



AGENDA

**AUDIT AND RISK MANAGEMENT
COMMITTEE MEETING**

FRIDAY, 17 MAY 2019

Notice is given that the next Audit and Risk Management Committee Meeting of Tiwi Islands Regional Council will be held on:

- Friday, 17 May 2019 at
- Tiwi Land Council Boardroom - 116 Reichardt Rd, Winnellie
- Commencing at 10:00am

Your attendance at the meeting will be appreciated.

Valerie Rowland
Acting Chief Executive Officer

AGENDA

1 WELCOME & APOLOGIES

1.1 WELCOME

1.2 PRESENT

1.3 APOLOGIES

Apologies were received from:
Councillor Leslie Tungatulum

1.4 LEAVE OF ABSENCE

1.5 DECLARATION OF INTEREST OF MEMBERS OR STAFF

2 CONFIRMATION OF PREVIOUS MINUTES

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4 REPORTS FOR INFORMATION

Nil

5 NEXT MEETING

Monday, 3 June 2019



**MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE MEETING HELD IN
THE WINNELLIE TIRC OFFICE
ON MONDAY, 11 FEBRUARY 2019 AT 10:00 AM**

1 WELCOME & APOLOGIES

1.1 Welcome

The meeting opened at 10:12 am.

1.2 Present

Chairperson: Brendan Dowd.

Committee Members: Sandra Cannon (2nd Independent member), Mayor Gawin Tipiloura and Cr Lynette De Santis (10:42am).

Visiting Councillor: Therese (Wokay) Bourke.

Officers: Marion Scrymgour (CEO), Shane Whitten (CFO), Bala Donepudi (Finance Manager), Maina Brown (Governance & Compliance Manager) and Kesara Scrymgour (Governance Support Officer).

1.3 Apologies

Nil

1.4 Leave of Absence

Nil

1.5 Declaration of Interest of Members or Staff

Nil

2 CONFIRMATION OF PREVIOUS MINUTES

Audit and Risk Management Committee - 5 November 2018

1 RESOLUTION

Moved: Sandra Cannon

Seconded: Gawin Tipiloura

That the minutes of the Audit and Risk Management Committee held on 5 November 2018 as circulated, be confirmed as a true and correct record of that meeting.

CARRIED

3 GENERAL BUSINESS

3.1 BUSINESS ARISING FROM PREVIOUS MINUTES HELD ON

2 RESOLUTION

Moved: Sandra Cannon

Seconded: Gawin Tipiloura

That the Committee accepts these discussions and report.

Item 3.1 – Business arising from previous minutes held on 6 June 2018

Action:

Governance and Compliance Manager to send agenda out to all ARMC committee members one week in advance.

Item 3.3 – ARMC Survey Summary

Action:

Re-table the ARMC assessment survey and report at the next ARMC committee meeting to be held in May 2019 with a date to be confirmed.

Item 3.6 – ARMC Terms of Reference

It was suggested by the Chairperson that all ARMC members and staff to reflect back on the Terms of Reference to guide and reflect what the requirements are of the ARMC committee.

CARRIED

3.2 RESIGNATION OF AN ELECTED MEMBER - PIRLANGIMPI WARD

This report is to notify the Audit and Risk Management Committee (ARMC) members regarding the recent resignation of an elected member of Pirlangimpi Ward.

3 RESOLUTION

Moved: Gawin Tipiloura

Seconded: Sandra Cannon

That the Committee:

1. Receive and note this report for information.
2. Note the nomination of Therese (Wokay) Bourke as the Pirlangimpi Ward representative on the Audit and Risk Management Committee up until their end of term or resigns from the position.

CARRIED

3.3 TIRC MANAGEMENT LETTER 2018

This report is written to provide an update to the Risk and Audit Committee on progress to address the 12 issues raised by Merit Partners in their Management Letter from the audit of the 2018 financial statements.

4 RESOLUTION

Moved: Gawin Tipiloura

Seconded: Sandra Cannon

That the Committee:

1. Receive and note this report for information.
2. Request for Item 3 cash handling and Item 4 Policies and Procedures – Receipts that an update be provided at the next ARMC meeting.
3. Invite the External Auditors to attend the next ARMC meeting to be held in June 2019.
4. Recommend that the Chief Financial Officer forward the 2018 Audit Report outcome to the external auditor.

CARRIED

Action:

CEO to forward the Federal Governance (Acquittal Outcome) and Northern Territory Government correspondence regarding additional untied funding and also the Dept of Housing and Community Development correspondence of discontinuation of department feedback on TIRC finance reports to Brendan Down and Sandra Cannon for information.

Management Accountant to liaise with the three office coordinators as part of the implementation of the Cash Handling & Policies and Procedures – receipts. Timeframe to be completed by 31 March 2019.

3.4 REVISED BUDGET 2018/19

This report is to provide Council members with an update on financial performance for the half year ended 31 December 2018, and to provide some guidance on Council's expected financial performance for the year ended 30 June 2019.

5 RESOLUTION

Moved: Lynette DeSantis

Seconded: Gawin Tipiloura

That the Committee receive and note this report for information.

CARRIED

At this point of the meeting a break was called at 11:45 am.

