

# AGENDA

## Risk Management and Audit Committee

### Tuesday 24 May 2022

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



**LUCCIO CERCARELLI**  
**CHIEF EXECUTIVE OFFICER**



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  - 5.1 Committee Members
  - 5.2 Staff

6 CONFIRMATION OF MINUTES

6.1 Confirmation of Minutes

THAT the Minutes of the Council Meeting held on 7 April 2022 pages 180 to 184 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
16.2.0	Council Committee Recommendations	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)(c)(iv) 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 that would, if publicly disclosed, be likely to



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		prejudice the interests of the council or some other person.
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9 OFFICER REPORTS

## COMMITTEE REPORT

<b>AGENDA ITEM:</b>	9.1.1
<b>REPORT TITLE:</b>	Action Report - May 2022
<b>MEETING DATE:</b>	Tuesday 24 May 2022
<b>AUTHOR:</b>	Executive Assistant to General Manager, Cara Currie
<b>APPROVER:</b>	General Manager of Infrastructure, Nadine Nilon

### 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 the progress on seven action items are provided in this agenda.

### RECOMMENDATION

THAT Report entitled Action Report - May 2022 be received and noted.

### BACKGROUND

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

#### *9.1.1 Action Report - April 2022*

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

- 1. THAT Report entitled Action Report - April 2022 be received and noted.*
- 2. THAT the Risk Management and Audit Committee approve the change in date for the following:*
  - a. Completion of the IT Disaster Recovery Plan and that a report be presented to the Risk Management Committee Meeting by July 2022.*
  - b. Risk Management and Audit Committee Workshop to be held by the end of April 2022.*

**CARRIED RMA10/15 - 7/04/2022**

## 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
RMA9/0061	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. Project delayed	Project on the IT Disaster Recovery Plan was recently awarded, and the activity is expected to be complete by mid-April 2022. The project has been delayed due to staff changes and impacts of COVID-19. A report on the same will be presented to the RMAC meeting in July 2022.
RMA10/8	25/02/2020	THAT a further report be prepared detailing the process for the management of risks when internal audits are rescheduled or replaced, and the reporting of progress against internal audit recommendations by the February 2022 Committee Meeting	Complete	This report will be relevant after the completion of a risk management workshop which is rescheduled to April 2022. has been delayed due to staff changes and impacts of COVID-19. The presentation of this report is to be moved to the next RMAC meeting on 24 May 2022.
N/A	07/04/2022	Appointment of External Auditor. Merit Partners were appointed as Council's external auditor in February 2018 and received an additional 1-year extension to audit the 2020-21 financial year.  The extension has now ended, and Council has completed a request for quotation process for an external auditor and is subject to Council approval.	Complete	On 5 April 2022 at the First Ordinary Meeting, Council appointed KPMG as the External Auditors

RMA10/19	7/04/2022	2. THAT a Risk Management and Audit Committee workshop be conducted for the end of April 2022.	Complete	Workshop was conducted on 28 <sup>th</sup> April 2022 at 5pm, Held in Chambers at Civic Plaza.
RMA10/18	7/04/2022	2. THAT Council notes that the outstanding actions must be completed as part of the preparation of the 2021-22 financial statements and that the Chief Executive Officer will provide a written update to the City of Palmerston External Auditor	Complete	Council noted at 19 April 2022 Ordinary Council Meeting that the outstanding actions must be completed as part of the preparation of the 2021-22  A written update will be provided to external auditor prior to their interim audit
RMA10/17	7/04/2022	2. THAT the Control Improvement Plan Register be updated to reflect: a) The completion of the Asset Management Plan updates b) The Asset Management Framework in accordance with ISO55001 to be completed by October 2022; and c) The Strategic Asset Management Plan to be completed by August 2022.	Complete	Updated Register to be provided at 24 May 2022 Risk Management and Audit Committee Meeting.
RMA10/16	7/04/2022	2. THAT the Control Improvement Plan Register be updated to reflect that the IT Disaster Recovery Plan to be completed by July 2022.	Underway	Report to be provided at 26 July 2022 Risk Management and Audit Committee Meeting.

## 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



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- 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

Committee Meeting

<b>AGENDA ITEM:</b>	9.1.2
<b>REPORT TITLE:</b>	External Audit Plan
<b>MEETING DATE:</b>	Tuesday 24 May 2022
<b>AUTHOR:</b>	Finance Manager, Gayu Sivaraj
<b>APPROVER:</b>	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 Committee of the External Audit Plan for the financial year ending 30 June 2022.

