

AGENDA

Risk Management and Audit Committee

Wednesday 20 October 2021

The Committee Meeting of the City of Palmerston will be held in the Council Chambers, Civic Plaza, 1 Chung Wah Terrace, Palmerston, NT 0830 commencing at 5:00 PM.

COVID-19 Statement of Commitment

The Committee Meeting of Council will be open to the public and holds a Statement of Commitment to adhere to:

- Physical distancing measures
- Health and hygiene principles



AMELIA VELLAR
ACTING CHIEF EXECUTIVE OFFICER

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1 ACKNOWLEDGEMENT OF COUNTRY

2 OPENING OF MEETING

3 APOLOGIES AND LEAVE OF ABSENCE

3.1 Apologies

3.2 Leave of Absence Previously Granted

3.3 Leave of Absence Request

4 REQUEST FOR AUDIO/AUDIOVISUAL CONFERENCING

5 DECLARATION OF INTEREST

5.1 Committee Members

5.2 Staff

6 CONFIRMATION OF MINUTES

6.1 Confirmation of Minutes

THAT the Minutes of the Committee Meeting held on Tuesday 10 August 2021 pages 169 to 175 be confirmed.

6.2 Business Arising from Previous Meeting

7 DEPUTATIONS AND PRESENTATIONS

8 CONFIDENTIAL ITEMS

8.1 Moving Confidential Items into Open

8.2 Moving Open Items into Confidential

8.3 Confidential Items

THAT pursuant to Section 99(2) and 293(1) of the *Local Government Act 2019* and section 51(1) of the *Local Government (General) Regulations 2021* the meeting be closed to the public to consider the following confidential items:

Item	Confidential Category	Confidential Clause
16.1.1	Council Performance, Service Delivery and Budget Review	This item is considered 'Confidential' pursuant to section 99(2) and 293(1) of the <i>Local Government Act 2019</i> and section 51(1)(e) of the <i>Local Government (General) Regulations 2021</i> , which states a council may close to the public only so much of its meeting as comprises the receipt or discussion of, or a motion or both relating to information provided to the council on



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		condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.
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9 OFFICER REPORTS

COMMITTEE REPORT

AGENDA ITEM:	9.1.1
REPORT TITLE:	Risk Management and Audit Committee Schedule 2022
MEETING DATE:	Wednesday 20 October 2021
AUTHOR:	Executive Assistant to Chief Executive Officer, Jessie Schaecken
APPROVER:	Chief Executive Officer, Luccio Cercarelli

COMMUNITY PLAN

Governance: Council is trusted by the community and invests in things that the public value.

PURPOSE

This Report seeks Committee approval for the proposed Risk Management and Audit Committee (RMAC) meeting schedule for 2022.

KEY MESSAGES

- The Risk Management and Audit Committee Terms of Reference advise the committee shall meet a minimum of four times per year at the appropriate times in reporting and Audit cycle.
- The proposed schedule has been prepared for 2022 meetings to ensure that the Committee is able to meet its obligations under the terms of reference.
- The Risk Management and Audit Committee may hold additional meetings as and when required.

RECOMMENDATION

1. THAT Report entitled Risk Management and Audit Committee Schedule 2022 be received and noted.
2. THAT the Risk Management and Audit Committee recommend to the Council:
 - (a) THAT the Risk Management and Audit Committee adopts the proposed 2022 Committee Meeting schedule being:
 - Tuesday 22 February 2022
 - Tuesday 24 May 2022
 - Tuesday 26 July 2022
 - Tuesday 25 October 2022

BACKGROUND

The Risk Management and Audit Committee (the Committee) is established as an Advisory Committee to the City of Palmerston.

The Committee is established by Council, pursuant to the *Northern Territory Local Government Act (the Act)* and the *Local Government (Accounting) Regulations*.

In addition to this, the Committee's Terms of Reference, endorsed by Council at the 2nd Ordinary Council meeting in August 2020 requires the Committee to meet a minimum of four times per year.

The recommended October meeting date has been chosen to allow Council to deliver the Annual Financial Statements which forms part of Council's Annual Report which under *the Act* is required to be provided annually to the Minister of Local Government by 15 November.

DISCUSSION

The meeting schedule has been developed to accommodate key dates such as the review of the Annual Financial Statements, as well as a timely review of internal audit work undertaken. The review of critical risks is included at every meeting however, items will only be presented to the Committee if a critical risk is identified. The Committee will also review Council's legislative compliance and policy changes on an annual basis.

The proposed schedule below does not prevent the Committee from scheduling additional meetings as required to consider other matters as needed during the reporting and audit cycle.

Item	February	May	July	October
Strategic Risk Register Review				
Insurance Program Review				
Internal Audit Review				
External Audit Plan				
Review of Terms of Reference (every 2 years)				
Asset Management Plan Annual Update				
Financial Statements Inc. Management Letter				

CONSULTATION PROCESS

The following City of Palmerston staff were consulted in preparing this Report:

- Governance and Strategy Manager
- Finance Manager

POLICY IMPLICATIONS

This Report is consistent with the Terms of Reference for the Risk Management and Audit Committee identified in Council Policy *Risk Management and Audit Committee Terms of Reference*.

BUDGET AND RESOURCE IMPLICATIONS

There are no budget or resource implications relating to this Report.

RISK, LEGAL AND LEGISLATIVE IMPLICATIONS

This Report addresses the following Risk Management and Audit Committee Terms of Reference:

- Risk Management and Internal Controls
- Internal and External Audit
- Review of Annual Report
- Review of Committee's Annual Performance

This Report addresses the following City of Palmerston Strategic Risks:

- 4 Fails to effectively design and implement contemporary governance practices
Context: Strong foundations to hold the City and Administration to account.

ENVIRONMENT SUSTAINABILITY IMPLICATIONS

There are no environment sustainability implications for this Report.

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

ATTACHMENTS

Nil

COMMITTEE REPORT

AGENDA ITEM:	9.1.2
REPORT TITLE:	Strategic Risk Assessment
MEETING DATE:	Wednesday 20 October 2021
AUTHOR:	Governance and Strategy Manager, Manu C. Pillai
APPROVER:	Chief Executive Officer, Luccio Cercarelli

COMMUNITY PLAN

Governance: Council is trusted by the community and invests in things that the public value.

PURPOSE

This Report presents to the Risk Management and Audit Committee (RMAC) an updated Control Improvement Plan including additions and seeks feedback and comment from the Committee before presenting to Council.

KEY MESSAGES

- The Control Improvement Plan **Attachment 9.1.2.1** details investment in control improvements related to the Council's strategic risks.
- The Strategic Risks and Key Controls **Attachment 9.1.2.2** reflect the most recent risk assessment and the alignment of activities in accordance with the key controls.
- The RMAC last reviewed the Strategic Risk Register at its October 2020 meeting.
- RMAC recommendation is sought to remove the completed control improvement actions from the Control Improvement Plan.
- RMAC recommendation is sought to validate the strategic risk assessment as of October 2021.
- As part of ongoing development, Council organised training, assessment, and certification for staff members on risk management on 30 September 2021.

RECOMMENDATION

1. THAT report entitled Strategic Risk Register Update October 2021 be received and noted.
2. THAT the Risk Management and Audit Committee recommend to the Council:
 - (a) THAT the completed control improvement actions are noted and be removed from the Control Improvement Plan presented as **Attachment 9.1.2.2** to Report entitled Strategic Risk Assessment.
 - (b) THAT the updated Control Improvement Plan as presented as **Attachment 9.1.2.2** to Report entitled Strategic Risk Assessment be presented to Council for adoption and that Council's Strategic Risk Assessment as presented as **Attachment 9.1.2.1** to Report entitled Strategic Risk Assessment be updated with the adopted Control Improvement Plan.

BACKGROUND

At the Risk Management and Audit Committee Meeting of 27 October 2020, the Committee made the following recommendations:

Strategic Risk Register Review – October 2020

THAT the Risk Management and Audit Committee recommend to the Council:

- 1. THAT report entitled Strategic Risk Register Update October 2020 be received and noted.*
- 2. THAT the Control Improvement Plan being Attachment A be presented to Council for adoption and that Council's Strategic Risk Register be updated with the adopted Control Improvement Plan.*
- 3. THAT the Risk Management and Audit Committee be provided with an update including milestone dates at the February 2021 meeting.*

CARRIED RMA9/0101- 27/10/2020

Council endorsed the Strategic Risk Register, including the Control Improvement Plan and Risk Maturity Roadmap at its 2nd Ordinary Meeting in October 2020. This Report outlines the execution of the committees' request.

DISCUSSION

City of Palmerston Control Improvement Plan, **Attachment 9.1.2.2**, is presented in a spreadsheet to include information on the activity update, milestone dates and the risk lead for each strategic risk, as part of the control improvement opportunity. This outline proposed investment in control improvements related to Council's Strategic Risks. The completed activities in accordance with the Control Improvement Plan are as below:

- Asset Management Plans for key asset categories: An internal audit was conducted on all asset management plans in the last financial year and the recommendations were updated to RMAC.
- Governance Policy Framework & processes to incorporate changes in the LGA effective July 2021: A policy review framework was prepared and implemented last financial year to ensure all policies are up to date and prerequisites are met before the commencement of the Local Government Act from July 2021. This activity went as per the plan and all the required Council policies were updated and adopted prior to 30 June 2021.
- Influence the Palmerston Central Area Plan (NTG): The community consultations were completed, and the plan was finalised in December 2020.

Each control improvement opportunity was assessed utilising the previously identified control improvement opportunity, impact on strategic risk, cost to implement, time and complexity to implement as well as current resources. RMAC recommendation is sought to remove those completed actions from the Control Improvement Plan.

A separate Strategic Risk Assessment, **Attachment 9.1.2.1**, is also presented along with this Report. This spreadsheet captures activities implemented based on the internal controls in place and the mitigated risk rating after this implementation. The risk assessment as of October 2021 showed no significant changes to the risk rating.

An Operational Risk Register was also introduced early this year to capture operational risks under each areas of management. This matrix assesses the risk in line with the strategic risks and recommend mitigation strategies in line with the Control Improvement Plan. This Operational Risk Register is developed in the Senior management level and assessed by the Executive Leadership Team on a quarterly basis.

As part of Council's commitment to the ongoing training and development, Governance Institute of Australia was engaged to deliver a full day training for staff members on risk management on 30 September 2021. This included two short courses on:

- Risk Management Frameworks.
- Assessing, Analysing and Treating Risks.

The whole program was tailored based on the current City of Palmerston risk management frameworks and the case studies were customised to ensure staff members are capable to identify, record, assess and manage potential risks from their day-to-day operations.

The Committee will be updated with any additional activities on risk management as they occur. Further updates will be included in the Strategic Risk Register at the next Committee meeting. At minimum the Committee will be provided with a report and program of measures and review of status of risks once per annum.

CONSULTATION PROCESS

The following City of Palmerston staff were consulted in preparing this Report:

- Executive Leadership Team
- Senior Leadership Team

In preparing this Report, no external parties were consulted.

