



AGENDA

AUDIT AND RISK COMMITTEE MEETING

WEDNESDAY, 16 JUNE 2023

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

Wednesday, 16 June 2023 at 10:00am
The Roper Room, Roper Gulf Regional Council Support Centre,
2 Crawford Street, Katherine, NT
or
Via Microsoft Teams meeting
Meeting ID:420 138 596 386
Passcode: wmbrd2

Your attendance at the meeting will be appreciated.

A handwritten signature in black ink, appearing to be 'Marc Gardner', written over a light blue wavy background.

Marc GARDNER
CHIEF EXECUTIVE OFFICER

PLEDGE

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

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

PRAMIS BLA WI

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

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

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16 INFRASTRUCTURE SERVICES AND PLANNING DIVISIONAL REPORT

Nil.

17 CLOSED SESSION**17.1 Confirmation of Previous Minutes of the Confidential Session**

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

17.3 Risk Register Update - Corporate Services and Sustainability

The report will conducted in accordance with the Local Government Act 2019 and Local Government (General) Regulations 2021 s51(1)(c)(iii), information that would, if publicly disclosed, be likely to prejudice the security of the council, its members or staff.

17.4 Outstanding Rate Balances & Action Undertaken

The report will conducted in accordance with the Local Government Act 2019 and Local Government (General) Regulations 2021 s51(1)(b) (c)(iv), information about the personal circumstances of a resident or ratepayer; AND information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.

17.5 Executive Report – Corporate Services and Sustainability

The report will conducted in accordance with the Local Government Act 2019 and Local Government (General) Regulations 2021 s51(1)(c)(iii) (c)(iv), information that would, if publicly disclosed, be likely to prejudice the security of the council, its members or staff; AND information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.

RESUMPTION OF MEETING**18 CLOSE OF MEETING**

CONFIRMATION OF PREVIOUS MINUTES



| | |
|--------------------|---|
| ITEM NUMBER | 6.1 |
| TITLE | Confirmation of Audit and Risk Committee Previous Minutes - 17 August 2022 |
| REFERENCE | 1365693 |
| AUTHOR | Bhumika ADHIKARI, Governance Officer |

RECOMMENDATION

That the Audit and Risk Committee confirms the draft minutes of the Audit and Risk Committee Meeting held on 07 June 2023 and affirms them to be a true and accurate record of that meetings decisions and proceedings.

BACKGROUND

The Audit and Risk Committee last met on Wednesday 07 June 2023 at 10:00am. Attached are the unconfirmed minutes of the Audit and Risk Committee Meeting for the Committee's review and confirmation.

ISSUES/OPTIONS/SWOT

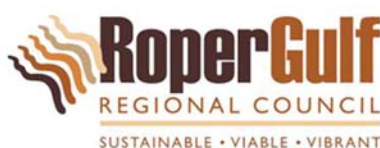
The next Audit and Risk Committee meeting is scheduled to be held on Wednesday, 15 October 2023.

FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

- 1 Audit and Risk Committee 2023-06-07 [2298] Minutes.DOCX



MINUTES OF THE ROPER GULF REGIONAL COUNCIL, AUDIT AND RISK
COMMITTEE MEETING HELD AT THE ROPER ROOM, ROPER GULF REGIONAL
COUNCIL SUPPORT CENTRE,
2 CRAWFORD STREET, KATHERINE, NT
ON WEDNESDAY, 7 JUNE 2023 AT 10:00AM

1 PRESENT MEMBERS/STAFF/GUESTS

1.1 Members

- Independent Member Ian SWAN (Chairperson);
- Independent Member Carolyn EAGLE;
- Independent Member Claudia GOLDSMITH (videoconference); and
- Councillor Patricia FARRELL.

1.2 Staff

- Cindy HADDOW, Acting Chief Executive Officer;
- James SANDERS, Finance Manager;
- Chloe IRLAM, Governance Engagement Coordinator; and
- Bhumika ADHIKARI, Governance Officer (minute secretary).

1.3 Guests

- Matthew KENNON, Director Merit Partners.

2 MEETING OPENED

The Audit Committee Meeting opened at 10:06am.