The meeting recommenced at 11:57 am.

3.5 RISK MANAGEMENT POLICY

This report provides members with an approved Risk Management Policy for information and discussion.

6 RESOLUTION

Moved: Gawin Tipiloura

Seconded: Sandra Cannon

That the Committee:

1. Receive and note this report for information.
2. Allocates time to reflect the content of the Risk Management Policy and ARMC Terms of Reference at the next ARMC meeting.

3.6 POPULATION OF AUDIT AND RISK WORK PLAN

This report is put before the committee members for discussions.

7 RESOLUTION

Moved: Lynette DeSantis

Seconded: Gawin Tipiloura

That the Committee:

1. Notes and receive this report for information, accepts these discussions and update the Audit and Risk Management Work Plan as required.
2. Request that staff review the ARMC Terms Of Reference and extract the items that are required to be part of the ARMC Work Plan.
3. Recommend the ARMC Second Independent member's tenure to be tabled at the next Ordinary Council meeting to be held on 20 February 2019.

CARRIED

4 REPORTS FOR INFORMATION

Nil

5 NEXT MEETING

May 2019 date to be confirmed.

6 CLOSURE

The meeting closed at 12:34 pm.

These Minutes were confirmed at the ARMC Meeting of the Council held on 17 May 2019.

Signed:

Chairperson

5 NEXT MEETING

Monday, 3 June 2019

GENERAL BUSINESS

ITEM NUMBER 3.1
TITLE Business Arising from Previous Minutes
REFERENCE 225960
AUTHOR Maina Brown, Governance & Compliance Manager



BACKGROUND

This is the section of the meeting where any business arising from previous meetings is dealt with.

Attached are the draft minutes from the Audit & Risk Management Committee Meeting held on 11 February 2019 for committee members to read and provide any comments.

ISSUES/OPTIONS/CONSEQUENCES

Nil

CONSULTATION & TIMING

Nil

RECOMMENDATION:

That the Committee accepts these discussions and report.

ATTACHMENTS:

GENERAL BUSINESS

ITEM NUMBER	3.2
TITLE	Update on Second Independent Member appointment
REFERENCE	226015
AUTHOR	Maina Brown, Governance & Compliance Manager



This report provides members with an update in regards to the recent vacant position as a Second Independent Member on the Audit and Risk Management Committee.

BACKGROUND

Noted to be moved as confidential.

ISSUES/OPTIONS/CONSEQUENCES

Nil

CONSULTATION & TIMING

Nil

RECOMMENDATION:

That the Committee notes this report for information.

ATTACHMENTS:

GENERAL BUSINESS

ITEM NUMBER	3.3
TITLE	Re-tabling of Risk Management Policy and ARMC Terms of Reference
REFERENCE	226004
AUTHOR	Maina Brown, Governance & Compliance Manager



This report provides members with an approved Risk Management Policy and Audit and Risk Management Terms of Reference for information and discussion.

BACKGROUND

At that the last Audit and Risk Management Committee meeting held on 11 February 2019, members requested for the Risk Management Policy and ARMC terms of reference to be re-table at today's meeting for further discussions.

Attached to this report a Risk Management Policy that Council approved at its Ordinary Council meeting held on 28 February 2018 and Audit and Risk Management Committee terms of reference for committee members information.

ISSUES/OPTIONS/CONSEQUENCES

Nil

CONSULTATION & TIMING

Nil

RECOMMENDATION:

That the Committee receive and note this report for information.

ATTACHMENTS:

- 1 TIRC - Policy 11 - Risk Management Policy - Approved 28-02-2018.pdf
- 2 Terms of Reference for TIRC Audit and Risk Committee Approved 21.3.2018.pdf



Tiwi Islands Regional Council

Title:	Risk Management Policy
Policy No:	011
Adopted By:	Council
Next Review Date:	May 2020
Responsibility:	Chief Executive Officer
Magiq Document Number:	215125

Version	Decision Number	Adoption Date	History
1	Resolution 10 of 27-05-2015	27 May 2015	Doc ID: 206409
2	Resolution 6 of 28-02-2018	28 February 2018	Doc ID: 215125

1. Objective

To set out why, how and who will manage Tiwi Islands Regional Council's (TIRC) risks and require that risk management will be imbedded in Council policies, procedures and its decisions making.