POLICY IMPLICATIONS

This document has a significant impact on the overarching policy framework and the reviews are to be made as recommended.

BUDGET AND RESOURCE IMPLICATIONS

The internal control activities are funded from the Council's operational budget.

RISK, LEGAL AND LEGISLATIVE IMPLICATIONS

This Report will capture transition of the strategic risks identified in the risk profile between November 2020 to October 2021.

This Report addresses the following Risk Management and Audit Committee Terms of Reference:

- Risk Management and Internal Controls

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

ATTACHMENTS

1. Strategic Risks Assessment - October 2021 [9.1.2.1 - 3 pages]
2. Control Improvement Plan Update - October 2021 [9.1.2.2 - 3 pages]

COMMITTEE AGENDA

Attachment 9.1.2.1

Strategic Risk Assessment and Key Controls					
#	Risk Context	Key Controls	Control Activities	Risk Assessment as of October 2021	Risk Assessment as of August 2020
1	Be trusted as a Council	<i>Primary Controls:</i>			
		1.a On-boarding Staff	Comprehensive Induction program implemented to enhance onboarding experience. Onboarding surveys seeking feedback implemented.	Satisfactory	Satisfactory
		1.b On-boarding Elected Members	Induction and training schedule underway for Tenth Council Term.		
		2.Public Consultation Policy (Elected Members and Council Administration)	Policy Review Schedule implemented and all Council Policies were reviewed within the Ninth Council Term. This review considered any requirements under the incoming legislation.		
		3.Publicly available planning documents	Governance Department established to monitor timely availability of Council Plans to the public in accordance with legislative and policy requirements.		
		4.Rating Strategy and Policy			
		5.Stakeholder relationship management	Customer service charter was developed and implemented.		
		6.Clear & transparent information sharing and reporting framework	Confidential information policy practice enforced through Departments.		
		7.Complaints handling policies and procedures	Customer service charter was developed and implemented. Complaints/grievance handling policy approved and procedure drafted.		
		Freedom of Information procedure	FOI procedure has been developed		
		<i>Secondary Controls:</i>			
		a.Culture Framework including surveys (internal)	August survey showed improvement in all areas.		
		b.Cultural Transformation Program (values, client centric, customer experience, empowerment, sharing) (in progress)	Human Synergistics has delivered sessions to the SLT and ELT.		
		c.Customer service standards review (in progress)	Customer Service Charter is developed		
		d.Community satisfaction survey	Annual community satisfaction survey was conducted.		
		e.Committee structure	A review being conducted of all Advisory Committees reporting to the incoming Council Term on the Committees business considered during the Ninth Council Term to determine the Committee being Advisory or Networking in nature.		
2	Be sustainable into the long term	<i>Primary Controls:</i>			
		1.Ten year long term financial plan (rolling plan)	Rolling Plan	Some Weaknesses	Some Weaknesses
		2.Municipal Plan	Prepared the Municipal Plan in accordance with the incoming legislations		
		3.Long term asset plan	Asset Management Plans have been endorsed for finalisation and implementation. Strategic Asset Management Plan and Asset Management Framework to be developed.		
		4.Community Plan	External consultant engaged for the review of the Community Plan.		
		5.Asset Management Plans (Pathways, Transport - Roads, Stormwater Drainage)	All Asset Management Plans have been endorsed for finalisation and implementation. Document review controls in place to ensure the documents are ongoing-live.		
		6.Reserve Policy	Policy up to date		
		<i>Secondary Controls:</i>			
		a.Rating Strategy and Policy	Up to date		
3	Attract, value, retain & develop right people with desired culture	<i>Primary Controls:</i>			
		1.Culture Framework including surveys (internal)	Survey completed. August Action plan formulated and ready for implementation.	Some Weaknesses	Some Weaknesses
		2.Organisational Development (structure review & implementation) ongoing	Positions reviewed at with each structure review and new assessment process applied to ensure accurate levels as aligned to the Enterprise Agreement. All positions outside EA are assessed by Mercer.		
		3.HR Policy Framework including Code of Conduct	Nine HR policies were approved and procedures under development.		
		4.Training and development budget	Continue to monitor Training and Development Budget. Budget on track to be fully expended.		
		5.Employer of Choice Program	Probation policy updated and new compassionate + parental leave policies approved offering support and entitlements above National Employment Standards and Enterprise Agreement. Other review and improvements continue.		
		6.Capability Framework (in progress)	Framework is approved, training delivered and currently being rolled out.		

COMMITTEE AGENDA

Attachment 9.1.2.1

		<p>7.Cultural Transformation Program (values, client centric, customer experience, empowerment, sharing) (in progress)</p> <p>Secondary Controls:</p> <p>a.Employee assistance program</p> <p>b.Position descriptions</p> <p>c.Annual performance / development reviews</p>	<p>Review of Annual Performance Plan framework underway to include behavioural measures. New Customer Service Charter was released. Recruited Customer Service Advocate to look at enhancing the Customer Service Experience across the Organisation</p> <p>Ongoing support provided to all employees via the EAP services</p> <p>New Recruitment process requires all Position Descriptions to be reviewed and updated prior to any recruitment action taking place. Major changes in any Position Description constitute an internal Position Assessment to ensure correctly aligned associated Pay Scale.</p> <p>HR team providing progress reporting to ELT/SLT.</p>		
4	Effectively design & implement governance practices	<p>Primary Controls:</p> <p>1.Governance Policy Framework and review schedule</p> <p>2.Council meetings</p> <p>3.Committee Structure: Risk Management and Audit Committee.</p> <p>4.Open & Public Reporting and Consultation</p> <p>5.Community Advisory Committees/Networks</p> <p>6.Strategic Risk Framework</p> <p>Secondary Controls:</p> <p>a.Internal Audit/External Audit</p> <p>b.Executive Leadership Team (ELT) meetings & accountability</p> <p>c.Senior Leadership Team (SLT) meetings</p>	<p>Schedule prepared and implemented.</p> <p>Council meeting coordinator back up procedure implemented. New meeting management software was introduced.</p> <p>Terms of Reference for the Advisory Committees are updated</p> <p>Community Consultation policy is updated and increased the community engagements.</p> <p>Currently under review for Tenth Council Term.</p> <p>Currently under review.</p> <p>Conducted as per schedule</p> <p>Held fortnightly.</p> <p>Held fortnightly.</p>	Some Weaknesses	Some Weaknesses
5	Make informed and timely decisions	<p>Primary Controls:</p> <p>1.Reporting protocols</p> <p>2.Decision papers</p> <p>3.Delegations framework</p> <p>4.Policy framework</p> <p>5.Casting Vote Policy</p> <p>6.Legislative requirements – compliance (reporting)</p> <p>7.On-boarding of new Council members and ongoing professional development</p> <p>Secondary Controls: Nil</p>	<p>Prepared the requirements and action plan in accordance with the new legislations.</p> <p>Prepared the requirements and action plan in accordance with the new legislations.</p> <p>Register of Delegations is reviewed and implemented</p> <p>Reviewed and implemented.</p> <p>Reviewed by the 10th Council</p> <p>All Council Policies were reviewed in accordance with the new legislations.</p> <p>Induction and training is as per schedule for Tenth Council Term.</p>	Some Weaknesses	Some Weaknesses
6	Deliver the strategic vision for the City	<p>Primary Controls:</p> <p>1.Publicly available planning documents</p> <p>2.Community Advisory Committees/Networks</p> <p>3.Performance Reporting Framework – Internal and External</p> <p>4.Quarterly reporting from each directorate</p> <p>5.Operational Structure and Capability (Organisation Knowledge – Create and Deliver)</p> <p>6.Municipal Plan and budget delivery</p> <p>7.Ten year long term financial plan (rolling plan)</p> <p>Secondary Controls:</p> <p>a.Rating Strategy and Policy</p> <p>b.Asset Management Plans</p> <p>c.Palmerston Economic Development Plan</p>	<p>Reviewed the website and ensured all documents are available as per the requirements.</p> <p>Terms of Reference for the Advisory Committees are updated</p> <p>All reports are prepared in accordance with the performance outcomes as per the Community Plan</p> <p>Quarterly updates are made to Council.</p> <p>Framework is approved, training delivered and currently being rolled out.</p> <p>Completed</p> <p>Rolling plan</p> <p>Up to date</p> <p>All Asset Management Plans have been endorsed for finalisation and implementation. Document review controls in place to ensure the documents are ongoing-live.</p> <p>Released</p>	Some Weaknesses	Some Weaknesses
7	Agile to respond to opportunities	<p>Primary Controls:</p> <p>1.Palmerston Economic Development Plan</p> <p>2.Community Plan</p> <p>3.Shelf Ready Projects/ Projects delivery</p> <p>4.TOPROC / Regional and Inter-governmental Collaboration</p> <p>5.Organisation development and culture</p> <p>6.Delegations Framework</p> <p>7.Reserve Policy</p> <p>Secondary Controls:</p> <p>a.Municipal Plan and budget delivery</p> <p>b.Ten year long term financial plan (rolling plan)</p>	<p>Released</p> <p>Review in progress.</p> <p>Regular project report updates are made to Council</p> <p>Meetings attended by Council representatives.</p> <p>Register of Delegations is reviewed and implemented</p> <p>Policy up to date</p> <p>Completed the 2021-22 plan</p> <p>Rolling Plan</p>	Satisfactory	Satisfactory
		<p>Primary Controls:</p> <p>1.TOPROC / Regional and Inter-governmental Collaboration</p> <p>2.Culture Framework including surveys (internal)</p>	<p>Meetings attended by Council representatives.</p> <p>August survey showed improvement in all areas.</p>		

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Attachment 9.1.2.1

8	Effectively develop relationships and manage expectations of relevant parties	3.Community Advisory Committees/Networks	Terms of Reference for the Advisory Committees are updated	Satisfactory	Satisfactory
		4.Customer satisfaction survey	Annual community satisfaction survey is conducted. And updated to Council		
		5.Community Communications			
		6.KPIs			
		7.Complaints handling policies and procedures	Complaints/grivance handling procedure in development.		
		8.Cultural Transformation Program (values, client centric, customer experience, empowerment, sharing) (in progress)	August Action plan formulated and ready for implementation.		
9	Appropriately respond to material events impacting business continuity	Primary Controls:		Some Weaknesses	Some Weaknesses
		1.Data System for emergency management, communications and information	IT Disaster Recovery Plan was presented		
		2.Cyclone Management Plan	Prepared		
		3.Knowledge of NTG Disaster Recovery and the role of City of Palmerston			
		4.Business Continuity Plans	Developed		
		5.Insurance	Reviewed the insurance strategy to identify gaps.		
		Secondary Controls:			
		a.Media Policy / Communications subject matter expertise	Media policy was updated.		
		b.HR Policies e.g WFH	Nine HR policies were approved and procedures under development.		
		c.Guardian (Incident Management System)			
		d.IT Security Framework (including cyber)	IT Security Policy created. Incident Response procedure under development		