3 WELCOME TO COUNTRY

4 APOLOGIES AND LEAVE OF ABSENCE

4.1 APOLOGIES AND LEAVE OF ABSENCE

123/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)

CARRIED

That the Audit and Risk Committee accepts the tendered apology from Councillor John DALYWATER.

5 QUESTIONS FROM THE PUBLIC

Nil.

6 CONFIRMATION OF PREVIOUS MINUTES**6.1 CONFIRMATION OF AUDIT AND RISK COMMITTEE PREVIOUS MINUTES - 17 AUGUST 2022****124/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee confirms the draft minutes of the Audit and Risk Committee Meeting held on 12 April 2023 and affirms them to be a true and accurate record of that meetings decisions and proceedings.

7 BUSINESS ARISING FROM PREVIOUS MINUTES

Nil.

8 CALL FOR ITEMS OF GENERAL BUSINESS

- Review of the Audit and Risk Committee's Terms of Reference;
- Development of an annual Work Plan;
- Review of the Risk Management framework, including contract outsourcing and purchasing procedures; and
- An update on the Compliance review.

9 DISCLOSURES OF INTEREST

Independent Member Carolyn EAGLE declared a pecuniary interest as being CouncilBiz Member under the *Local Government Act* and took no further part in debate or discussion.

10 INCOMING CORRESPONDENCE**10.1 INCOMING CORRESPONDENCE****125/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee accepts the incoming correspondence.

11 OUTGOING CORRESPONDENCE

Nil.

12 GENERAL BUSINESS**12.1 REVIEW OF THE AUDIT AND RISK COMMITTEE'S TERMS OF REFERENCE****126/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Wednesday, 16 August 2023.

12.2 DEVELOPMENT OF AN ANNUAL WORK PLAN**127/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Wednesday, 16 August 2023.

12.3 REVIEW OF THE RISK MANAGEMENT FRAMEWORK, INCLUDING CONTRACT OUTSOURCING AND PURCHASING PROCEDURES**128/2023 RESOLVED (Carolyn EAGLE/Claudia GOLDSMITH)****CARRIED**

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Wednesday, 16 August 2023.

12.4 AN UPDATE ON THE COMPLIANCE REVIEW**129/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Wednesday, 16 August 2023.

12.5 RISKS REGISTER**130/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Wednesday, 16 August 2023.

12.6 AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2023**131/2023 RESOLVED (Claudia GOLDSMITH/Carolyn EAGLE)****CARRIED**

That the Audit and Risk Committee requests the Chief Executive Officer to provide an update on the status of the FY 2023 financial reporting timeline and the status of the external audit completion timeline and the status report on the MYOB advanced cutover schedule from the management.

12.7 AUDIT AND RISK COMMITTEE MEETING DATE CHANGE FOR AUGUST 2023**132/2023 RESOLVED (Carolyn EAGLE/Claudia GOLDSMITH)****CARRIED**

That the Audit and Risk Committee reschedules the Audit and Risk Committee Meeting from the 16 August 2023 to 15 August 2023.

Cr Patricia FARRELL left the meeting, the time being 11:02 am.

Cr Patricia FARRELL returned to the meeting, the time being 11:04 am.

13 EXECUTIVE REPORTS**13.1 AUDIT AND RISK COMMITTEE MEMBER ATTENDANCE REPORT****133/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee receives and notes the Audit and Risk Committee Member Attendance Report.

14 COMMUNITY SERVICES AND ENGAGEMENT DIVISIONAL REPORT

Nil.

15 CORPORATE SERVICES AND SUSTAINABILITY DIVISIONAL REPORT

Nil.

16 INFRASTRUCTURE SERVICES AND PLANNING DIVISIONAL REPORT

Nil.

17 CONFIDENTIAL ITEMS**MOVE TO CONFIDENTIAL ITEMS****134/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

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.

17.1 Confirmation of Previous Minutes of the Confidential Session – The report will conducted in accordance with the Local Government Act 2008 s 65(2) and Local Government (Administration) Regulations 2008 reg 8(c)(iv) (d).

17.2 Action List – The report will conducted in accordance with the Local Government Act 2019 and Local Government (General) Regulations 2021 s51(1)(c)(iv), information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.

17.3 Executive Report - Corporate Services and Sustainability –The report will conducted in accordance with the Local Government Act 2019 and Local Government (General) Regulations 2021 s51(1)(c)(iv), information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.