2. Key Terms

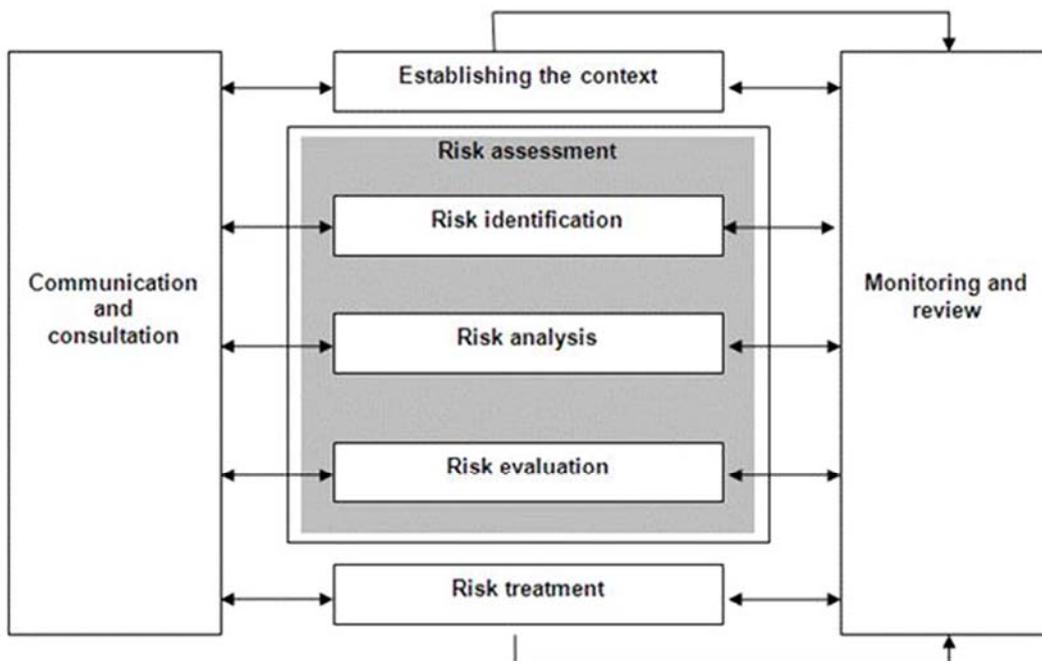
Risk Management ('RM')	The coordinated activities to direct and control Council with regard to risk. Activities are directed towards the effective management of culture; processes and structures in order to optimise potential opportunities and either eliminate, minimise or reduce adverse effects within acceptable legal and policy settings.
RM Framework	A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Council.
RM Plan	A scheme within the RM framework specifying the approach, management components and resources to be applied to the management of risk. It should include agreement on matters such as risk appetite, risk tolerance, benchmarks and planned activities to development RM over the immediate and medium term. It can be incorporated into a wider change or transition plan.
RM Standard'	The current RM standard, AS/NZ ISO 31000 (2009)
Hazard	A source or a situation with potential harm in terms of injury or illness, damage to property or the environment, or a combination of these.
Risk	The chance of something happening (effect of uncertainty) that could impact on objectives or expectations – whether negative or positive. Risk is often characterised by reference to potential events and consequences, or a combination of these and the associated likelihood of an occurrence.
Incident	Unplanned event resulting in, or having the potential for injury, ill health, damage or other loss.
Secondary Risk	The risk associated with risk treatment. Similar to 'side effects', it needs to be



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	considered as part of risk treatment options before treatment is decided.
RM Process	The systematic application of management policies, procedures and practices, to the activities of establishing context, identifying, analysing, evaluating, treating, monitoring and communicating risk.
Risk Assessment (RA)	That part of the RM process which identifies, analyses and evaluates risk.
Risk Register (RR)	A collection of information with regard to risk. It may or may not include all information required in the full RM process. Best used as a consolidated summary of RM information and for classifying risks according to type, level and actions. A useful tool for review by management.
SMT	Senior Management Team
MFL	Maximum Foreseeable Losses

The overall linkages in assessing and managing risk are shown in the diagram below.





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3. The rationale for managing our risks

Council operates in an uncertain environment. In order to reduce uncertainty we will develop and review our Risk Management Framework to improve performance and realisation of objectives and compliance.

This will be done by identifying key risks then determine whether it is reasonably practicable to eliminate these risks, or otherwise reduce, share or accept them at acceptable levels.

The TIRC RM Framework will consist of the elements that support the RM process across Council. Ultimately it will also support our mission and values, improve our ability to meet strategic, operational and financial objectives, seek opportunities as they arise and make Council more resilient to sudden and unforeseen threats.

Council acknowledges that it needs risks to operate, but in doing so it also must assess which are positive, tolerable and unacceptable. Council also recognises the supporting and interrelationships between good governance, compliance and risk management. Most key objectives are set under governance processes and governance has its own risks. Managing these is consistent with achieving our broadly defined role, functions and objectives described in sections 11, 12 and 13 of the *NT Local Government Act*.

4. Links between Council objectives, policies and procedures and this policy

Council will manage risks associated with policies, plans, executive decisions and laws.

Risk levels will be determined by establishing criteria to define risk and then assessing the potential consequences and likelihood of the inability to meet our objectives. Descriptions of risk will refer to formal (written) and / or implied (assumed) objectives.

Council and the SMT will review these objectives and the policies and procedures designed to achieve them. Policies and procedures will be a major part of risk 'controls' or treatments to moderate risk. Others are the appropriateness of organisational structures and our culture.

As policies, functions and laws are added or changed; risks associated with them will be reviewed and altered as required.

5. Accountabilities, Approach and Responsibilities for Risk

Every person is a 'risk owner' to the extent that they direct or are held responsible for the planning, designing and delivery of operations or has some authorised and material influence over council matters (such as a contractor).

Risk and hazard assessments are required continuously prior to activities or commitments, including contractual commitments, and any other time if material changes in circumstances occur. Assessments may not be required for routine activities where controls are fully understood, practiced and effective. Assessments could range from 'Take -5' and 'tool box' discussions to formal and complex reports.