### KEY MESSAGES

- KPMG was appointed as Council's External Auditor in the First Ordinary Council Meeting of 5 April 2022.
- KPMG will conduct the external audit for a period of three financial years commencing 1 July 2021 to 30 June 2024.
- The first interim audit for the financial year 1 July 2021 to 30 June 2022 is scheduled for 23 May 2022 and the final audit will commence in August 2022.
- KPMG's draft external audit plan and audit strategy outlines the scope and timing of the external audit for the year ending 30 June 2022.
- The audit plan outlines some of the key aspects of the external audit such as the audit materiality thresholds and benchmarks, audit risk areas, timeline and communication and engagement team details.
- The Risk Management and Audit Committee Term of Reference 4.1.2 (FIN09) requires the Committee to consider and make recommendations on the annual external audit plan.
- At the time of writing this report, KPMG has organised a meeting with the key management personnel at the Council to discuss and confirm the audit plan on the 20 May 2022.

### RECOMMENDATION

1. THAT the Report entitled External Audit Plan be received and noted.
2. THAT the Committee considers and makes recommendations on the external audit plan at **Attachment 9.1.2.1** as detailed in the report entitled External Audit Plan.

### BACKGROUND

KPMG was appointed as Council's external auditor in the First Ordinary Council Meeting of 5 April 2022.

At the 1<sup>st</sup> Ordinary Council Meeting of 5 April 2022 Council made the following decisions:

#### *13.1.5 Appointment of External Auditor*

*THAT Council approves the appointment of KPMG as its external auditor for a period of three financial years from 1 July 2021 to 30 June 2024.*

*CARRIED 10/283- 30/01/2018*

KPMG will commence their first interim audit on 23 May 2022 and the final audit will commence in August 2022. KPMG has prepared a draft external audit plan and strategy that outlines the scope and timing of the external audit for year ending 30 June 2022

## **DISCUSSION**

In accordance with Part 10.8, Division 1 of the Local Government Act 2019, Council must by resolution appoint an auditor. KPMG was appointed as Council's external auditor in the First Ordinary Council Meeting of 5 April 2022 for a period of three financial years commencing 1 July 2021.

The Risk Management and Audit Committee Term of Reference 4.1.2 (FIN09) requires the Committee to consider and make recommendations on the annual external audit plan.

KPMG is to undertake an audit on Council's financial statements to provide assurance that they are free from material misstatement and are prepared in accordance with the Australian Accounting Standards and any relevant legislation.

KPMG's audit plan and strategy to provide the assurance is found at **Attachment 9.1.2.1** and outlined below:

### Audit focus areas

- Revenue Recognition
- Purchases and trade payables
- Property, plant and equipment
- Payroll and other employment benefits
- Expected credit losses
- Management override of controls

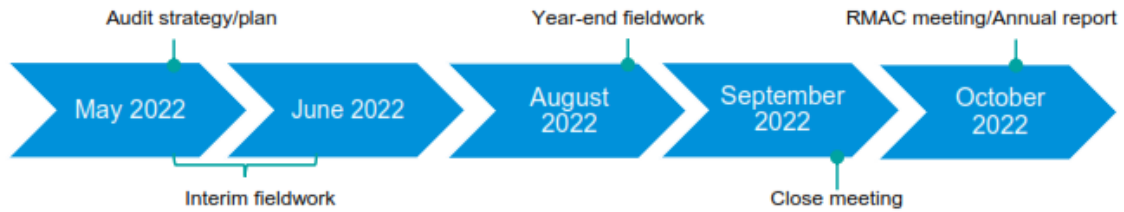
### Materiality thresholds

Materiality is the level at which the Auditor thinks misstatement will reasonably influence users of financial statements and includes both qualitative and quantitative factors. Performance materiality looks at account or class misstatements within the financial statements. Below are the thresholds set by the Auditor.

Materiality	Threshold
Audit Materiality	\$850,000
Performance Materiality	\$640,000
Misstatement Reporting Threshold	\$45,000

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## Timeline



The interim audit for the year ending 30 June 2022 is scheduled for the week commencing 23 May 2022. The final external audit is scheduled to be undertaken in August 2022 to ensure Council staff have sufficient time to finalise the financial statements and ensure they are lodged within the statutory timeframe. The financial statements contribute to the Annual Report which must be lodged with the Minister of Local Government on or before 15 November each year as per the Local Government Act 2019.