Control Improvement Plan - Update

#	Strategic Risk	Risk Lead	Control Improvement	Action Update	Milestone Date										
1	Be trusted as a Council	Chief Executive Officer	At Target, therefore as long as controls continue to operate effectively, no further controls required to meet target risk.	Current controls are adequate.	Completed										
2	Be sustainable into the long term	Director City Growth and Operations	Update existing AMPs and incorporate into new AMPs	Internal review recommendations of existing AMPs are incorporated as AMP plan improvements. New AMPs include recommendations.	Aug-21										
			Asset Management Framework to be developed to meet ISO55001 requirements	Creation of AM framework to commence in October 21 following completion of AMPs.	Feb-22										
			Strategic Asset Management Plan to be developed	Creation of Strategic Asset Management Plan to commence in October 21 following completion of AMPs.	Feb-22										
			Complete further Asset Management Plans for key asset categories	An internal audit was conducted on all asset management plans. Below are the Asset management Plan milestones:	Completed										
				<table><tr><th>Class</th><th>Plan Completion</th></tr><tr><td>Buildings and Facilities</td><td>May-21</td></tr><tr><td>Public Lighting</td><td>Aug-21</td></tr><tr><td>Open Space</td><td>Aug-21</td></tr><tr><td>Vehicles and Plant</td><td>Aug-21</td></tr></table>		Class	Plan Completion	Buildings and Facilities	May-21	Public Lighting	Aug-21	Open Space	Aug-21	Vehicles and Plant	Aug-21
				Class		Plan Completion									
				Buildings and Facilities		May-21									
Public Lighting	Aug-21														
Open Space	Aug-21														
Vehicles and Plant	Aug-21														
Review underway of all HR policies to contemporise including recruitment, performance management, learning and development	Out of seven required HR policies, six have been finalised and approved by the CEO. All policies have been made available to staff and training has commenced. Policies include: Training & Development, Employee Benefits, Early Careers, Grievance and Complaints, Leave Management. The Performance Achievement Policy will be finalised by the end of October; this was dependent on the implementation of the Capability Framework. Additionally, Compassionate and Parental leave policies have been approved offering improved employee support and benefits above provisions of the Enterprise Agreement.	Oct-21													
Capability Framework and Development Plan templates to be implemented	Capability Framework has been developed, approved and rolled out to all staff through training sessions. Initial assessments and training managers on how to undertake assessments are underway. Performance Review templates will be amended to align with the framework by December 2021.	Dec-21													

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4	Effectively design & implement governance practices	Governance Manager	Update Governance Policy Framework & processes to incorporate changes in the LGA effective July 2021	A policy review framework is developed and implemented to ensure all policies are up to date and prerequisites are met before the commencement of the Local Government Act from July 2021.	Completed
			Formal Compliance Framework	A compliance review framework is currently under development to incorporate a formal process for compliance management and enforce associated responsibilities through different levels of management.	Sep-21
		Director Organisational Services	Information Management review	Information management improvement project has been rolled out that includes development of a BSC User Guide and transfer of network files to the Records Management System. A compliance review will be undertaken by the end of the year.	Dec-21
5	Make informed and timely decisions	Chief Executive Officer	Evidence based decision making framework – incl data capture, tools, reporting	Organisational Hierarchy is reviewed and updated. Governance Department established to monitor and ensure compliance in accordance with legislative and policy requirements.	Completed
6	Deliver the strategic vision for the City	Director City Growth and Operations	Projects Delivery	A Sustainability Strategy is drafted to ensure efficient project delivery, This strategy is expected to go for public consultation after the upcoming Local Government Elections in August.	Sep-21
		Deputy Chief Executive Officer	Municipal Boundary review delivery	Consultation by NT Government on proposed expansion of the City of Palmerston local government boundary is closed.	Dec-21
		Director City Growth and Operations	Influence the Palmerston Central Area Plan (NTG)	This activity is closed on December 2020	Completed
7	Agile to respond to opportunities	Chief Executive Officer	Net risk already at target risk	Current controls are adequate.	
8	Effectively develop relationships and manage expectations of relevant parties	Chief Executive Officer	Net risk already at target risk	Current controls are adequate.	
	Appropriately respond to	Director Organisational Services	Review and update BCP's	A Business continuity Plan has been developed and approved by ELT. A workshop in the form of a scenario testing is to be undertaken in October 2021.	Oct-21
		Director City Growth and Operations	IT Disaster Recovery Plan	With the finalization of the BCP, scope for the Recovery Plan has to be developed. This project is delayed and will be completed by December 2021.	Dec-21

COMMITTEE AGENDA Attachment 9.1.2.2

9	material events impacting business continuity	Director Organisational Services	Cyber Insurance	Initial quotes for such insurance have been received. To allow full risk assessment and ensure Council is insured against the appropriate risk , penetration testing needs to be undertaken first. Testing is to be completed by December 2021 to allow for assessment for insurance.	Feb-22
		Director Organisational Services	Post Implementation Review of COVID-19	Current controls are adequate.	

COMMITTEE REPORT

AGENDA ITEM: 9.2.1
REPORT TITLE: Action Report - October 2021
MEETING DATE: Wednesday 20 October 2021
AUTHOR: Executive Support, Chloe Hayes
APPROVER: Chief Executive Officer, Luccio Cercarelli

COMMUNITY PLAN

Governance: Council is trusted by the community and invests in things that the public value.

PURPOSE

This Report seeks to inform the Risk Management and Audit Committee (Committee) on the progress of outstanding actions on the register.

KEY MESSAGES

- Information regarding progress on four action items are provided in this agenda.

RECOMMENDATION

THAT Report entitled Action Report - October 2021 be received and noted.

BACKGROUND

At the Risk Management and Audit Committee Meeting of 10 August 2021 the committee resolved:

Action Report - May 2021

THAT Report entitled Action Report - May 2021 be received and noted.

CARRIED RMA9/0119 - 25/05/2021

DISCUSSION

The table below contains the actions the Risk Management and Audit Committee has requested Council staff address or provide further information on.

Committee Decision No.	Date	Decision	Status	Comment
RMA9/0046	22/10/2019	That complaints handling policies and procedures be identified as part of the Strategic Risk Register update to be presented at the 25 February 2020 meeting.	Complete	The complaints handling policies and procedures were added as part of the Strategic Risk Register (Risk Context #1 be trusted as a Council). This activity goes along with the Council's Customer

				Service Charter.
RMA9/0061	25/02/2020	That Mobile Device Management Software Platform Implementation be added to the Risk Management and Audit Outstanding Action Items register with a completion date of 31 December 2020.	Underway	An update on the progress of this action is included in Report entitled Information Technology Policies and Disaster Recovery Plan scheduled to be presented at the first meeting in 2022.
RMA9/0101	27/10/2020	That the Risk Management and Audit Committee be provided with an update including milestone dates at the February 2021 meeting.	Complete	Milestones and expected dates of completion were added in the Control Improvement Plan.
RMA9/0114	23/02/2021	That a report regarding Insurance Portfolio be provided to Risk Management and Audit Committee at it's meeting on Tuesday 25 May 2021.	Complete	The insurance strategy is complete and a report was presented to the Risk Management and Audit Committee 25 May 2021.
RMA9/0123	25/05/2021	That Buildings and Facilities Asset Management Plan presented in Report entitled Asset Management Plan Update is noted as complete.	Complete	Presented to Council at the Ordinary Council Meeting, 5 October 2021, and noted as complete.
RMA9/0123	25/05/2021	THAT the revised Asset Management Plan Development Program within Report entitled Asset Management Plan Update be received and reported through the Strategic Risk Register Control Improvement Plan.	Complete	The revised Asset Management Plan Development Program is added to the Control Improvement Plan.
RMA9/0124	25/05/2021	THAT Council notes the Management Responses to the Asset Management Plan Review Internal Audit and Internal Control measures be included in the Strategic Risk Register as control improvements.	Complete	Presented to Council at the Ordinary Council Meeting, 5 October 2021, and noted.
RMA9/0125	25/05/2021	THAT the Mayor write a letter of thanks to Mr Mark Blackburn for this tenure as an Independent Member and interim chair to the Risk Management and Audit Committee, we wish him all the best.	Complete	This letter was sent to Mr Blackburn.
RMA9/0131	10/08/2021	THAT the Risk Management and Audit Committee	Complete	Presented to Council at the Ordinary Council

		recommend that Council endorse Attachment B to report number RMA9/050 entitled Order of Business Review as its Order of Business to commence at its next Risk Management and Audit Committee Meeting with the addition that section 9 officers reports will reflect key elements of the terms of reference reporting requirements.		Meeting, 5 October 2021, and endorsed.
RMA9/0132	10/08/2021	THAT Public Lighting, Land and Improvements, and Fleet Asset Management Plans presented in report entitled Asset Management Plan Update are endorsed for finalisation and implementation.	Complete	Presented to Council at the Ordinary Council Meeting, 5 October 2021, and endorsed.

CONSULTATION PROCESS

There was no consultation required during the preparation of this Report.

POLICY IMPLICATIONS

There are no policy implications for this Report.

BUDGET AND RESOURCE IMPLICATIONS

There are no budget or resource implications relating to this Report.

RISK, LEGAL AND LEGISLATIVE IMPLICATIONS

This Report addresses the following Risk Management and Audit Committee Terms of Reference:

- Risk Management and Internal Controls
- Internal and External Audit

ENVIRONMENT SUSTAINABILITY IMPLICATIONS

There are no environment sustainability implications for this Report.

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

ATTACHMENTS

Nil

COMMITTEE REPORT

AGENDA ITEM:	9.2.2
REPORT TITLE:	Annual Report 2020/21
MEETING DATE:	Wednesday 20 October 2021
AUTHOR:	Governance and Strategy Manager, Manu C. Pillai
APPROVER:	Chief Executive Officer, Luccio Cercarelli

COMMUNITY PLAN

Governance: Council is trusted by the community and invests in things that the public value.

PURPOSE

This Report provides a summary of the City of Palmerston Annual Report 2020/21 to the Risk Management and Audit Committee (RMAC).

KEY MESSAGES

- Council's Annual Report 2020/21 reports on Council's activities for the year, including the audited financial statements.
- The Annual Report 2020/21 is prepared in line with City of Palmerston's Community Plan.
- The Annual Report contains information required by Northern Territory *Local Government Act 2008* and other relevant legislations.
- As per *Local Government Act 2008*, the Annual Report must include a copy of the Council's audited financial statement and an assessment of the Council's performance against the objectives stated in the relevant municipal plan.
- The Community Plan Scorecard gives a summary of Council's activities in response to the objectives stated in the Municipal Plan for the year 2020/21.
- The 2020/21 community survey results show that Council performance has increased to 7.02/10 (up from 6.77 last year) and is at its highest level recorded since 2012
- Council's unqualified audited financial statements are presented in a separate report for consideration by the RMAC.
- The Annual Report 2020/21 will be presented during the 1st Ordinary Council Meeting of 2 November 2021 for adoption.
- Council is required to provide a copy of the Annual Report 2020/21 to the Minister for Local Government by 15 November 2021.