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Approach

The approach to be used by all risk owners is to:

- i. Contribute to RM development.

Participate in RM processes, undertake review and compliance with Council policies and procedures.

- ii. Communicate and Consult (also see section 9).

The best way to engage stakeholders and obtain information about matters important to them is to do this with a wide range of relevant internal and external stakeholders. Consultation requires the active seeking of views from relevant parties and in the case of workplace safety, it is a statutory requirement.

- iii. Compliance.

Capture key legislative and industry codes of practice, manufacturer's instructions and recognised best practice and the like.

Eliminate or reduce risk to 'As Low As Reasonably Practicable' (ALARP).

If we cannot eliminate risk, then efforts to manage risks are to be in accordance with the concept of reducing risk to ALARP and is tolerated according to Council risk criteria. The exception to ALARP is where strict regulatory or Council policy conformance requires a more expensive or difficult treatment.

Secondary and aggregated risk will form part of Risk Assessment's before ALARP and treatment decisions are made.

- iv. Safety first.

Apply a 'safety first' approach to workplace and public safety risks by eliminating them, or if that is not possible, to reduce them to ALARP and meeting any legal requirements after undertaking a risk assessment.

- v. Risk Management principles.

Management and supervisors will be taught to understand and apply the eleven RM principles in the Standard. The first and key principle is that RM should be designed to add value to Council. Considering and seeking reasonably available information prior to analysing and deciding on risk treatments is another. In all, the principles will be used as guidance to address risk issues and to review RM performance.

- vi. Determining causation.

We will examine potential and actual causes in order to choose the most appropriate controls to eliminate, minimise, detect and respond to adverse situations. Causation will



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be examined according to a range of risk factors, including immediate and root causes in controls and management failures. More complex causation may need to consider 'chain of event' control points and human factors.

'Individual failures', if any, will only be considered after all other factors are considered.

vii. Ability to change or moderate risk.

Council will seek agreement or consensus on what can be changed, changed over time, may be influenced and where it has little or no ability or capability to change. For the later, we will either stop the activity or formally tolerate the risk.

viii. Additional consideration is to be given to risks that are considered:

- o high consequence (catastrophic), even if an apparently low likelihood
- o high frequency (chronic), even if considered of low consequence;
- o major or extreme and dependent upon a single or few critical controls; and
- o risk 'groups' with controls that are inter- dependent or exist cross-functionally between managerial and operating departments.

ix. Council will develop and maintain a RM Framework / Guide and Plan.

x. Financial risk

General

Consideration will be given to all risks of potential unplanned financial losses or gains. This includes risk areas not normally categorised as 'financial risk' (such as safety), but which still may involve a financial impact (such as fines and business interruption). Financial loss or benefits will extend to unnecessary waste, increased costs, inefficiency and lost opportunities.

Potential material variations to planned financial outcomes will have controls in place to limit losses and enhance opportunities. Otherwise, consideration will be given to changing or stopping the activity.

Risk Adjusted Delegated Authorities

If risk assessments indicate that maximum foreseeable losses (MFL) could exceed delegated limits for the defined activity or contract sum, then approval for the obligation or service will be escalated to the appropriate higher level based on the net maximum foreseeable losses. In determining risk adjusted delegated authorities, the net MFL exposure will take into account any strong security in Council's favour and its own insurances.

Typically, risk adjusted delegated authorities will arise when there are significant contractual indemnities, guarantees or damages in favour of other parties, or Council financial exposures found in legislation and civil liabilities.



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Fraud

In accordance with the Local Government Act, Council will have a Fraud Management Plan. An effective Plan will include strategies to reasonably prevent, detect and respond to key areas of potential fraud. The plan will extend to non-financial fraud (such as false identity or qualifications), although they too may also lead to adverse financial consequences.

Financing Losses

All risks with the potential for large or chronic (ongoing) losses will require acceptance of controls needed to finance all or the greater part of those losses. Typically this includes insurance, but may also involve security, guarantees and other loss sharing arrangements. Otherwise, formal internal acceptance is required to self-fund losses.

Key Roles:

- Council: Elected members serving the interests of the region according to a Council Plan approved by them, defining core and non - core service, oversight of strategic and major risks and priorities and how they will be delivered.
- Local Authorities: Obligations from delegated authority, obtaining information and providing advice to Council from the community level.
- Senior Management Team: Operational and financial planning and report requirements, implementation, human resource selection, defining roles, division budgetary controls and management decision making processes. Development of strategic and major risk management, the RM Framework, priorities and how RM will be delivered.
- Managers: The way work is planned and performed on a day to day basis with respect to achieving objectives and managing risk.
- Specialists: Supervisors and senior managers who have certain skills and experience in training, work methods, compliance and delivery of safe and effective services for which others are reliant. They may have additional internal and legal responsibilities;
- Employees (generally): According to position descriptions, delegated authorities, training and experience and adequacy of resources provided to them from management.
- Contractors: Delivery of special skills, their staff and sub - contractors and to do so safely for all persons potentially impacted by their activities.

