Committee:

- (a) notes the report in relation to the self-assessment of the Audit Committee; and**
- (b) Determines how self-assessment will be addressed.**

BACKGROUND

The Terms of Reference for the Council's Audit Committee outlines that it must undertake a 'self-assessment' at least annually. Specifically, section 13 states as follows:

13. Committee Performance and Review

The Committee will review its performance on an annual basis and report to Council. The review may be conducted as a self-assessment, and will be coordinated by the Chairperson. The assessment may also seek input from other parties. The review will also include a review of the Terms of Reference for Audit Committee. New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

The term 'self-assessment' is not really defined, other than reviewing the terms of reference of the committee.

At the last Audit Committee of Council on the 17 June 2020, this matter was deferred with the following resolution made:

13.2 SELF-ASSESSMENT OF AUDIT COMMITTEE

1/2020 RESOLVED (Garry LAMBERT/Donald GARNER) CARRIED

That the Audit Committee:

- (a) Receives and notes the report in relation to the Self-Assessment of the Audit Committee; and**
- (b) Refers this matter to the next meeting.**

It is suggested again that the Committee consider some of the following actions in relation to a self-review:

1. Review the terms of reference for the committee e.g. purpose;
2. Review the representation – numbers and types of members;
3. Review the Committee's delegated authority;
4. Review decisions that have been made by the Committee; and/or
5. Review member's attendance.

Previous reviews were undertaken in April 2018 when terms of reference were amended to provide greater clarity around confidentiality and authority to undertake administrative reviews, and also in late 2017 following the last local government elections when a new committee was formulated.

A copy of the terms of reference for the committee is attached for member's information.

ISSUES/OPTIONS/SWOT

Committee members have several options in relation to this matter:

1. Do nothing

Consider the attached terms of reference, this report and that no further review is required.

2. Undertake a self-assessment and review at the meeting on the 17 June 2020

Members consider the terms of reference and any other relevant issues on the 17 June 2020 Audit Committee (this meeting) and advise on any changes required to the Terms of Reference or the Committee.

3. Undertake a self-assessment and review at a future Audit Committee meeting

Request the Chief Executive Officer to prepare information and a report to undertake a review of the terms of reference, attendance, purpose and structure of the committee at a future Audit Committee meeting.

FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

1   Terms-of-Refernce-for-Audit-Committee.pdf

Roper Gulf Regional Council Terms of Reference - Audit Committee



Roper Gulf Regional Council Audit Committee Terms of Reference

Roper Gulf Regional Council has established the Audit Committee pursuant to the Regulation 10 (3) of the *Local Government (Accounting) Regulations* to assist the Council in monitoring its compliance with proper standards of financial management, and its compliance with the *Local Government (Accounting) Regulations* and Accounting Standards.

The Audit Committee is an Advisory Committee and does not have executive powers or authority to implement actions in areas which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and is therefore independent from management.

1. Objectives

The objective of the Audit Committee is to advise Council on, and where delegated, determine upon matters outlined in the roles and responsibilities of the Audit Committee. This includes the provision of independent review and assistance to the Council, Chief Executive Officer and executive management on Council's risk, control and compliance framework, and its financial statement pertaining to its financial management responsibilities.

2. Membership

Members of the Audit Committee are appointed by the Council. The Audit Committee shall consist of five (5) members:

- one (1) Independent Member (Chair)
- one (1) Independent Member
- three (3) Councillors

Appointments of Council Members shall be for a term of two (2) years. Appointees may be reappointed by the Council for a maximum of six (6) consecutive years.

Independent Members of the Audit Committee shall have senior business or financial management/reporting knowledge and expertise, and be conversant with the financial, risk management and governance issues, and have extensive accounting, auditing or legal skills, and other reporting requirement of Local Government.

Appointments of external Independent Members shall be for a term of four (4) years at the commencement of each Council term. Appointees may serve as an Independent Member for the maximum period of two (2) terms.

3. Chairperson

The Council shall appoint any one of the Independent Members as the Chairperson of the Audit Committee for a period of 12 months.

The Chairperson's performance shall be reviewed by the CEO on an annual basis, before the expiry of their term.

The Council shall appoint the Chairperson on a yearly basis via resolution.

The Chairperson of the Audit Committee must be an Independent Member. Elected Members of RGRC are not eligible to Chair the Audit Committee.

Roper Gulf Regional Council Terms of Reference - Audit Committee



4. Authority

The Council authorises the Audit Committee, within the scope of its role and responsibilities, through the Chairperson, to:

- seek any information it requires, subject to their legal obligation to protect information, from any of the Directors and Managers in consultation with the Chief Executive Officer;
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of any of the Directors and Managers, including the Chief Executive Officer, at Audit Committee meetings; and
- obtain external legal or other independent professional advice with the agreement of the Chief Executive Officer.

The Committee is directly responsible and accountable to the Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of Council rests with the Chief Executive Officer.

The Committee can perform or instigate investigations on Council's request.

5. Roles and Responsibilities

5.1 Financial Reporting

The Audit Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.

The Audit Committee shall review and challenge where necessary:

- (a) the adequacy of processes to ensure integrity of reported financial information and appropriate review and management sign-off, prior to the CEO's and Council's approval of the draft financial statements;
- (b) the consistency of, and any changes to, accounting policies both on a year on year basis;
- (c) the methods used to account for significant or unusual transactions where different approaches are possible;
- (d) whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
- (e) the clarity of disclosure in the Council's financial reports and the context in which statements are made;
- (f) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement; and
- (g) the processes in place to ensure that the financial information included in the Council's annual report is consistent with the signed financial statements.