RECOMMENDATION

THAT Report entitled Annual Report 2020/21 be received and noted.

BACKGROUND

In accordance with the Risk Management and Audit Committee Terms of Reference:

4.1.3 Review of Annual Report

(a) Monitor the integrity of the annual financial statements and annual report of the Council, including the performance against the Council's Community Plan and other KPI's within the

Annual Report, and review significant financial reporting issues, judgements and any reported misstatements which they contain.

At the Confidential Risk Management and Audit Committee Meeting of 27 October 2020, the committee made the following decisions:

Draft Annual Financial Statements 2019/20

1. THAT report entitled Draft Annual Financial Statements 2019/20 be received and noted.
2. THAT the Risk Management & Audit Committee recommend to the Council:
 - a. THAT the Committee deems the Draft Financial Statements for the year ended 30 June 2020 at **Attachment A** and the accompanying financial review at **Attachment B** to report entitled Draft Annual Financial Statements 2019/20 suitable for consideration by the Chief Executive Officer for certification and inclusion in the 2019/2020 Annual Report, with consideration of the committee's feedback.
3. THAT the Risk Management & Audit Committee resolves:
 - a. THAT these Committee recommendations and **Attachment A** and **Attachment B** relating to Report entitled Draft Annual Financial Statements 2019/20 be moved to the open minutes of the 27 October 2020 meeting.

CARRIED RMA9/0098 – 27/10/2020

DISCUSSION

The *Local Government Act 2019* commenced from 1 July 2021. However, in accordance with Section 132 (1) of the *Local Government (General) Regulations 2021*, Part 14.1 of the former Act (*Local Government Act 2008*) applies to the first Annual Report a Council must give the Minister after the commencement.

Subsequently, Part 14.1 of the new Act (*Local Government Act 2019*) applies to the upcoming Annual Reports a Council must give to the Minister after the commencement. However, we have started applying some of these requirements to the Annual Report 2020/21, though they are not relevant for this year.

As per Part 14.1 of the *Local Government Act 2008*:

- A Council must, on or before 15 November in each year, report to the Minister on its work during the financial year ending on the preceding 30 June.
- The report must include a copy of the Council's audited financial statement for the relevant financial year.
- The report must also contain an assessment of the Council's performance against the objectives stated in the relevant municipal, regional or shire plan (applying indicators of performance set in the plan), and, in the case of a regional Council, of the activities of any local authority within the Council's area.

Council's Annual Report 2020/21 contains a report on Council's activities throughout the year, including the audited financial statements. It provides an opportunity to inform the community of Council's achievements and financial position at the end of the financial year. The Annual Report 2020/21 aligns with City of Palmerston's Community Plan outcomes, which recognises the importance

of valuing and investing to transform our City, as decided by the people of Palmerston. The six core outcomes of the Community Plan include:

- Family and Community
- Vibrant Economy
- Cultural Diversity
- A Future Focus
- Environmental Sustainability
- Governance.

Each part provides the details of Council's achievements and how we are measuring success in implementing the Community Plan for our community. Some of our key highlights for the year 2020/21 are:

- Sourced \$9.4 million in external grant funding
- Invested \$11 million in new or renewing community assets
- Some 22,900 people attended over 60 community events hosted by Council
- 11,878 people participated in library programs
- Had 15,600 followers on Facebook
- Kept 2,612 tonnes of waste from going into landfill (equal to 1,400 cars)
- Lent out 8,000 e-resources – books and magazines and 380 DVDs – during COVID-19
- Hired out community space on 4,780 occasions
- Rangers microchipped 43 dogs and helped organise 42 animal sterilisations
- Rangers returned 349 missing dogs to their owners
- Repaired and resurfaced 2,000 + metres of pathways
- Planted 888 trees to cool and shade the city
- 192 tonnes collected in the pre-cyclone clean up
- Saved 244 tonnes of Carbon Dioxide from entering atmosphere by using solar energy on Council buildings

The Community Plan scorecard, **Attachment 9.2.2.1**, is a summary of the Annual Report 2020-21, which states the Council activities in accordance with the measures of success mentioned in the municipal plan for the corresponding financial year. This document identifies each measures of success listed in the Municipal Plan 2020/21 and Council's response to that. A separate column is also added to mention the key achievements from the financial year and the planned projects moving forward.

The 2020/21 Community Survey (Survey) results are reflective of these achievements. The results of the Survey shows that Council performance has increased to 7.02/10 (up from 6.77 last year) and is at its highest level recorded since 2012. Overall, there have been some very promising improvements when it comes to Council's performance in 2021. In addition to making improvements in terms of average satisfaction overall, each of the six outcome areas have seen an increase in performance. A summary of the Community Survey result is as below:

Key Area	2019	2020	2021	Change
Family and Community	6.68	6.80	7.16	+ 0.36
Vibrant Economy	6.01	6.28	6.55	+ 0.27
Cultural diversity	7.04	7.21	7.50	+ 0.29
A Future Focus	6.70	6.84	7.02	+ 0.18
Environmental Sustainability	7.16	7.33	7.36	+ 0.03
Governance	6.01	6.17	6.52	+ 0.35
Net promoter score	-9	-4	-6	- 2
Average Performance	6.56 / 10	6.77 / 10	7.02 / 10	+ 0.25

The Annual Report 2020/21 which will be presented to the Council during the 1st Ordinary Council Meeting of 2 November 2021 will give a detailed summary of these Council projects. Due to some changes in the staffing structure, this version of the comprehensive Annual Report will not be ready before the Risk Management and Audit Committee meeting on 20 October 2021.

The final part of the Annual Report 2020/21 contains the audited general-purpose financial statements. Council's unqualified audited financial statements are presented in a separate report to the Risk Management and Audit committee for consideration and signing by the Chief Executive Officer.

Council will provide a copy of the adopted City of Palmerston Annual Report 2020/21 to the Minister for Local Government after it has been adopted, prior to November 15 in accordance with Section 199 of the *Local Government Act 2008*. Following delivery of the Annual Report to the Minister for Local Government the Annual Report 2020/21 will be available on Council's website. Council will also utilise social media to share the Annual Report 2020/21 to the community.

CONSULTATION PROCESS

As part of the preparation of the Annual Report 2020/21, numerous staff across Council provided content and reviewed the draft document.

POLICY IMPLICATIONS

There are no policy implications for this Report.

BUDGET AND RESOURCE IMPLICATIONS

There are no budget or resource implications relating to this Report.

RISK, LEGAL AND LEGISLATIVE IMPLICATIONS

This Report addresses the following Risk Management and Audit Committee Terms of Reference:

- Review of Annual Report

What is presented is a summary of the key information in the Annual Report 2020/21 in accordance with the legislations. This will be detailed in the final report to Council on 2 November 2021.

This Report addresses the following City of Palmerston Strategic Risks:

1 Fails to be trusted as a Council

Context: Achieving credibility & trust with majority of those within and external to the City.

ENVIRONMENT SUSTAINABILITY IMPLICATIONS

There are no environment sustainability implications for this Report.

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

ATTACHMENTS

1. Community Plan Scorecard [9.2.2.1 - 6 pages]

Community Plan Scorecard 2020-21

<p>Family and Community</p>	<p>Measures of Success:</p> <ul style="list-style-type: none"> • An increase in the number of people attending Council events and engaging in community activities. • Reduced crime rates – specifically a reduction in alcohol-fuelled violence. • Increased partnerships in place between the Council and other levels of government which seek to address crime. • Increased accessibility of Council facilities and resources for community activities for all members of our community 	<p>Success:</p> <ul style="list-style-type: none"> • Increased the number of events and community activities for the people of Palmerston • More people attended the community events organised by Council • Council introduced restrictions at Marlow Lagoon Reserve banning alcohol consumption to prevent anti-social behaviour • Palmerston Safe Communities Committee (PSCC) worked in partnership with council and the Northern Territory Government, businesses and the community to reduce and prevent crime rates in Palmerston. • Upgrades were made to the facilities such as Recreation Centre, Community Hall, Libraries etc. for improved community access. • Council worked on the first stage of upgrading the Marlow Lagoon Dog Park and had the official opening of the permanent off-leash dog park at Maurice Terrace in Bakewell. <p>Community survey: Performance score 7.16/10</p>	<p>Highlights:</p> <ul style="list-style-type: none"> • 13,650 people attended Christmas Wonderland event at the Goyder Square • 1,500 people attended the ‘Ghostly Gatherings’ Halloween event • Delivered 403 face-to-face library programs • 117,000 library visits • 146,000 library items loaned, including 55,000 e-Resources • \$124,950 in grants, donations and sponsorships were provided to support the community via the Community Contribution Benefit Scheme. • Upgrade of Marlow Lagoon Dog Park and new dog park establishment on Maurice Terrace, Bakewell. <p>Looking forward:</p> <ul style="list-style-type: none"> • Development of the Zuccoli Dog Park • Reopening of the Gray Community Hall • New Recording Studio at the Palmerston Library • Improving dog park areas • Implementation of Palmerston (Animal Management) By-Laws
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COMMITTEE AGENDA Attachment 9.2.2.1

Vibrant Economy	<p>Measures of success:</p> <ul style="list-style-type: none"> • The people of Palmerston choose to shop locally. • Occupancy rates – retail shop spaces are full. • Employment rates increase. • The population of Palmerston is growing (families stay). • More tourists visit Palmerston. • There are more funds available for Council to invest in the community. • There are more businesses located in Palmerston. • Council is committed to supporting local businesses and industry in order to grow and prosper within our region 	<p>Success:</p> <ul style="list-style-type: none"> • Supported local business through different campaigns such as My Palmerston • Upgraded Palmerston’s streetscape and improved public open space • Provided free parking to support residents and local businesses • Council actively sought external grant funding to support community projects. • Provided agile and innovative response to the COVID crisis by introducing a range of initiatives to ensure community and employee wellbeing and engagement • Provided grants, donations, in-kind support and sponsorship for local residents and businesses. <p>Community survey: Performance score 6.55/10</p>	<p>Highlights:</p> <ul style="list-style-type: none"> • \$3,200 won in ‘Support Local’ and ‘Win’ vouchers for Palmerston businesses • 125 hectares of public open space (parks, road verges and drains) kept clean by council contractors • Helped owners beautify 305 properties through the ‘Long Grass’ program • Local businesses sold food and drink to 2,700 people during the On Frances Series. • Sourced \$4.5 million in government grant funding <p>Looking forward:</p> <ul style="list-style-type: none"> • <i>Planning for economic recovery</i> Council will continue to work on the opportunities identified in the Palmerston Local Economic Plan to increase tourism, create opportunities with local growth industries and support local businesses.
Cultural Diversity	<p>Measures of success:</p> <ul style="list-style-type: none"> • Council consults with and includes the needs of all people in its programs and planning using a mechanism it has agreed with those communities. • Fostering and promotion of arts and culture within our community and the awareness 	<p>Success:</p> <ul style="list-style-type: none"> • Increased opportunities for the community to participate and contribute towards events that celebrate culture and diversity. • Hosted events celebrating culture and diversity, including the Inaugural Multicultural Festival and Pride Festival events <p>Community survey: Performance score 7.50/ 10</p>	<p>Highlights:</p> <p>City of Palmerston hosted a number of events celebrating culture and diversity in 2020–21, including:</p> <ul style="list-style-type: none"> • Bilingual, Drag Queen and First Nations Story times at the library • International Women’s Week events • inaugural Pride Festival • inaugural Multicultural Festival