6. How conflicting and cross functional objectives and risks will be dealt with

Council recognises that from time to time working towards targets with agreed processes may create conflict between objectives and may arise across service functions. As a result priorities may need review, 'trade-offs' considered and sometimes even objectives require revision.

Examples include:



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- Target completion time versus non – compliance or unacceptable health and safety risk;
- Using lower cost and quality service / materials versus long-term performance and life-cycle cost;
- Undertaking services that are unfunded / not fully funded versus opportunity cost – i.e. what value was sacrificed by not apply the same resources elsewhere;
- Current budget period cost versus long – term cost financial impact and value;
- Accepting a tolerable risk in one function or location but aggregation of the same risk 'Council – wide' across all functions or locations may not be acceptable or requires a different treatment strategy.
- Meeting a service level performance requirement which will, or is likely to lead, to greater loss, damage or failure of another objective or creates adverse reputation to Council.

The SMT will identify common or linked risks and where interdependencies exist, aggregate them in order to determine the full impact on Council. Risk strategies will include consideration of Council-wide treatments and efficiencies.

Employees will make reasonable efforts to inform their supervisor / managers of actual or potential conflicts in objectives in which they are reasonably aware. This may apply within their work area or across functions - between their work area and other work areas.

Managers will identify or confirm potential conflicting objectives and cross functional risks. then consider what is in the best interests of Council. If uncertain or other priorities apply, managers will escalate the matter to their own manager.

Managers of services will not be disadvantaged if they consciously forgo or delay their own service / function objectives in circumstance where wider consultation requires meeting a greater 'Council – wide' imperative to manage other or higher risk issues and priorities.

7. Commitment to make the necessary resources available

The SMT is ultimately responsible for ensuring that resources to provide capacity and expertise to develop RM and control / risk treatment initiatives will be fit for purpose, compliant and properly applied and maintained.

This includes equipment, technology, services, time, training, education etc. The commitment to make resources available applies at two levels. This is to develop, support, implement and review:

- The RM framework, and
- Specific risk contexts, assessments, treatments, reporting and consultation.



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Recommendations to the SMT for the amount and nature of resources, including advice, will come from the *joint consideration* by specialist managers and supervisors (e.g. procurement, technical and safety officers). This will assist in determining appropriate design and control options and include consideration of compliance, availability, quantity, quality, safety, impact on the public and cost.

8. The way in which RM performance will be measured and reported

RM performance and reporting will be key and transparent features of effective RM for Council.

Performance Measures may include:

- i. The proportion of service areas that have risk profiles of key risks and / or hazards established, and kept up to date,
- ii. The proportion of each service area profile's that have approved decisions (i.e. accept or treat) and for those requiring treatment, have action plans.
- iii. The status of risks undergoing treatment against plans according to schedule, cost and quality.
- iv. The proportion and number of completed treatment plans since the last reporting period.
- v. The number of significant incidents in which the hazard / risk has not been formally identified.
- vi. The number and nature of significant opportunities lost, or near lost.
- vii. Qualitative or quantitative benefits / costs arising from current and past treatments: e.g. Lessons learned and changes in effectiveness, value, incidents / accidents, community response etc.
- viii. The progress of the current RM plan for the development, implementation, improvement and review of Council's RM Framework
- ix. Assurance.

RM assurance will be derived from a number of internal and external processes. Approved recommendations will be added to the action / treatment plans to improve risks and the supporting RM framework. Written reasons will be given by management for RM recommendations that are not accepted, modified or replaced by other strategies.

Assurance will involve providing findings, evidence, conclusions and recommendations in relation to:

- The achievement or otherwise of meeting compliance and performance requirements, and whether risk was adequately considered in the efforts to meet them;



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- Identification of major non – conformances and the implications for risk;
- Whether treatments and required improvements were:
 - implemented in the scheduled time, and
 - meet expected outcomes including eliminating or reducing risk to a tolerable level
- Services / departments considered and took advantage of reasonable opportunities when they arose;
- Whether lessons are learned from losses, incidents or even exceeding objectives, and as a consequence, were appropriate responses or treatments considered and implemented.

Assurance of the RM framework will include a 'three lines of defence' ('two lines' if no IA) model:

1. External Audit- financial and other as required (e.g. accreditation, investigations)
 2. Internal Audit: *Risk based IA* program (only if Internal Audit exists).
 3. Management Reviews. Internal or outsourced review of compliance, performance and risks for internal or external functions and services.(Must have evidence of this if IA does not exist)
- x. Customer / community feedback from compliments, complaints, surveys, discussions etc.

Reporting Requirements

- i. Immediate (to next level of management unless other procedures say otherwise):
 - a. 'New' material risks, including:
 - i. new risks
 - ii. existing but until recently not identified or recorded risks, or
 - iii. increase in the risk level to major or extreme.
 - b. Hazards, risk 'alerts' from external authorities or manufacturers, control failures,
 - c. Accidents, incidents and investigations (including matters that have the potential to cause significant harm or damage),
 - d. Where it is known a significant objective / expectation can no longer be achieved,
 - e. Outcomes of latest tests / assurance reports,
 - f. Any crisis and key service interruption to service continuity or potential for interruption.