5.2 Compliance

The Audit Committee shall:

- review the effectiveness of the system for monitoring the Council's compliance with all applicable laws, regulations and associated government policies pertaining to proper standards of financial management which the Council must comply with;
- review the process for building the capacity of Council to manage financial misconduct risk and its management strategies to enhance resistance to financial misconduct whilst improving Council's financial performance and integrity;
- monitor compliance of Program Funding Agreements, Service Level Agreements, Funding Agreements or any other agreements with any funding bodies or agencies to ensure proper standards of financial management;

Roper Gulf Regional Council Terms of Reference - Audit Committee



- keep informed on the findings of any examinations of financial matters by regulatory agencies, and any auditor (internal or external) observations and monitor management's response to these findings;
- obtain regular updates from management on compliance matters pertaining to financial management and Accounting Standards.

5.3 Internal Control and Risk Management

The Audit Committee may address issues pertaining to the approach, strategies, and activities undertaken by Council to address business, corporate, and financial risk, governance responsibilities and legislative compliance as assigned to it by the Chief Executive Officer or Council.

The Audit Committee may also review issues of a strategic nature as required by the Chief Executive Officer or Council.

5.4 Internal Audit

Review the adequacy of the Council's internal audit function for ensuring compliance with the *Local Government (Accounting) Regulations*, the Australian Accounting Standards, and the proper standards of financial management.

The Committee provide advice on the adequacy of internal audit resources relevant to the Council's identified financial risks and management strategies.

The Committee shall review Council's unaudited financial statements at the end of the financial year; set the audit agenda and Committee's work plan, including meeting dates, for the coming financial year.

5.5 External Audit

The Audit Committee shall assist Council meet its financial management, Accounting Standards, and regulatory obligations by meeting with the External Auditors as required, and discussing findings, review the draft audited financial statements and provide necessary feedback to Council.

The Audit Committee shall also review the effectiveness of the external audit and monitor the implementations of any recommendations authorised by Council or the Chief Executive Officer.

The Audit Committee shall review the Report to the Chief Executive Officer and management's response to the external auditor's findings and recommendations.

5.6 Provision of Information

The CEO will advise the committee members in the event of following:

- loss of significant programs
- material theft
- adverse financial event

5.7 Administrative Review

The Audit Committee shall have an administrative review function (s229 *Local Government Act*) if required, so as to review a Council decision which is designated as reviewable by the *Local Government Act*. Administrative review matters shall be assigned to the Committee as required by the Chief Executive Officer or Council.

6. Meetings

A meeting of the Audit Committee can be call at the request of any two (2) members of the Committee or by the Chair.

Roper Gulf Regional Council Terms of Reference - Audit Committee



The Audit Committee Meetings may be considered confidential subject to the Section 65 (2) of the *Local Government Act* and Regulation 8 of *Local Government (Administration) Regulations*.

Confidentiality of matters deliberated by the Audit Committee is determined by their sensitivity and nature. Confidentiality of matters deliberated by the Committee shall be determined through assessment against the Part 4, Division 2 *Information Act* public interest provisions, together with their probative value and presumption in favour of disclosure not prejudicing the interests of Council (Regulation 8(c)(iv) *Local Government (Administration) Regulations*).

The Audit Committee will hold meetings at least four (4) times in a year. The internal or external auditors may request a meeting if they consider that one is necessary.

Meetings can be held in person, by telephone, or by video conference.

Only members of Audit Committee are entitled to vote in Audit Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.

The Chief Executive Officer, Directors and Finance Manager shall be invited to attend each meeting, unless specifically requested not to do so by the chairperson of the Committee.

7. Quorum

A quorum for the Audit Committee is three (3) members and must include the Chair.

8. Proxies

In order to ensure continuity and a useful level of knowledge and experience, Audit Committee members are not permitted to send proxies to the meeting.

9. Administrative Support

The Chief Executive Officer will appoint a Secretary to provide administrative support to the Audit Committee.

10. Reporting

Following each meeting of the Audit Committee, the meeting minutes will be presented to the Council providing information on the meeting and its outcomes and recommendations.

Audit Committee minutes may be designated confidential.

The Chairperson of the Audit Committee shall prepare and provide an annual report on its operations to the Council.

11. Conflict of Interest

In accordance with Section 74(1) of the *Local Government Act*, Committee members will be required to disclose conflicts of interest at the commencement of each meeting.

Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, they will be excused from Committee discussions on the issue where a conflict of interest exists.

12. Meeting Sitting Fee

Independent Members of the Audit Committee will be remunerated at a rate of \$900 per meeting by agreement with the CEO. This payment rate covers preparation for the meeting, meeting attendance, and travel expenses.

Roper Gulf Regional Council Terms of Reference - Audit Committee



On attendance, each Councillor who is an Audit Committee Member will be paid extra meeting allowance for that meeting.

13. Committee Performance and Review

The Committee will review its performance on an annual basis and report to Council.

The review may be conducted as a self-assessment, and will be coordinated by the Chairperson. The assessment may also seek input from other parties.

The review will also include a review of the Terms of Reference for Audit Committee.

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

14. Legislation referenced in the Terms of Reference

Local Government Act

Local Government (Accounting) Regulations

Local Government (Administration) Regulations

Information Act

15. Document Review

Dates of amendments made by Council resolution:

28 January 2015 OCM	Council endorsed the document
24 June 2015 OCM	Council approved the amendment to the document
14 September 2017 OCM	Council approved the amendment to the document
18 April 2018 OCM	Council approved the amendment to the document