## Mandatory Communications

<b>Management's responsibilities (and, where appropriate, those charged with governance)</b>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<b>Auditor's responsibilities</b>	<p>Forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their</p>
<b>Auditor's responsibilities – Fraud</b>	<p>Design and implement appropriate responses to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to respond appropriately to fraud or suspected fraud identified during the audit.</p>
<b>Auditor's responsibilities – Other information</b>	<p>Obtain, read and consider whether there is a material inconsistency between the other information and (1) financial statements and (2) auditor's knowledge obtained in the audit.</p> <p>Respond appropriately when material inconsistencies appear to exist, or when other information appears to be materiality misstated.</p> <p>Report on other information in the auditor's report.</p>
<b>Independence</b>	<p>Communicate in writing:</p> <ul style="list-style-type: none"> <li>- any relationships (including provision of non-audit services) that bear on our audit independence;</li> <li>- threats to our independence that any relationships create; and</li> </ul>

- safeguards applied to address those threats.

## CONSULTATION PROCESS

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

- Finance Team

In preparing this report, the following external parties were consulted:

- KPMG

## POLICY IMPLICATIONS

This report has been prepared as required by Council Policy FIN09 Risk Management and Audit Committee Terms of Reference.

## BUDGET AND RESOURCE IMPLICATIONS

The proposed audit fee is within the budget allocation for external audit.

## RISK, LEGAL AND LEGISLATIVE IMPLICATIONS

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:

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

In accordance with the Local Government Act Council must have an auditor appointed. The auditor is to undertake an audit on Council's financial statements to provide assurance that they are free from material misstatement and are prepared in accordance with the Australian Accounting Standards and any relevant legislation. The financial statements contribute to the Annual Report which must be lodged with the Department of Local Government on or before 15 November each year.

## 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. Co P Draft Audit Plan [9.1.2.1 - 8 pages]

# City of Palmerston

Audit plan and strategy for  
the year ending 30 June  
2022

**DRAFT**

4 May 2022

[kpmg.com.au](http://kpmg.com.au)

# Introduction

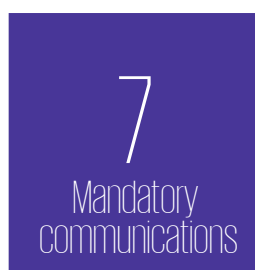
To the Risk Management and Audit Committee of City of Palmerston

This report sets out the planned scope and timing of our audit of City of Palmerston for the year ending 30 June 2022. It highlights:

- the audit focus areas we've identified based on our understanding of your business and its environment;
- a draft plan of what and when we expect to communicate; and
- other items that we are required to communicate to you as part of our audit.

## Restrictions on distribution

This report is intended solely for the information of those charged with governance of the Council and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.



# Audit strategy

Materiality	30 June 2022
<b>Audit Materiality</b>	\$ 850,000
<b>Performance Materiality</b>	\$ 640,000
<b>Misstatement Reporting Threshold</b>	\$ 45,000

**Materiality** represents the level at which we think misstatements will reasonably influence users of the Council's financial statements. It considers both quantitative and qualitative factors. When misstatements of a lesser amount of a specific financial statement item may influence users for qualitative reasons, we use a lower materiality for these items.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

**Benchmark** used for the materiality calculation is the Total Revenue from the 2021/22 Budget.

**Performance Materiality** is the materiality used at an account balance or class of transaction level to detect individual errors or misstatements. This does not mean we only look at transactions greater than \$640,000. This amount assists us in identifying classes of transactions that are material.

We will report to the Council Members and Risk Management and Audit Committee all audit misstatements individually greater than the **reporting threshold**, as well as the aggregate of any audit differences which have not been adjusted by management.

We will update our materiality as necessary throughout the audit.

The type of work for each component and their auditor is as follows.