- ii. Monthly – Operating units to SMT

Summary of:

- a. Matters arising from current month's activities (including i. above)
- b. Progress of significant ongoing risk assessments and treatments
- c. Compliance: advise any material non- compliance and new or expected changes in compliance requirements impacting services or Council.



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- iii. Quarterly - SMT
 - a. Progress towards achievement of strategic objectives and major risk treatments
 - b. Progress of other major risks treatment and emerging risks (i.e. not fully understood)
- iv. Yearly
 - a. To Council:
 - i. The SMT will provide a progress report against the past year's RM plan, and table the Risk Register..
 - ii. Internal Audit (if IA exists): Issue an assurance statement on the status of RM and its development according to the RM Plan.
 - iii. Financial Exposures. Confirmation of:
 - Insurance program / scheme renewals.
 - Fraud management status,
 - Exposures above \$XX (defined as aggregated and triggered by a single event)
 - Required financial security / guarantees in Council's favour
 - Guarantees / contingent liabilities by Council provided to others.
 - New / increased exposures against maximum foreseeable losses,
 - Implications of asset valuations obtained / required.
 - b. Annual Report

Will include a section on Council's RM development, major RM issues (past year and expected for the next 3 years) and achievements against RM Plan over the past year.
- v. Other Reports – as required to by external regulators and authorities.

9. Consultation and Communication

Council recognises and the Standard requires effective communication and active consultation as essential for good RM. It is a continual and iterative processes conducted to provide, share or obtain, and to engage in dialogue with stakeholders regarding the management of risk. It is important as an influence to decision-making.

The SMT will, as part of the RM Plan, develop / review the Consultation and Communication plan with internal and external stakeholders.

The plan will be formulated following discussions and negotiations concerning the views and expectations of persons and entities impacted by Council activities, and also how other persons and entities could impact Council. This is will ensure that the views of stakeholders are taken into account, ensure all parties are better informed of material needs and issues, and have realistic expectations given limited resources, other priorities and associated risks.

The resulting plan will provide an opportunity and evidence how objectives are set and risks associated with them can be better managed.



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10. Review and improvement of this policy and the RM Framework

The SMT will review the effectiveness, value creation, protection and resilience afforded to Council arising out of the RM Framework. This will be done no less than every three (3) years and earlier if circumstances determine a need for an earlier review.

11. Key Related Policies and Procedures

Most other policies and procedures create objectives (and therefore risk) and controls to manage them. Many need to have statements that describe individual risk tolerance criteria and risk 'appetite' covering Council – wide exposures. Some key policies and procedures related to Council RM are: (add or delete as required):

- Corporate Plan
- Delegations
- Governance – meetings, conflicts of interest etc.
- Communications and Consultation
- Human Resources
- Procurement & Contract management
- Compliance: legislative, contracts (funding and others), negligence
- Fraud Management Plan (required in NT for Councils)
- Infrastructure and Capital Development
- Workplace Health & Safety and Injury Management
- ICT Disaster Recovery
- Disaster Management and / or Business Continuity
- Emergency evacuation plans
- Insurance program
- Asset Management
- Operational Induction programs

Review as needed or in 3 years whichever occurs first.



Tiwi Islands Regional Council Audit & Risk Management Committee

Tiwi Islands Regional Council Audit & Risk Management Committee Terms of Reference

Introduction

The Tiwi Islands Regional Council (Council) has established an Audit and Risk Management committee pursuant to Regulation 10 of the Local Government (Accounting) Regulations and Section 54 of the Local Government Act.

The Audit and Risk Management Committee is an independent advisory body established by Council under the Local Government Act and Regulations. The Audit and Risk Management Committee provides an important independent role between Council and its management and between Council and its community.

Purpose

The purpose of the Audit and Risk Management Committee is to provide independent assurance and advice in relation to Council's:

- Risk Management
- Internal Control
- Governance arrangements and performance frameworks
- Financial management and statements
- Legislative and Policy Compliance
- Internal audit
- External audit

The Audit and Risk Management Committee will provide assurance as to the achievement of Regulation 10 (1) requirements such as the need for internal controls that:

- safeguard the assets of the council;
- ensure the accuracy, completeness and reliability of the accounting data;
- promote the operational efficiency of the council;
- ensure compliance with relevant laws in force in the Territory; and
- ensure adherence to council policies.

The Audit and Risk Management Committee will also support the requirements of Regulation 10 (3) and monitor Council compliance with:

- proper standards of financial management; and
- relevant regulations and the Accounting Standards.

The Audit and Risk Management Committee can assist in identifying areas where changes are required to strengthen internal controls and management systems and practices as well as reduce Council's exposure to various financial, operational, compliance and performance risks.



Tiwi Islands Regional Council Audit & Risk Management Committee

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

The Audit and Risk Management Committee will play a role to assist in the development of:

- a culture of performance, accountability, transparency, high ethical standards, compliance with laws and policies and integrity; and
- good financial and corporate governance practices across the ongoing operations of the Council.

Membership

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

- three (3) Councillors; and
- two (2) external Independent Members being an Independent Chairperson and a 2nd Independent Member.