17.4 Risk Register Update – The report will conducted in accordance with the Local Government Act 2019 and Local Government (General) Regulations 2021 s51(1)(c)(iv), information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.

The meeting moved to the Confidential Items at 11:44 am.

RETURN TO OPEN**135/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

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 re-opened to the public.

The Meeting re-opened to the public at 12:14 pm.

18 ITEMS FOR NEXT MEETING**19 CLOSE OF MEETING**

The meeting closed at 12:15 pm.

This page and the preceding pages are the minutes of the Audit and Risk Committee Meeting held on Wednesday, 7 June 2023 and will be confirmed Wednesday, 16 August 2023.

Chairperson Ian SWAN
Confirmed on Tuesday 15 August 2023

BUSINESS ARISING FROM PREVIOUS MINUTES



| | |
|--------------------|--------------------------------------|
| ITEM NUMBER | 7.1 |
| TITLE | Action List |
| REFERENCE | 1365690 |
| AUTHOR | Bhumika ADHIKARI, Governance Officer |

RECOMMENDATION

That the Audit and Risk Committee:

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

KEY OUTCOME AREA

Governance: Increase the effectiveness and efficiency of the organisation, including in engagement with staff members, residents and external stakeholders.

BACKGROUND

ACTION LIST

12.1 REVIEW OF THE AUDIT AND RISK COMMITTEE'S TERMS OF REFERENCE

126/2023 **RESOLVED** (Carolyn EAGLE/Patricia FARRELL)

CARRIED

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Tuesday, 15 August 2023.

Report in Agenda

12.2 DEVELOPMENT OF AN ANNUAL WORK PLAN

127/2023 **RESOLVED** (Carolyn EAGLE/Patricia FARRELL)

CARRIED

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Tuesday, 15 August 2023.

Report in Agenda

12.3 REVIEW OF THE RISK MANAGEMENT FRAMEWORK, INCLUDING CONTRACT OUTSOURCING AND PURCHASING PROCEDURES

128/2023 RESOLVED (Carolyn EAGLE/Claudia GOLDSMITH)**CARRIED**

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Tuesday, 15 August 2023.

*Report in Agenda***12.4 AN UPDATE ON THE COMPLIANCE REVIEW****129/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Tuesday, 15 August 2023.

*Report in Agenda***12.5 RISKS REGISTER****130/2023 RESOLVED (Carolyn EAGLE/Patricia FARRELL)****CARRIED**

That the Audit and Risk Committee deferred this item to the next Audit and Risk Committee Meeting on Tuesday, 15 August 2023.

*Report in Agenda***12.6 AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2023****131/2023 RESOLVED (Claudia GOLDSMITH/Carolyn EAGLE)****CARRIED**

That the Audit and Risk Committee requests the Chief Executive Officer to provide an update on the status of the FY 2023 financial reporting timeline and the status of the external audit completion timeline and the status report on the MYOB advanced cutover schedule from the management.

*Reports in Agenda***ISSUES/OPTIONS/SWOT**

Nil

FINANCIAL CONSIDERATIONS

Nil

ATTACHMENTS

EXECUTIVE REPORTS

| | |
|--------------------|---|
| ITEM NUMBER | 13.1 |
| TITLE | Audit and Risk Committee Member Attendance Report |
| REFERENCE | 1365694 |
| AUTHOR | Bhumika ADHIKARI, Governance Officer |

RECOMMENDATION

That the Audit and Risk Committee receives and notes the Audit and Risk Committee Member Attendance Report.

KEY OUTCOME AREA

Governance: Increase the effectiveness and efficiency of the organisation, including in engagement with staff members, residents and external stakeholders.

BACKGROUND

The *Local Government Act 2019* states that the Committee Members will be disqualified from a member of a Committee if the person is absent, without permission or the approved apologies of the Committee in accordance with the regulations, from two (2) consecutive Committee meetings.