	Component	Auditor
<b>Full scope audit</b>	City of Palmerston	KPMG Darwin

<b>Internal controls</b>	<p>Our audit approach will identify and evaluate controls relevant to our audit.</p> <p>We will report significant deficiencies in internal control in writing to those charged with governance and, when appropriate, management. We will report other control deficiencies orally or in writing to management.</p>
<b>Internal audit</b>	<p>We do not plan to use the work of internal audit to modify the nature or timing, or to reduce the extent, of our audit procedures, or to use internal auditors to provide direct assistance.</p>







## Audit focus areas

### Our risk assessment

We set out here those risks that we consider as key to your accounting and our audit, and the significant risks and other audit areas that impact our audit approach. We will report any other areas of audit focus that are key to our approach.

Based on our assessment of the risks of material misstatement in the financial statements, our audit focus areas are as follows.

Significant audit matters		
	Assessed risk	KPMG comment
<p><b>Revenue recognition</b></p> <p><b>Area of focus</b></p> <ul style="list-style-type: none"> <li>Accounting for rates and other charges</li> <li>Revenue recognition applied on grants, subsidies and contributions</li> </ul>		<p><b>Audit risks</b></p> <ul style="list-style-type: none"> <li>Revenue recognition does not comply with Australian Accounting Standards.</li> <li>Revenue recognised to achieve a desired outcome.</li> <li>Revenue is recorded in the incorrect period.</li> </ul> <p><b>Planned Response</b></p> <ul style="list-style-type: none"> <li>Review key revenue controls to assess recognition, existence and accuracy of revenue;</li> <li>Review material contracts to assess the consistent application of the Australian Accounting Standards;</li> <li>Substantive test of detail procedures; and</li> <li>Revenue completeness testing.</li> </ul>
<p><b>Purchases and trade payables</b></p> <p><b>Area of focus</b></p> <ul style="list-style-type: none"> <li>Completeness, accuracy and existence of purchases and trade and other payables; and</li> <li>Relevant controls in place for procurement.</li> </ul>		<p><b>Audit risks</b></p> <ul style="list-style-type: none"> <li>Recorded purchases and trade and other payables are not complete, accurate or exist.</li> </ul> <p><b>Planned Response</b></p> <ul style="list-style-type: none"> <li>Test operating effectiveness of any key controls in place over procurement;</li> <li>Substantive test of detail procedures; and</li> <li>Search for unrecorded liabilities.</li> </ul>

**KPMG risk assessment**



Significant risk due to fraud



Significant risk due to error





Other risks due to error



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## Audit focus areas (cont)

Significant audit matters		
	Assessed risk	KPMG comment
<p><b>Property, plant and equipment (PPE)</b></p> <p><b>Area of focus</b></p> <ul style="list-style-type: none"> <li>Valuation methodology adopted by management and any external valuer;</li> <li>Key assumptions relevant to the valuation; and</li> <li>Completeness, accuracy and existence of PPE.</li> </ul>	 E	<p><b>Audit risks</b></p> <ul style="list-style-type: none"> <li>PPE not valued in line with AASB 13 <i>Fair Value Measurement</i>.</li> <li>Inappropriate assumptions applied in the valuation process.</li> <li>Recorded PPE are not complete, accurate or exist.</li> </ul> <p><b>Planned Response</b></p> <ul style="list-style-type: none"> <li>Review engagement letters with external valuation specialists to note if they are in line with Australian Accounting Standards and assess competency;</li> <li>Review external valuation reports and test key assumptions;</li> <li>Agree valuation reports to the general ledger;</li> <li>Assess completeness of financial statement disclosure;</li> <li>Review post valuation useful life assessment and depreciation recalculation;</li> <li>Engage valuations specialists (as necessary);</li> <li>Review the reconciliation of the fixed asset register and work-in-progress schedule; and</li> <li>Substantive test of detail procedures.</li> </ul>
<p><b>Payroll and other employment benefits</b></p> <p><b>Area of focus</b></p> <ul style="list-style-type: none"> <li>Completeness, accuracy and existence of employee benefits</li> <li>Key estimations and assumptions in determination of Long Service Leave; and</li> <li>Method of provision implemented by management.</li> </ul>	 E	<p><b>Audit risks</b></p> <ul style="list-style-type: none"> <li>Recorded employee benefits are not complete, accurate or exist.</li> <li>Inappropriate assumptions applied in the calculation of employee provisions.</li> </ul> <p><b>Planned Response</b></p> <ul style="list-style-type: none"> <li>Test operating effectiveness of any key controls in place over employee commencements, terminations and payroll management.</li> <li>Substantive test of detail procedures.</li> </ul>