COMMITTEE AGENDA Attachment 9.2.2.1

	and promotion of our local history is improved.		<ul style="list-style-type: none"> • NAIDOC and Reconciliation Week events • Harmony Day • Seniors Day • International Women's Week • 24 000 views of Storytime online <p>Looking forward:</p> <ul style="list-style-type: none"> • Adoption of Council's first Inclusive, Diverse and Accessible Policy Framework which showcases Palmerston's diversity. The framework is designed to ensure inclusion and accessibility for people of all backgrounds, ages, abilities and circumstances are considered in everything Council does
A Future Focus	<p>Measures of success:</p> <ul style="list-style-type: none"> • Council consults with and includes the needs of all people in its programs and planning using a mechanism it has agreed with those communities. 	<p>Success:</p> <ul style="list-style-type: none"> • Community consultations were made in developing Council strategies. • Completed several major pathways works in 2020–21 to improve pedestrian safety and provide linkages to playgrounds, sporting facilities, parks and schools. • Improved safety using Dark Spot program and innovative technologies such as electronic speed limit signs. • Upgrading the stormwater infrastructure and redevelopment of the waste management facility. <p>Community survey: Performance score 7.02/10</p>	<p>Highlights:</p> <ul style="list-style-type: none"> • Spent \$11 million on upgrading and building new facilities for Palmerston • Resurfaced 63.3 km of road • Successfully sourced funding for Black Spot Funding to improve safety on our roads • Increased access to free wi-fi to six new locations in Palmerston • Enabled 54,476 free WiFi downloads • Repaired 821 streetlights <p>Looking forward:</p> <ul style="list-style-type: none"> • <i>Focus on sustainability</i> Council will continue to develop its updated Sustainability Strategy to support its growing community and

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			<p>ensure our environment and liveability is protected and enhanced for current and future generations.</p> <ul style="list-style-type: none"> • <i>Dark spot:</i> Council will continue its Dark Spot program after funding was received from the Northern Territory Government under the SCALE program. More lighting will be upgraded in 2021–22. • SWELL (Swimming, Wellness, Events, Leisure, Lifestyle) • Gray Community Hall redevelopment • \$13.8M partnership for capital works with the Northern Territory Government's Special Community Assistance, Local Employment Grant and other grants
Environmental Sustainability	<p>Measures of success:</p> <ul style="list-style-type: none"> • The level of recycling / proportion of rubbish recycled is increased. • There is a decrease in littering. • Increase the canopy coverage (percentage of areas shaded by trees). • Reduction in businesses using packaging and wrapping. • Performance in actively protecting and enhancing the environmental assets and infrastructure of the City of Palmerston, while supporting local businesses and industry in 	<p>Success:</p> <ul style="list-style-type: none"> • Increased the kerbside collection recycling rate by DECREASING contamination • Stopped more waste from going into landfill • Planted more shade trees and improved green spaces across the city • Developed a strategy to reduce the number of single-use plastics at the markets • Increased community satisfaction in the areas of improving shading and greening the city and promoting environmental sustainability <p>Community survey: Performance score 7.36/10</p>	<p>Highlights:</p> <ul style="list-style-type: none"> • Planted 888 trees in 2020–21 through various projects • Completed Mansfield St Laneway upgrade project to change an unused city laneway into a pleasant, usable area • Weeds were mapped and treated improving the ecological sustainability of our natural areas • Council worked with Palmerston Markets stall holders to put in place a strategy to reduce the amount of single-use plastics at the markets • Lakes Management Plan was developed to manage the lakes in a coordinated and multifaceted approach Collected

COMMITTEE AGENDA

Attachment 9.2.2.1

	<p>sustainable land use, is improved.</p> <ul style="list-style-type: none"> • Performance in committing to effective and responsible city planning which balances and meets residential and commercial needs in our community is improved. 		<p>12,217 tonnes of general waste and 1,382 tonnes of recyclable waste through kerbside waste collection</p> <ul style="list-style-type: none"> • Achieved a 12% diversion rate for the total waste • Funded the Student Voice, Positive Choice program to create educational bin stickers for the community • Verge Assistance Program offering free soil and grass seeds to residents <p>Looking forward:</p> <ul style="list-style-type: none"> • The Civic Plaza is set to generate up to 40% of its own annual electricity costs with plans to develop a new solar-generating shade structure over the car park area. Construction is expected to start in 2021–22. • ‘Take a Pledge’ program to reduce their waste production and improve recycling • Implementation of the ‘Preserving Urban Forest Policy’ • Strategy to empower residents to consider alternatives to plastic containers for food and drinks. • Upgrade to the Archer Waste Management Facility inclusive of a Priority Infrastructure Funding grant • Additional weed harvester vessel for weed management at the lakes.
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COMMITTEE AGENDA Attachment 9.2.2.1

Governance	<p>Measures of success:</p> <ul style="list-style-type: none"> Community are satisfied that Council values and encourages participation in Council activities by the community and is committed to delivering the highest possible levels of service and community engagement. Community are satisfied that Council is committed to ensuring that the systems and processes of Council support the organisation in delivering the best possible services to the community. Community are satisfied that Council values its people and the culture of our organisation. Council is committed to continuous improvement and innovation whilst seeking to reduce the costs of Council services through increased efficiency. Community are satisfied that Council is showing corporate and social responsibility, ensuring the sustainability of Council assets and services and undertaking effective planning and reporting of Council performance to the community. 	<p>Success:</p> <ul style="list-style-type: none"> Conducted Community Plan Health Check through focused conversations to identify key improvements. The 2021 community survey showed significant improvements in the Council's performance and community satisfaction levels. Conducted Council meetings at the community facilities to encourage public participation. Provided trainings to upskill all employees at Council. Reviewed Council policies to ensure compliance with the new legislations. <p>Community survey: Performance score 6.52/10</p>	<p>Highlights:</p> <ul style="list-style-type: none"> Won 3 awards for Council initiatives and services Spent \$160 000 on training employees 86 employees participated in training Reviewed 15 Council policies and rescinded 5 policies Introduced 11 new policies in accordance with the incoming legislations Held 23 Ordinary Council Meetings <p>Looking forward:</p> <ul style="list-style-type: none"> Expanding the municipal boundary of to include unincorporated land to the north of Palmerston, including Wishart Business Precinct and Northcrest. Upcoming Council elections in August and welcoming the 10th Council onboard
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COMMITTEE REPORT

AGENDA ITEM:	9.2.3
REPORT TITLE:	Internal Audit Plan 2021-2023
MEETING DATE:	Wednesday 20 October 2021
AUTHOR:	Governance and Strategy Manager, Manu C. Pillai
APPROVER:	Chief Executive Officer, Luccio Cercarelli

COMMUNITY PLAN

Governance: Council is trusted by the community and invests in things that the public value.

PURPOSE

This Report presents to the Risk Management and Audit Committee (RMAC) the Strategic Internal Audit Plan requested at its meeting on 10 August 2021 along with a summary of the internal audits completed.

KEY MESSAGES

- A Strategic Internal Audit Plan for the financial years 2021 - 2023, was completed by KPMG.
- The Strategic Internal Audit Plan is presented as **Attachment 9.2.3.1** for consideration and feedback by RMAC.
- Six internal audits were conducted in accordance with this plan during the financial year 2020-21.
- Council plans its upcoming internal audit projects as per this plan and sufficient fund allocations were made in Council's Budget.
- Outcomes and findings from each internal audit project will be presented to RMAC including management responses to identified opportunities for improvement.
- KPMG was the internal audit provider until June 2021.
- Council decided to go out for 'request for quotes' for the upcoming internal audits.

RECOMMENDATION

THAT Report entitled Internal Audit Plan 2021-2023 be received and noted.

BACKGROUND

The Committee received the Strategic Internal Audit Plan (Plan) during the Committee meeting of 30 June 2020, and the Plan was presented to Council at the 2nd Ordinary Council Meeting of 21 July 2020, and Council made the following decisions:

Risk Management and Audit Committee Meeting Minutes – 30 June 2020

1. *THAT Report entitled Risk Management and Audit Committee Meeting Minutes – 30 June 2020 be received and noted.*
2. *THAT Council receive and note the Unconfirmed Risk Management and Audit Committee Minutes being Attachment 13.2.6.1 to Report entitled Risk Management and Audit Committee Meeting Minutes – 30 June 2020.*

3. *THAT Council endorse the recommendations from the Risk Management and Audit Committee Meeting held on 30 June 2020:*

The following items from Report entitled Strategic Internal Audit Plan 2021- 2023:

- (i) THAT Report entitled Strategic Internal Audit Plan 2021-2023 be received and noted.*
- (ii) THAT the Strategic Internal Audit Plan 2021-2023 be updated and presented to Council at its Second Ordinary July 2020 Meeting as amended by the Risk Management and Audit Committee including Asset Management Plans moving to 3rd quarter year 1 and inclusion of Strategic Risk 3 in year 2.*

CARRIED 9/1214 – 21/07/2020

DISCUSSION

A three-year Strategic Internal Audit Plan 2021-2023 was compiled by KPMG in 2020 in conjunction with discussions with Council staff. This Strategic Internal Audit Plan FY2021-FY2023, **Attachment 9.2.3.1**, was last reviewed by the RMAC on 30 June 2020. This formal plan, supported by risk profiles and frameworks, created accountability to ensure appropriate delivery against the plan and transparency for RMAC through regular reporting. In-flight internal audit checks will also be held on business and process changes (including that from legislation) that are either proposed, designed or upcoming.

This framework assisted RMAC with visibility on how much attention is being received over the ongoing operating effectiveness of key controls that are in place to manage the strategic risks of the organisation. In accordance with this plan, the following internal audits were undertaken during the financial year 2020-21:

- Strategic Risk Review
- Policy Review for Security Policies
- Terms of Reference Risk Management and Audit Committee
- Elected Member Allowances
- COVID-19 Response
- Asset Management Plan

Outcomes and findings from each internal audit projects were presented to RMAC including management responses to identified opportunities for improvement. The recommendations were used to guide the development of Council policies, guidelines, and controls. The progress of these actions was tracked through the Control Improvement Plan updates.