Independent Members of the Audit and Risk Management Committee shall have senior executive experience and knowledge in areas including corporate governance, internal control and risk management, financial management, budgeting and reporting, operational and business management. They will also have experience in the role and functions of audit committees and an understanding of the regulatory and operational setting of Regional Councils.

Term of Appointment and Termination of Committee Members

- Appointments of external independent members to the Audit and Risk Management Committee shall be for a term of up to four years and no less than 2 years. The appointment may be terminated by the Council should the member miss two (2) consecutive meetings without an accepted apology, unable to be contacted when organizing a meeting or for any other cause reasonably considered by Council.
- Appointments of Councillors shall be for a term of two years or until the end of the term of the Council, whichever is the lesser. Committee members cease being a member of the committee if they are no longer an elected member of the Council. The appointment may be terminated by the Council should the member miss two (2) consecutive meetings without an accepted apology or for any other cause reasonably considered by Council.

Authority

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

- seek any information it requires from any employee of the Regional Council or external third party (subject to any legal obligations to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);

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- request the attendance of any employees, including the Chief Executive Officer, at Audit Committee meetings; and
- obtain external legal or other independent professional advice with the agreement of the Chief Executive Officer.

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

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

Specific Roles and Responsibilities

Without prescribing the work and priorities of the Audit and Risk Management Committee (which will need to be determined having regard to the particular circumstances relevant to the Council), the committee will give consideration to and make recommendations to Council on findings on the following matters:

Risk Management

- whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the entity's business and financial risks, including fraud;
- whether a sound and effective approach has been followed in managing major risks including those associated with individual projects, program implementation, and activities;
- the impact of the Council's enterprise risk management framework on its control environment;
- whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested;
- the process of developing and implementing fraud control arrangements and whether appropriate processes and systems are in place to detect, capture and effectively respond to fraud-related information.

Internal Control

- whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective;
- the adequacy of strategic and operational planning, its integration with risk management practices and the means by which performance against plans is monitored and assessed;
- whether management has in place relevant policies and procedures, including Chief Executive's Instructions or their equivalent, and that these are periodically reviewed and updated;



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- whether the appropriate processes are in place to assess whether key policies and procedures (including delegations) are complied with;
- how management identifies any required changes to the design or implementation of key internal controls; and
- whether management has taken steps to embed a culture that promotes the proper use of resources and is committed to ethical and lawful behaviour.

Financial Management and Reporting

- the adequacy of key internal controls and that the financial statements are supported by appropriate management sign-off;
- the quality and clarity of the financial statements, explanations and disclosures, and provide advice to the Chief Executive (including whether appropriate action has been taken in response to audit recommendations and adjustments);
- the processes in place designed to ensure that financial information included in annual report is consistent with the signed financial statements;
- the consistency of, and any changes to, accounting policies;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor; and
- for the Chair to meet with Council on an annual basis or when requested by Council to report on the activities of the ARMC.

Legislative and Policy Compliance

- the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies that the Council must comply with;
- whether management has appropriately considered legal and compliance risks as part of the entity's enterprise risk management plan;
- review the process for building the capacity of Council to manage misconduct risk and its management strategies to enhance resistance to misconduct while at the same time improving Council performance and integrity;
- whether there are adequate systems and practices to achieve compliance with Funding Agreements, Service Level Agreements or any other agreements with any funding bodies or agencies;

Internal and External Audit

- act as a forum for communication between the Council, senior management and internal and external audit;
- review the proposed internal audit coverage, ensure the coverage is aligned with key risks, and recommend approval of the Annual Work Plan by the Chief Executive;
- advise the Chief Executive on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit work plan;



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- review all audit reports and provide advice to the Council and Chief Executive on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice;
- monitor management's implementation of audit recommendations;
- periodically review the internal audit charter and internal audit performance to ensure appropriate authority, access and reporting arrangements are in place;
- provide input and feedback on financial statement and performance audit coverage proposed by external audit, and provide feedback on the audit services provided; and
- provide advice to the Chief Executive on action to be taken on significant issues raised in relevant audit reports.

Provision of Information

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

- any material deviations from the key financial or operational plans of the Council;
- any significant change in risks to the financial or operational capacity of the Council;
- any identified significant weakness in the Council's internal control systems;
- any material adverse financial or operational event; and
- any changes to key financial management and operating systems.

The Audit and Risk Management Committee will be provided with all Council meeting agenda, business papers and minutes and with copies of any changes to Council policies.

Meetings

A meeting of the Audit and Risk Management Committee can be called at the request of any two members of the Committee or by the Chair.

The Audit and Risk Management Committee will hold meetings at least three times in a year.

Meetings can be held in person, by telephone, or by video conference and be chaired by the Independent Chairperson. Should the Independent Chairperson not be in attendance then the meeting will be chaired by the 2nd Independent Member.

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

The Chief Executive Officer, the Director responsible for corporate governance matters and the Finance Manager shall be invited to attend each meeting, unless specifically requested not to do so by the chairperson of the Committee.

Quorum

A quorum for the Audit and Risk Management Committee is three members and must include at least 1 Independent Member.



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Proxies

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

Administrative Support

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

Reporting

Following each meeting of the Audit and Risk Management Committee, a report from the Chairman, including the minutes of the meeting, will be presented to the Council providing information on the meeting and its outcomes.