**KPMG risk assessment**



Significant risk due to fraud



Significant risk due to error





Other risks due to error



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## Audit focus areas (cont)

Significant audit matters		
	Assessed risk	KPMG comment
<p><b>Expected credit losses (ECL)</b></p> <p><b>Area of focus</b></p> <ul style="list-style-type: none"> <li>▪ Identification of significant individually impaired trade receivables;</li> <li>▪ Key estimations and assumptions in determination of ECLs; and</li> <li>▪ Method of provision implemented by management</li> </ul>		<p><b>Audit risks</b></p> <ul style="list-style-type: none"> <li>▪ Trade receivables not appropriately identified for loss allowance.</li> <li>▪ ECL calculations not adjusted appropriately to reflect current environment.</li> <li>▪ Inappropriate amount is estimated and recorded for the ECL allowance for trade receivables.</li> </ul> <p><b>Planned Response</b></p> <ul style="list-style-type: none"> <li>▪ Test operating effectiveness of any key controls in identifying impaired receivables;</li> <li>▪ Review of management's ECL calculations;</li> <li>▪ Assessment of reasonableness of key inputs and forecasts; and</li> <li>▪ Assess adequacy of financial statements disclosures regarding impairment of receivables.</li> </ul>
<p><b>Management override of controls</b></p> <p><b>Area of focus</b></p> <ul style="list-style-type: none"> <li>▪ Manual journals and post-closing adjustments; and</li> <li>▪ Significant transactions outside the normal course of business</li> </ul>		<p><b>Audit risk</b></p> <ul style="list-style-type: none"> <li>▪ Management's unique position and ability to commit fraud by manipulating accounting records or overriding controls that otherwise appear to be operating effectively.</li> </ul> <p><b>Planned Response</b></p> <ul style="list-style-type: none"> <li>▪ Identify and test relevant controls over journal entries and post-closing adjustments.</li> <li>▪ Evaluate the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual.</li> </ul>

In addition to the above focus areas, our audit will also incorporate testing of other routine accounts and transactions and ensure disclosures comply with Australian Accounting Standards.

**KPMG risk assessment**



Significant risk due to fraud



Significant risk due to error

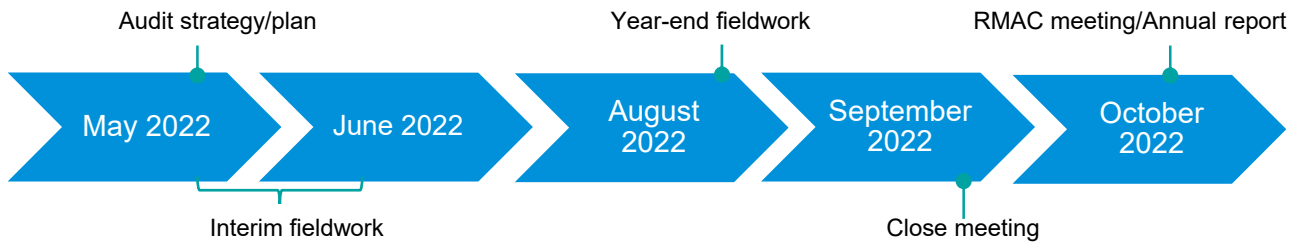


Other risks due to error



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# Timeline and communication