In addition, the Strategic Internal Audit Plan 2021-2023 should be seen as flexible and needs to be agile to respond to emerging trends and priorities. Accordingly, this internal audit plan was reviewed by staff to identify the requirements of planned internal audits. The internal audit on Budget Management was scheduled to be undertaken in the July – September quarter. Since Council implemented a budget review process and provided budget review training for staff, this internal audit was found not relevant at this stage. However, these activities will be closely monitored and revisited if found as a requirement in the future.

The Three Year Strategic Internal Audit Plan 2021-2023 outlines:

- The proposed internal audits over the three year period.
- The proposed activities and in flight reviews of process and policy development.
- How, if relevant, the internal audit activity links to strategic risks.

Based on Council resources, a budget of \$80,000 is allocated in Council's Municipal Plan and Budget 2021/22 for the Strategic Internal Audit Plan projects. RMAC will be updated about the upcoming internal audits as they occur.

The Strategic Internal Audit Plan 2021-2023 is presented for consideration and feedback by RMAC.

CONSULTATION PROCESS

In preparing this Report, the following City of Palmerston staff were consulted:

- Finance Manager

There was no external consultation required during the preparation of this Report.

POLICY IMPLICATIONS

Outcomes and findings from Council's internal audits are used to guide the development and purpose of Council operations, this includes the Council policies, guidelines, and controls.

BUDGET AND RESOURCE IMPLICATIONS

Budget of \$80,000 is allocated in Council's Municipal Plan and Budget 2021/22 for the Strategic Internal Audit Plan projects.

RISK, LEGAL AND LEGISLATIVE IMPLICATIONS

The establishment of the Strategic Internal Audit Plan 2021-2023 is an essential and positive step for Council. It assists in adding public value and assist in the addressing Council's strategic risks.

This Report addresses the following Risk Management and Audit Committee Terms of Reference:

- Internal and External Audit

This report addresses the following City of Palmerston Strategic Risks:

2. Is not sustainable into the long term

Context: Optimising the financial, social and environmental sustainability of the Council.

4. Fails to effectively design and implement contemporary governance practices

Context: Strong foundations to hold the Council and Administration to account with clear and transparent performance reporting.

7. Fails to be agile to respond to growth opportunities

Context: Ensuring the organisation is positioned to respond quickly to take up opportunities for growth both internally and externally.

ENVIRONMENT SUSTAINABILITY IMPLICATIONS

There are no environment sustainability implications for this Report.

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

ATTACHMENTS

1. Strategic Internal Audit Plan 2021-2023 [9.2.3.1 - 18 pages]



City of Palmerston

Strategic Internal Audit Plan FY2021 – FY2023

July 2020

DRAFT



Internal Audit value proposition

Mission

To provide an innovative, responsive and effective value-adding Internal Audit function by assisting the Council, the Risk Management and Audit Committee (RMAC) and Management in checking and recommending improvements in the effectiveness and efficiency of the internal control systems, and compliance with policies and procedures.

Responsibilities

Internal Audit is responsible to the RMAC for contributing to the achievement of organisational goals and objectives by:

- assisting Management in evaluating their processes for identifying, assessing and managing the key operational, financial and compliance risks
- assisting Management in evaluating the effectiveness of internal control systems, including compliance with internal policies
- recommending improvements in efficiency to the internal control systems established by Management
- keeping abreast of new developments affecting the organisation's activities and in matters affecting internal audit work
- being responsive to the organisation's changing needs, striving for continuous improvement and monitoring integrity in the performance of its activities.

Your local Internal Audit management team:



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city of
PALMERSTON

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Potential IA focus areas not included in
proposed IA activity

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Appendix 2:
Council risk's mapped to IA activity

1. Executive Summary

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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The appointment of KPMG as City of Palmerston's (the Council) Internal Auditor and development of its Strategic Risk register in 2018 (and update in 2020) marked the step in the further maturity of the Council's risk management function.

This Three Year Strategic Internal Audit Plan (the Plan) has been developed and will be subject to the annual review and approval from the Risk Management and Audit Committee (RMAC). The development of this Plan has included engagement with the Executive Leadership Team (ELT) to ensure the Plan remains aligned to the Strategic Risks (after the refresh) and relevant both in terms of nature and timing of the projects. The balance of this Plan outlines the indicative scope and timing of the planned work proposed to be undertaken by IA for the Council for the three year period FY'21 to FY'23.

This Plan is presented for consideration, feedback and endorsement by the RMAC, with acknowledgement that it will continue to be monitored periodically moving forward for relevance to the Council.

Snapshot of Internal Audit activity for FY'21

The following Internal Audit activity, plus planning and administration, for FY'21 will equate to a total annual cost of \$75,000 (excluding GST and Technology & Administration charges).

Internal audit area	Summary of scope	Link to Strategic Risk
1. Risk Maturity	Continuation of the Council's risk maturity journey. Over the next 12 months focus will be on continuing this operational risk journey along with other elements that could include: risk reporting, operationalising risk culture, risk appetite or risk framework review.	All
2. Terms of Reference (TOR) Review	Review and update of the current Risk Management and Audit Committee TOR. This will include workshoping with the RMAC and incorporating the changes in the new LGA effective 1 July 2020.	4
3. In-flight IA Check and Challenge	Given the journey of continuous improvement and maturity ahead for the Council, management has expressed a desire to have Internal Audit to be available to provide in-flight feedback (from a risk and controls perspective) on business and process changes (including that from legislation) that are either proposed, designed or upcoming.	Any
4. Post COVID-19 process improvements	Consult across the business to gather retrospectively: what changed in terms of process; what worked well; what didn't; are there any unintended consequences arising such as control exposures that need to be addressed; what do we keep going forward from changes implemented during COVID-19.	9
5. Asset Management Plans	Assessment of the design of the Council's Asset Management Plan (AMP) Framework against contemporary, yet fit-for-purpose, better practices. Review of a sample of newly developed AMP's and their operating effectiveness within the Council to improve practices.	2 and 5

1. Executive Summary (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Indicative Timing – FY '21

Ref	Internal audit area	Q1 Work Plan	Q2 Work Plan	Q3 Work Plan	Q4 Work Plan
		Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021
1	Risk Maturity				
2	Terms of Reference (TOR) Review				
3	In-flight IA Check and Challenge				
4	Post COVID-19 process improvements				
5	Asset Management Plans				

Indicative Timing – FY '22

Ref	Internal audit area	Q1 Work Plan	Q2 Work Plan	Q3 Work Plan	Q4 Work Plan
		Jul-Sep 2021	Oct-Dec 2021	Jan-Mar 2022	Apr-Jun 2022
1	Risk Maturity				
3	In-flight IA Check and Challenge				
4	Data Analytics: Core Transactions and/or Reporting				
5	Cybersecurity Maturity Assessment				
6	Reporting – Municipal Plan				
7	Budget Management				
8	Policy framework review				
9	Human Resource Management				

Indicative Timing – FY '23

Ref	Internal audit area	Q1 Work Plan	Q2 Work Plan	Q3 Work Plan	Q4 Work Plan
		Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023
1	Risk Maturity				
2	In-flight IA Check and Challenge				
3	Data Analytics: Core Transactions and/or Reporting				
4	Procure to Pay				
5	Contract Management Compliance				
6	Visual, digital and social media governance				
7	Customer Experience				
8	IT Strategic Review				



2. Internal Audit Development Planning Process

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary

Approach

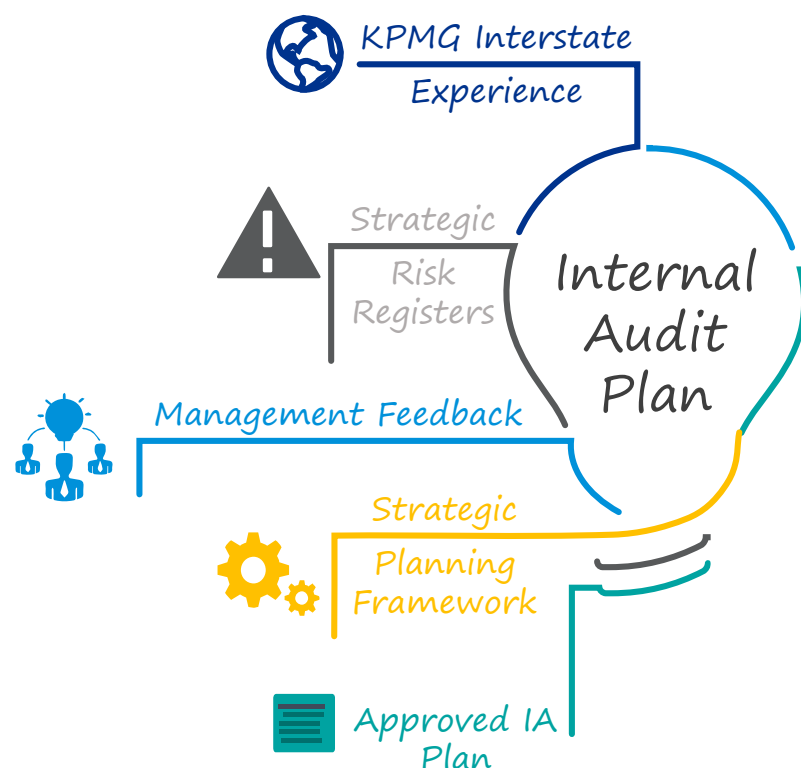
IA Activity
FY '21 – FY '23

A1: Focus areas not included in
proposed IA activity

A2: Council risks
mapped to IA activity

The development of the Plan

In developing the Council's Internal Audit Plan, a number of inputs have been considered. As shown below, this has included the Council's Strategic Planning Framework, the Strategic Risk Register, feedback from Council Management, previously completed internal audit projects and KPMG's Local Government internal audit network.



Strategic Risk Register

Consideration of Council's strategic risk register is essential in ensuring areas of high risk are targeted. The Strategic Risk Register was analysed and the proposed projects have included reference to relevant risks identified.

Strategic Planning Framework

The Council's Community Plan sets out the vision for the future of the city which includes six core outcomes being family and community, vibrant economy, cultural diversity, future focused, environmental sustainability and governance. Each theme is supported by a range of objectives that have guided the Council's planning and decision making in the preparation of the Council's Annual Municipal Plan and Budget.

KPMG Interstate Experience

Through liaising with our KPMG Local Government interstate colleagues, we were able to leverage their experiences in regards to lessons learnt and evolving trends in the Local Government sector.

Prior Year Internal Audit Plans

The previous years completed internal audit projects for 2019 and 2020 have also been considered to ensure coverage and an appropriate mix of projects is completed.

Management Feedback

Feedback from Management was provided through the Internal Audit Plan Development Workshop, with key focus areas and priorities being considered in development of the Internal Audit Plan.

2. Internal Audit Development Planning Process (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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The development of the Plan (continued)

A key objective of any organisation's Strategic IA Plan should be to provide appropriate details of the overall longer term strategy for the conduct of internal audit having regard to the available resources.