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

Conflict of Interest

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

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

Meeting Sitting Fee

The Independent Members of the Audit and Risk Management Committee will be remunerated by agreement with the CEO.

Appropriate travel allowances will be paid to Members.

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

Committee Performance and Review

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

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

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

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

Legislation referenced in the Terms of Reference

Local Government Act
Local Government (Accounting) Regulations
Audit Committees General Instructions No.3

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Tiwi Islands Regional Council Audit & Risk
Management Committee

Document Control

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203154		28-02-2017	1	Council
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	14-02-2018	21-03-2018	3	Council

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GENERAL BUSINESS

ITEM NUMBER	3.4
TITLE	Update on the implementation of the Cash Handling & Policies and Procedures - receipt
REFERENCE	226005
AUTHOR	Shane Whitten, Chief Financial Officer



This report provides members on the progress update in regards to one of the 12 compliance items stated on the Management Letter by Merit Partners that was tabled at the last ARMC meeting held on 11 February 2019.

BACKGROUND

We have formulated a plan to convert our cash receipting procedures into TechOne directly, rather than by journal as it is currently done. Our completion date was expected to be March/April.

ISSUES/OPTIONS/CONSEQUENCES

The staff member directly responsible for the delivery of this left unexpectedly early on annual leave on April 2. During her period of annual leave she tendered her resignation effective immediately and has not returned to Council.

CONSULTATION & TIMING

We now anticipate having this completed by 30 June.

RECOMMENDATION:

That the Committee receive and note this report for information.

ATTACHMENTS:

There are no attachments for this report.

GENERAL BUSINESS

ITEM NUMBER	3.5
TITLE	Population of Audit and Risk Management Committee Work Plan
REFERENCE	225961
AUTHOR	Maina Brown, Governance & Compliance Manager



This report is put before the committee members for discussions.

BACKGROUND

Chairperson will discuss further with members and what it is required to achieve this work plan as an ongoing document and to be included in the TIRC Annual Plan.

A copy of the updated Audit and Risk Management work plan is attached to this report for discussion and input from members.

ISSUES/OPTIONS/CONSEQUENCES

Nil

CONSULTATION & TIMING

Nil

RECOMMENDATION:

That the Committee notes and receive this report for information, accepts these discussions and update the Audit and Risk Management Committee Work Plan as required.

ATTACHMENTS:

- 1 Audit and Risk Committee Work Plan 18-19.pdf



Audit & Risk Management Committee – Work Plan/Program 2018 – 2019

Activity	Timeframe		Responsible Officer	Current Status / Outcomes / benefits Achieved	Date Completed	Follow-up Action
	Last Completed	Next Due				
1 Meetings						
1.1 Terms of Reference	Feb 2017	Feb 2018		Reviewed by Audit Committee, February 2017 and recommended changes.	28 Feb 17	
Amended	Nov 2017			Amended ToR went to Council adding Finance Committee duties to that of the ARMC	28 Nov 2017	Approved by Council at its meeting held on 28 November 2017.
Amended	Feb 2018	Feb 2018		Chair to resubmit ToR papers to Council of the changes	28 Feb 2018	Approved by Council at its meeting held on 21 March 2018.
1.2 Risk Management Policy	27 May 2018		CEO / CFO			Policy published
Amended	28 Feb 2018	May 2020				Risk register to be development by CFO/Finance Manager/Grants and Policy Manager
Fraud Protection Policy	23 Jan 2013	May 2020				
Amended	24 May 2018					
1.3 Meetings Conducted				Meetings schedule satisfied legislative		Corporate Calendar for 2019 adopted by Council. Audit &

	Winnellie Office	5 Nov 2018			requirements	5 November 2018	Risk Management Committee meetings: 11 February 2019 3 June 2019 25 October 2019
	Winnellie Office	11 Feb 2019				11 Feb 2019	
	Tiwi Land Council Office Darwin	17 May 2019					All meetings are scheduled for Mondays except October 2018 meeting.
2 Audit and Risk Management Committee Membership							
2.1	Membership						
2.1.1	Council Members - Mayor Leslie Tungatulum (Bathurst Is Ward) - Cr Lynette De Santis (Milikapiti Ward) - Therese (Wokay) Bourke (Pirlangimpi Ward)	27 March 2019 12 Sep 2017 27 March 2019			1 representative from each ward		Review in September 2019 as stated in the terms of reference.
2.1.2	Independent Members - Brendan Dowd - Sandra Cannon	31 Oct 2018 26 April 2019	31 Oct 2020 26 April 2021		Period of two years appointment as per Council's resolution		Review in accordance with appointment end dates. Council advertised for the second independent member

Last updated 13 May 2019

Doc ID: 204876

	Committee							next Audit Committee meeting		
4.5	Comments by External Auditors									No action required
5 Risk Management										
								Risk Register		CFO to discuss with CEO and ARMC
6 Internal Audit										
7 Other Business										
7.1	Council can request to ARMC to review across the organisation once a year									
8 Legislative Compliance Audit										
Originally scheduled for March 2019. DHCD confirmed deferral until March 2020.										