**Continuous communication by engagement team throughout audit**

Meeting	Deliverable	Purpose	Meeting participants	Timing
<b>Kick-off meeting with management</b>	Draft audit plan	<ul style="list-style-type: none"> <li>Outline planned scope and timing of the audit</li> <li>Communicate materiality and work to be performed on components</li> <li>Confirm plan with management and Risk Management and Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Finance team</li> <li>Audit engagement team</li> </ul>	May 2022
<b>Status meetings with management</b>	Audit updates	<ul style="list-style-type: none"> <li>Evaluate how both KPMG and the Council are progressing with the audit plan</li> <li>Communicate audit misstatements and control deficiencies (if any) early, and make requests related to additional audit procedures (if necessary)</li> <li>Discuss significant accounting and audit issues and changes to our risk assessment and audit plan</li> <li>Discuss potential enhancements to the Council financial statement disclosures</li> </ul>	<ul style="list-style-type: none"> <li>Finance team</li> <li>Audit engagement team</li> </ul>	June 2022 and September 2022
<b>Closing meeting with management</b>	Draft Risk Management and Audit Committee report and auditor's report	<ul style="list-style-type: none"> <li>Discuss communications in draft Risk Management and Audit Committee report and draft auditor's report</li> <li>Agree on timeline to complete any outstanding audit deliverables</li> <li>Discuss KPMG's findings related to audit focus areas and any key accounting judgements</li> </ul>	<ul style="list-style-type: none"> <li>Finance team</li> <li>Audit engagement team</li> </ul>	October 2022
<b>Risk Management and Audit Committee meeting</b>	Risk Management and Audit Committee report	<ul style="list-style-type: none"> <li>Discuss any significant changes to KPMG's audit plan and KPMG's findings relating to audit focus areas and any key accounting judgements</li> <li>Communicate audit misstatements</li> <li>Communicate significant control deficiencies</li> <li>Communicate requested written representations</li> </ul>	<ul style="list-style-type: none"> <li>Audit and Risk Management Committee</li> <li>Audit engagement team</li> </ul>	October 2022
	Auditor's report	<ul style="list-style-type: none"> <li>Auditor's report on City of Palmerston's financial statements</li> </ul>		October 2022



# Mandatory communications

The matters listed in the table below are those matters that we are required to communicate to the Risk Management and Audit Committee.

<p><b>Management’s responsibilities (and, where appropriate, those charged with governance)</b></p>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<p><b>Auditor’s responsibilities</b></p>	<p>Forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
<p><b>Auditor’s responsibilities – Fraud</b></p>	<p>Design and implement appropriate responses to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to respond appropriately to fraud or suspected fraud identified during the audit.</p>
<p><b>Auditor’s responsibilities – Other information</b></p>	<p>Obtain, read and consider whether there is a material inconsistency between the other information and (1) financial statements and (2) auditor’s knowledge obtained in the audit.</p> <p>Respond appropriately when material inconsistencies appear to exist, or when other information appears to be materiality misstated.</p> <p>Report on other information in the auditor’s report.</p>
<p><b>Independence</b></p>	<p>Communicate in writing:</p> <ul style="list-style-type: none"> <li>– any relationships (including provision of non-audit services) that bear on our audit independence;</li> <li>– threats to our independence that any relationships create; and</li> <li>– safeguards applied to address those threats.</li> </ul>



**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, 26 July 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.

# MINUTES

## Risk Management and Audit Committee

Tuesday 7 April 2022

The Committee Meeting of the City of Palmerston held in the Council Chambers, Civic Plaza, 1 Chung Wah Terrace, Palmerston, NT 0830.

Minutes of Risk Management and Audit Committee Meeting  
held in Council Chambers  
Civic Plaza, 1 Chung Wah Terrace, Palmerston  
on Thursday 7 April 2022 at 5:30pm.

## PRESENT

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### COMMITTEE MEMBERS

Clare Milikins, Independent Member (Chair)  
Steve Bartlett, Independent Member  
Mayor Athina Pascoe-Bell  
Deputy Mayor Sarah Henderson  
Councillor Amber Garden

### STAFF

Chief Executive Officer, Luccio Cercarelli  
Deputy Chief Executive Officer, Amelia Vellar  
General Manager Community Culture, Anna Ingram  
Acting General Manager Infrastructure, Glenn Collins  
Director Governance Finance, Wati Kerta  
Minute Secretary, Chloe Hayes

### GALLERY

KPMG Senior Consultant, Chris Wie

Initials: \_\_\_\_\_



*A Place for People*

1 ACKNOWLEDGEMENT OF COUNTRY

*I respectfully acknowledge the traditional owners of the land on which we are meeting - the Larrakia People - and pay my respects to their elders, past, present and future.*

2 OPENING OF MEETING

The Chair declared the meeting open at 5:07pm.

3 APOLOGIES AND LEAVE OF ABSENCE

3.1 Apologies

Nil

3.2 Leave of Absence Previously Granted

Nil

3.3 Leave of Absence Request

Nil

4 REQUEST FOR AUDIO/AUDIOVISUAL CONFERENCING

Nil

5 DECLARATION OF INTEREST

5.1 Committee Members

Nil

5.2 Staff

Nil

6 CONFIRMATION OF MINUTES

6.1 Confirmation of Minutes

Moved: Mayor Pascoe-Bell  
Seconded: Councillor Garden

THAT the Minutes of the Council Meeting held on 20 October 2021 pages 170 to 175 be confirmed.