It is therefore important that the development of a strategic IA plan considers many aspects of the business and the environment it operates within, both today and into the future in order to ensure that resources are directed to higher priority areas.

It is not feasible to expect that all possible areas for Internal Audit coverage can be addressed in the period covered by this plan and therefore it is important that there is a transparent framework to determine what is done and what is not done. The framework for development of this Plan has involved a number of steps including:

Step 1

Identify key inputs to the Internal Audit Strategy: Identification of possible internal audit focus areas included consideration of the Council's:

- Strategic, business unit and fraud risks of the Council;
- Core Business Processes;
- Core ICT systems; and
- Core Support Processes of Finance, HR, ICT, PMO, Risk, Customer & Stakeholder etc.

Step 2

Define and prioritise the potential pool of internal audit focus areas: Involved collating and connecting the possible focus areas from Step 1 and apply a priority framework having regard to: Complexity of process being considered; Gross risks and consequences of control failure; Level of environmental change in process area being considered; Recent internal audit oversight; Management's assessment of the existing control effectiveness.

Step 3

Determine a planned program of Internal Audit projects: Having regard to the budget for IA and the business readiness for IA projects in terms of timing, allocate IA projects to each year of the three year Plan.

The key elements of the Plan

The composition of IA activity is detailed below and comprises activity in the following broad areas: Planning, communication and administration; Detailed Audits; and Health Checks.

Planning, communication and administration

The planning, communication and administration component includes:

- Development of IA Plans including consideration of emerging industry risks and best practice IA approaches, internal the Council meetings and preparation of associated scope documentation.
- Communication between KPMG, RMAC Chair and the Council CFO in respect to progress against IA Plan, emerging issues/current developments for IA consideration, content of reports in preparation for the RMAC meetings as well as internal policy and procedural changes impacting the internal audit.
- Preparation for and attendance at the RMAC meetings to present IA findings. This also includes meetings with management and RMAC members from time to time as required.

Detailed Audits

These projects apply a deeper level of consideration of the area subject to internal audit. They will consist of either one, or both, of the following:

- Consider the design of the process from a first principles control framework perspective to assess whether the internal controls help mitigate the key risks associated with the subject matter. This is typical where the subject area is being considered by internal audit for the first time.
- Testing that the controls have operated in accordance with their design over a selected period of time. This includes data and analytic routines.

Health Checks

These projects are not as deep as detailed audits but will consider either one, or both, of the design of controls and operating effectiveness. Operating effectiveness testing is usually limited to walkthroughs to confirm our understanding of the design and implementation of the controls.

In-flight IA Check and Challenge

- Given the journey of continuous improvement and maturity ahead for the City, Internal Audit will be available to provide in-flight feedback (from a risk and controls perspective) on business and process changes that are either proposed, designed or upcoming.

3. Overview of planned Internal Audit activity – FY'21 to FY'23

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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This section outlines the proposed internal audit activity for the three year period FY'21 to FY'23. In arriving at this proposed internal audit activity we have given consideration to the budgeted resources both in terms of dollars and time of auditors and spread of this time across the business and auditees. Importantly, this plan contains more projects than can be delivered within the proposed budget for FY22 and FY23 however, these have been included to allow for a range of options going forward to be refined on an annual basis.

The proposed internal audit activity is presented in the table below, however, prior to presenting this information we highlight the following:

- *Other separately funded activities provided by Internal Audit* - The pool of potential internal audit activities identified the following further areas that would/could be undertaken as needs dictate, however, that would be funded from outside the core Internal Audit budget:
 - Key project quality assurance roles
 - Key project post implementation reviews
 - Other special investigations as needs dictate.
- *Potential internal audit focus areas not included in planned activity* - The planned activity noted below enables the Council to gain significant coverage over those areas identified as potential internal audit focus areas. Those originally identified areas for potential focus that have not been included in the planned activity for the three year period FY'21 to FY'23 are set out in **Appendix 1**.
- *Level of coverage over strategic, business unit and fraud risks* – The table at **Appendix 2** summarises the planned activity linkage to the strategic, business unit and fraud risks to give the RMAC an appreciation of the level of coverage being applied to the risks identified by the Council.
- *Internal audit follow-up activity* - To ensure that agreed management actions arising from previous internal audit projects are being completed on a timely basis and that the learnings are being locked into BAU, it is critical to ensure there is a robust process in place to facilitate this that meets both the broader business and RMAC needs. When an audit report is presented to the RMAC, it contains a number of agreed management items and due dates.

The Council's internal systems will retain a master list of outstanding action items and to ensure items are being actioned as per the management agreed timeframe. The Director of Governance and Regulatory Services will follow up and validate actions are completed to address the recommendations from the reports. As required those outstanding matters that were originally rated as 'High' will be reported to the RMAC. As required, Internal Audit will validate the completion of management actions as agreed with the Council Management.

3. Overview of planned Internal Audit activity – FY'21 to FY'23 (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary		Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity		
Ref	Internal audit project	IA Type	Links to Strategic; BU; or Fraud Risk	Activity to Date (Last 2 years)	Planned Activity		
					2020/21	2021/22	2022/23
1.	Planning, communication & administration Provision of oversight of the IA function including preparation of the Annual and Strategic Internal Audit Plans; RMAC attendance; Meetings with management; Continuous improvement of scope/plans, project delivery and execution.	N/A	N/A	N/A	✓ 4-5 Days	✓ 4-5 Days	✓ 4-5 Days
2.	Risk Maturity Continuation of the Council's risk maturity journey. To date this has included strategic risk register development and review and commencement of operational risk identification. Over the next few years focus will be on continuing this operational risk journey along with other elements that could include: risk reporting, operationalising risk culture, risk appetite, periodic review of the strategic risk register and risk framework review.	Strategic Risk Focus	All	Commenced in FY19	✓ 3-5 days	✓ 3-5 days	✓ 3-5 days
3.	Terms of Reference (TOR) Review Review and update of the current Risk Management and Audit Committee TOR. This will include workshoping with the RMAC and incorporating the changes in the new LGA effective 1 July 2020.	Process Improvement Focus	Strategic risk 4	N/A	✓ 1-2 days		
4.	In-flight IA Check and Challenge Given the journey of continuous improvement and maturity ahead for the Council, management has expressed a desire to have Internal Audit to be available to provide in-flight feedback (from a risk and controls perspective) on business and process changes (including that from legislation) that are either proposed, designed or upcoming.	Project dependent	Any risk	N/A	✓ 5-10 days	✓ 5-10 days	✓ 5-10 days
5.	Data Analytics: Core Transactions and/or Reporting <ul style="list-style-type: none"> Applying contemporary data & analytic tools across core business transactions including: journals; rating; expenditure (purchase orders, panel contracts); payroll; staff leave; and user access. Assessment of data analytic reporting to the RMAC, ELT and SLT 	Compliance Focus	Strategic risk 5 Fraud Risk 4	FY20: Data Analytics on staff leave		✓ (Reporting) 7-10 Days	✓ (Analytics) 7-10 Days

3. Overview of planned Internal Audit activity – FY'21 to FY'23 (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Ref	Internal audit project	IA Type	Links to Strategic; BU; or Fraud Risk	Activity to Date (Last 2 years)	Planned Activity		
					2020/21	2021/22	2022/23
6.	Post COVID-19 process improvements This internal audit will consult across the business to gather retrospectively: what changed in terms of process; what worked well; what didn't; are there any unintended consequences arising such as control exposures that need to be addressed; what do we keep going forward from changes implemented during COVID-19.	Process Improvement Focus	Strategic risk 9	Nil	✓ 12-15 Days		
7.	Asset Management Plans Assessment of the design of the Council's Asset Management Plan (AMP) Framework against contemporary, yet fit-for-purpose, better practices. Review of a sample of newly developed AMP's and their operating effectiveness within the Council to improve practices.	Compliance Focus	Strategic risk 2, 5 Fraud Risk 4	Nil	✓ 12-15 Days		
8.	Procure to Pay The objective of this internal audit project will be to assess the overall procure-to-pay process, based on the policy and procedures implemented by the Council. The internal audit project will focus on compliance against the policy, as well as assessment of the overall efficiency and effectiveness on the new processes introduced.	Process Improvement Focus	Fraud Risk 4	Nil			✓ 10-12 Days
9.	Cybersecurity Maturity Assessment An assessment of the preparedness for a cyber-attack and the maturity of the Council's existing policies and procedures. Undertaking both internal and external penetration testing.	Compliance Focus	Strategic risk 4 Fraud Risk 3	Nil		✓ 10-12 Days	

3. Overview of planned Internal Audit activity – FY'21 to FY'23 (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary		Approach		IA Activity FY '21 – FY '23		A1: Focus areas not included in proposed IA activity		A2: Council risks mapped to IA activity	
Ref	Internal audit project	IA Type	Links to Strategic; BU; or Fraud Risk	Activity to Date (Last 1 year)	Planned Activity				
					2020/21	2021/22	2022/23		
10.	Contract Management Compliance This internal audit will assess the internal control framework, in particular with regard to probity and due diligence and processes adopted in the management of contracts pre and post award. The scope of this audit will include: - The end-to-end contract management process, including pre-award, post award and contract closure, supported by relevant frameworks, policies, procedures. - A selection of key contracts and the testing of the compliance against established policies and frameworks.	Compliance Focus	Fraud Risk 2	Nil			✓ 15-17 Days		
11.	Reporting – Municipal Plan This internal audit will focus on the reporting prepared by the Council's ELT on the Council's progress against the municipal plan, including consideration of contemporary reporting practices and assessment of accuracy of reporting.	Process Improvement Focus	Strategic risk 1, 5, 8	Nil		✓ 12-15 Days			
12.	Visual, digital and social media governance This internal audit project will focus on the adequacy of the Council's visual, digital and social media framework, including procedures, roles and responsibilities, controls, compliance and monitoring and use of social media by both internal and external users.	Process Improvement Focus	Strategic risk 1, 8	Nil			✓ 12-15 Days		
13.	Customer Experience Assessment of the design of the Council's process for governing and approaching customer experience across: strategy setting; resourcing; key performance indicators; performance monitoring, feedback mechanisms.	Process Improvement Focus	Strategic risk 8	Nil			✓ 10-12 Days		

3. Overview of planned Internal Audit activity – FY'21 to FY'23 (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Ref	Internal audit project	IA Type	Links to Strategic; BU; or Fraud Risk	Activity to Date (Last 1 year)	Planned Activity		
					2020/21	2021/22	2022/23
14.	Budget Management Assessment of the design of the Council's process for developing and monitoring performance of its budgets and testing the operating effectiveness of key controls within this framework. This will include assessment of approval of expenses to relevant cost codes.	Compliance focus	Strategic Risk 2, 7	Nil		✓ 10-12 Days	
15.	IT Strategic Review This internal audit project will focus on the Council's information technology strategy and whether it meets the current and future needs of the organisation in relation to meeting the Council's strategic objectives, delivering and engaging with the community.	Strategic Risk Focus	Strategic Risk 6, 8, 9 Fraud Risk 3	Nil			✓ 12-15 Days
16.	Policy framework review This internal audit will focus on the Council's policy and procedures framework with a view to understanding the current policy and procedure environment (currency, oversight hierarchy), assessing / prioritising policy and procedures based on a high level risk assessment processes and providing options and recommendations to help ensure that the Council's policies and procedures are embedded across the organisation (including streamlining as applicable).	Strategic Risk Focus.	Strategic Risk 4	Nil		✓ 12-15 Days	
17.	Human Resource Management With attraction, value, retention and development of the right people a key strategic risk, this project could consider one of the key HR areas including: Recruitment, Learning & Development and Career Planning.	Strategic Risk Focus	Strategic risk 3	Nil		✓ 10 days	
	Total Days (average)				45	85	89

Appendix 1 – Potential IA focus areas not included in proposed IA activity

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Potential IA focus areas not included in proposed IA activity

A list of additional or alternate internal audit projects has been included as detailed below. These projects were identified based on consultation with Council stakeholders as part of the internal audit program planning in July 2019. It is envisaged that the internal audit program will be reviewed in May 2020, and hence, these projects have been included to provide a reference to those projects previously identified which may be considered for future reference.

Ref.	IA Project Title	Internal Audit Project description	IA Type
A	Major Project Post Implementation Review	The focus of this internal audit project will be to review documentation and interview stakeholders to capture and understand key lessons learnt including both what went well and what were some of the challenges in relation to the planning, execution and close of a major project for the Council.	Process improvement focus
B	Property portfolio management	The internal audit will focus on the effectiveness of the Council's management of its property portfolio, including what value Council achieves through ongoing ownership, lease management, asset management and maintenance responsibilities, as well as overall oversight, monitoring and reporting. The focus will be on properties which are leased out to third parties (community and commercial).	Process improvement focus
C	Event Management	This internal audit will evaluate the adequacy and effectiveness of the controls, processes and procedures in place to mitigate the business risks associated with the management and execution of events. This review will also include consideration of the current processes and systems in place relating to WHS management for a sample of major events.	Strategic risk focus
D	Vulnerable Persons Framework Review	The objective of this internal audit will be to perform an assessment of the Council's Vulnerable Persons (including children and youth, elderly and disabled persons) Protection Framework. This will include an assessment of relevant policies, procedures and practice for control gaps and against better practice. The internal audit will also include an assessment of compliance against the framework for a sample of nominated sites.	Compliance focus
E	Stakeholder Management	Review of the Council's existing stakeholder management framework and identify key areas for further development (including first pass identification of key organisational stakeholders and relationship mapping). This audit will also assess the existing practices to optimise the value achieved through stakeholder relationships and subsequent development of recommendations to embed stakeholder management as part of Council's culture.	Strategic risk focus

Appendix 1 – Potential IA focus areas not included in proposed IA activity (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Potential IA focus areas not included in proposed IA activity (Continued)

Ref.	IA Project Title	Internal Audit Project description	IA Type
F	Emergency Management	Consideration of Council's emergency management planning and preparedness in relation to responding to large scale emergencies. This will include a review of emergency management related documentation (policy and procedures, emergency management plans, etc.), roles and responsibilities, consultation and communication with external agencies, and preparedness (training, drills).	Strategic risk focus
G	Fraud & Misconduct Management Frameworks	This internal audit project will consist of two core deliverables: - Training for select personnel around fraud risk awareness and general fraud controls. The personnel to be covered by the training will be agreed with Management in advance, and will focus on personnel from areas where the risk of fraud and/or corruption is higher. - Performing a fraud risk review over the Council. This will focus on an area of higher risk and will entail the identification of key areas of fraud risk and the adequacy of controls over those risks.	Compliance focus
H	Rating processes – Health Check	Assessment of the operating effectiveness of the key controls, rotating across numerous finance specific areas.	Compliance focus
I	Stakeholder Management	Review of the Council's existing stakeholder management framework and identify key areas for further development (including first pass identification of key organisational stakeholders and relationship mapping). This audit will also assess the existing practices to optimise the value achieved through stakeholder relationships and subsequent development of recommendations to embed stakeholder management as part of Council's culture.	Strategic risk focus
J	Core Transactions – Health Checks:	Assessment of the operating effectiveness of the key controls, rotating across numerous finance specific areas. Such as: <ul style="list-style-type: none"> • Rating processes • Accounts receivable management • Payroll • Procure to pay frameworks • Finance (reconciliations, suspense accounts, journals, general ledger maintenance, banking) 	Compliance focus

Appendix 1 – Potential IA focus areas not included in proposed IA activity (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Potential IA focus areas not included in proposed IA activity (Continued)

Ref.	IA Project Title	Internal Audit Project description	IA Type
K	Community Grants Processes	This internal audit project will focus on the fairness, equity and transparency in relation to the Council's management and administration of community grants. Consideration will cover governance arrangements, including roles and responsibilities, alignment with strategic objectives as well as overall processes (identification, assessment, prioritisation and selection processes, approval) and reporting arrangements in respect of community grants.	Compliance focus
L	Accounts Payable	The overall objective of the internal audit is to provide management with confidence that the internal controls operating over the accounts payable system are effective and there is compliance with relevant management policies and procedures.	Process improvement focus
M	Accounts Receivable	The internal audit project will focus on the key processes and controls and assess compliance with current procedures and guidelines relating to accounts receivable. The audit will include the process for receiving and receipting monies, aged debtors process, master file maintenance and monthly reconciliations. The focus of the audit will be in relation to rates collection.	Process improvement focus
N	Legislative Compliance	Identify and document the requirements under various legislations (to be identified in order of priority for an ongoing program), assess the adequacy of systems to ensure legislative compliance (e.g. maintaining up to date knowledge of requirements, staff training), assess the extent of compliance / fulfilment of obligations by the Council and make better practice recommendations.	Compliance focus
O	Workforce Planning	The internal audit project will focus on the Council's workforce planning strategies and initiatives in the context of the Council strategies and matching of workforce capabilities and resourcing to future needs. The scope will include consideration of per person risk, succession planning processes including apprentice programs and management of an ageing workforce (i.e. bringing new talent into the organisation, development of capability and transitioning of people from the organisation).	Strategic risk focus
P	Volunteer Management	The objective of this internal audit project will be to assess arrangements in place to management and oversee volunteers working with the Council. It will include consideration of volunteer attraction, induction arrangements, ongoing management, as well as consider any opportunities to increase the value achieved through the volunteer workforce.	Process improvement focus
Q	ICT - Disaster Recovery/Business Continuity Plan	Assessment of the appropriateness of Disaster Recovery/Business Continuity Planning (DR/BCP) as it relates to ICT systems against contemporary, yet fit-for-purpose, better practice.	Process improvement focus

Appendix 1 – Potential IA focus areas not included in proposed IA activity (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Potential IA focus areas not included in proposed IA activity (Continued)

Ref.	IA Project Title	Internal Audit Project description	IA Type
R	Project Management Frameworks	<p>Examination of the processes, policies and procedures in place to govern major projects. This will include consideration of whether a Project Management Framework exists, is contemporary / fit-for-purpose and is being appropriately utilised.</p> <p>The internal audit project will focus on key processes including:</p> <ul style="list-style-type: none"> • Project governance arrangements • Initial scope and project planning (including costing's) • Project variations (scope and budget) • Budget monitoring and reporting • Performance reporting including key milestones • Project administration and records management • Project close-out including lessons learnt and asset hand-over (where applicable) 	Process improvement focus
S	Investment Management	Examination of the processes, policies and procedures in place to for the management of investments. This will include examination of investment disposals, investment approvals and investment performance monitoring including approvals.	Process improvement focus

Appendix 2 – Risks mapped to IA activity

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Strategic Risks

Risk ID	Risk Issue	Suitable for IA Oversight	Previous IA Activity FY'18 – FY'19	Planned IA Activity		
				FY'20	FY'21	FY'22
S1	Effectively maintain the trust from all stakeholders	Yes	Nil	-	11	12
S2	Be sustainable into the long term	Yes	Nil	7	14	-
S3	Attract, value, retain and develop the right people with the desired culture	Yes	Nil	-	17	-
S4	Effectively design and implement contemporary governance practices	Yes	Nil	3	9,16	-
S5	Make informed and timely decisions	Yes	Nil	7	5,11	5
S6	Deliver the strategic vision for the City	Yes	Nil	-	-	15
S7	Be agile to respond to opportunities and challenges	Yes	Nil	-	14	-
S8	Develop effective relationships and manage expectations of relevant parties	Yes	Nil	-	11	12,13, 15
S9	Appropriately respond to material events impacting business continuity	Yes	Nil	6	-	15

Appendix 2 – Risks mapped to IA activity (continued)

COMMITTEE AGENDA Attachment 9.2.3.1

Executive Summary	Approach	IA Activity FY '21 – FY '23	A1: Focus areas not included in proposed IA activity	A2: Council risks mapped to IA activity
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Fraud Risks

Risk ID	Risk Issue	Suitable for IA Oversight	Previous IA Activity FY'18 – FY'19	Planned IA Activity		
				FY'20	FY'21	FY'22
F1. Revenue						
(a)	New developments and associated rates	No	Nil	-	-	-
(b)	Customer adjustments	Yes	Nil	-	-	-
(c)	Customer kickbacks	Yes	Nil	-	-	-
F2. Procurement						
(a)	Supplier kickbacks	No	Nil	-	-	-
(b)	Inappropriate tender assessment	Yes	Nil	-	-	10
(c)	Panel work issuance favoritism	Yes	Nil	-	-	10
(d)	Non-bona fide purchases	No	Nil	-	-	-
(e)	Contract management	Yes	Nil	-	-	10
F3. IT						
(a)	Cyber attack	Yes	Nil	-	9	-
(b)	Inappropriate segregation of duties	Yes	Nil	-	9	15
F4. Other lower level risks						
	Credit card; Dump sales; Minor attractive assets/inventory/fuel misappropriation; Petty cash; Cheques; Manual invoicing; Customer billing adjustments; Fraudulent financial reporting (financial judgement areas, legislative obligations reporting); Payroll (ghosting/allowances/leave); Assets (private use)	Yes	Yes	7	5	5, 8

10 INFORMATION AND CORRESPONDENCE

10.1 Information

10.2 Correspondence

11 GENERAL BUSINESS

12 NEXT COMMITTEE MEETING

THAT the next Risk Management and Audit Committee Meeting be held on Tuesday, 22 February 2022 at 5:00pm in the Council Chambers, Civic Plaza, 1 Chung Wah Terrace, Palmerston.

13 CLOSURE OF MEETING TO PUBLIC

THAT pursuant to *section 99(2) and 293(3)(1) of the Local Government Act 2019 and section 51(1)(a) of the Local Government (General) Regulations 2021* the meeting be closed to the public to consider the Confidential items of the Agenda.