CARRIED RMA10/14 - 77/04/2022

Initials: \_\_\_\_\_

## 6.2 Business Arising from Previous Meeting

Nil

## 7 DEPUTATIONS AND PRESENTATIONS

Nil

## 8 CONFIDENTIAL ITEMS

### 8.1 Moving Confidential Items into Open

Nil

### 8.2 Moving Open Items into Confidential

Nil

### 8.3 Confidential Items

Nil

## 9 OFFICER REPORTS

### 9.1 Action Reports

#### 9.1.1 Action Report - April 2022

Moved: Steve Bartlett  
Seconded: Mayor Pascoe-Bell

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

1. THAT Report entitled Action Report - April 2022 be received and noted.
2. THAT the Risk Management and Audit Committee approve the change in date for the following:
  - a) Completion of the IT Disaster Recovery Plan and that a report be presented to the Risk Management Committee Meeting by July 2022.
  - b) Risk Management and Audit Committee Workshop to be held by the end of April 2022.

CARRIED RMA10/15 – 7/04/2022

#### 9.1.2 IT Disaster Recovery Plan Update

Moved: Councillor Garden  
Seconded: Mayor Pascoe-Bell

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

Initials: \_\_\_\_\_

1. THAT Report entitled IT Disaster Recovery Plan Update be received and noted.
2. THAT the Control Improvement Plan Register be updated to reflect that the IT Disaster Recovery Plan to be completed by July 2022.

CARRIED RMA10/16 – 77/04/2022

### 9.1.3 Strategic Asset Management Plan Update

Moved: Steve Bartlett  
Seconded: Councillor Garden

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

1. THAT Report entitled Strategic Asset Management Plan Update be received and noted.
2. THAT the Control Improvement Plan Register be updated to reflect:
  - a) The completion of the Asset Management Plan updates
  - b) The Asset Management Framework in accordance with ISO55001 to be completed by October 2022; and
  - c) The Strategic Asset Management Plan to be completed by August 2022.

CARRIED RMA10/17 – 77/04/2022

### 9.1.4 Management Response to External Audit Observations 2021

Moved: Mayor Pascoe-Bell  
Seconded: Steve Bartlett

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

1. THAT Report entitled Management Response to External Audit Observations 2021 be received and noted.
2. THAT Council notes that the outstanding actions must be completed as part of the preparation of the 2021-22 financial statements and that the Chief Executive Officer will provide a written update to the City of Palmerston External Auditor.

CARRIED RMA10/18 – 77/04/2022

*Deputy Mayor Henderson entered the meeting at 5:17 pm.*

### 9.1.5 Update Strategic Risk Review

Moved: Mayor Pascoe-Bell  
Seconded: Deputy Mayor Henderson

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

1. THAT Report entitled Update Strategic Risk Review be received and noted.

Initials: \_\_\_\_\_

2. THAT a Risk Management and Audit Committee workshop be conducted for the end of April 2022.

CARRIED RMA10/19- 77/04/2022

## 9.2 Receive and Note Reports

### 9.2.1 Insurance Program Review

Moved: Steve Bartlett  
Seconded: Deputy Mayor Henderson

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

THAT Report entitled Insurance Program Review be received and noted.

CARRIED RMA10/20 - 77/04/2022

## 10 INFORMATION AND CORRESPONDENCE

### 10.1 Information

Nil

### 10.2 Correspondence

Nil

## 11 GENERAL BUSINESS

Nil

## 12 NEXT COMMITTEE MEETING

Moved: Mayor Pascoe-Bell  
Seconded: Councillor Garden

THAT the next Risk Management and Audit Committee Meeting be held on Tuesday, 24 May 2022 at 5:00pm in the Council Chambers, Civic Plaza, 1 Chung Wah Terrace, Palmerston.

CARRIED RMA10/21 - 77/04/2022

Initials: \_\_\_\_\_



A Place for People

13 CLOSURE OF MEETING TO PUBLIC

Moved: Mayor Pascoe-Bell  
Seconded: Councillor Garden

THAT pursuant to section 99(2) and 293(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.

CARRIED RMA10/22 – 77/04/2022

The Chair declared the meeting closed at 6:03pm.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

Initials: \_\_\_\_\_