Committee Member Attendance

| Committee Members | 31 October 2022 | 12 April 2023 | 07 June 2023 |
|--------------------------------------|-----------------|---------------|--------------|
| Independent Member Ian SWAN | P | P | P |
| Independent Member Carolyn EAGLE | P | P | P |
| Independent Member Claudia GOLDSMITH | P | P | P |
| Councillor John DALYWATER | NO AP | P | AP |
| Councillor Gadrian HOOSAN | AP | N/A | N/A |
| Councillor Patricia FARRELL | N/A | P | P |

**** Table Key**

| | |
|-------|---|
| P | Present |
| AP | Apologies given and accepted |
| NO AP | No apologies given and not present at meeting |
| N/A | Not a Committee Member |

ISSUES/OPTIONS/SWOT

Nil.

FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

EXECUTIVE REPORTS



| | |
|--------------------|---|
| ITEM NUMBER | 13.2 |
| TITLE | Review of Audit and Risk Committee Terms of Reference |
| REFERENCE | 1366242 |
| AUTHOR | Marc GARDNER, Chief Executive Officer |

RECOMMENDATION

That the Audit and Risk Committee recommends to Council to accept the changes to the terms of reference for the Audit and Risk Committee.

KEY OUTCOME AREA

Governance: Increase the effectiveness and efficiency of the organisation, including in engagement with staff members, residents and external stakeholders.

BACKGROUND

Each year, the Audit and Risk Committee of the Roper Gulf Regional Council can undertake a review of the committee including the terms of reference as per section 13 as follows:

13. Committee Performance and Review

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

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

The review will also include a review of the Terms of Reference for Audit and Risk Committee. New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities

The previous review and changes were undertaken in April 2022 and accepted by Council (see attachment one with the most current version of the Terms of Reference).

This report has been prepared at the request of the Chair of the Audit and Risk Committee in relation to 'Discussions around suggested amendments to Audit Committee Terms of Reference'.

ISSUES/OPTIONS/SWOT

Committee members have reviewed the terms of reference and there are a number of changes recommended as outlined in attachment two of this report.

The majority of changes that are required are formatting, slight additions and re-wording in nature. However under section 5.3 there is additional wording recommended in relation to performance monitoring of Council's risk management framework. There is also a recommendation that under section 5.5 that the external auditors present to the committee at least once per year (currently states 'as required').

If the committee are satisfied with changes, they can make a recommendation to the Council that these changes are accepted. The Council can formally accept the changes at its Ordinary Meeting of Council on the 23 August 2023.

FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

There are no attachments for this report.

EXECUTIVE REPORTS



| | |
|--------------------|--|
| ITEM NUMBER | 13.3 |
| TITLE | Alignment of Audit and Risk Committees with Council Meetings |
| REFERENCE | 1366316 |
| AUTHOR | Marc GARDNER, Chief Executive Officer |

RECOMMENDATION

That the Audit and Risk Committee revise the schedule of meeting dates for the Audit and Risk Committee and provide recommendations to Council.

KEY OUTCOME AREA

Governance: Increase the effectiveness and efficiency of the organisation, including in engagement with staff members, residents and external stakeholders.

BACKGROUND

This report has been prepared in response to a request from the Chair of the Audit and Risk Committee to consider the alignment of Audit and Risk Committee meetings with Council Meetings.

ISSUES/OPTIONS/SWOT

The current scheduling of Audit and Risk Committee meetings has been set by the Audit and Risk Committee for four times per year to precede the agenda preparation of Ordinary Meetings of Council in each financial year (August, October, April and June). These dates are also around key compliance requirements such as preparation, auditing and acceptance of the Council's annual financial statements and adoption of the Regional Plan.

The Terms of Reference outlines that the Committee will meet four times per year.

Section 96(1)(a) of the Local Government Act outlines that the audit and risk committee can meet at times determined by the audit and risk committee.

The committee also needs to discuss cut off times for requests for agenda items. The agenda usually is prepared a week before each meeting. It is required at a minimum to be prepared three working days before each meeting.

FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

EXECUTIVE REPORTS



| | |
|--------------------|---------------------------------------|
| ITEM NUMBER | 13.4 |
| TITLE | CouncilBiz Update |
| REFERENCE | 1366319 |
| AUTHOR | Marc GARDNER, Chief Executive Officer |

RECOMMENDATION

That the Audit and Risk Committee receives and notes the report in relation to the CouncilBiz Update.

KEY OUTCOME AREA

Governance: Increase the effectiveness and efficiency of the organisation, including in engagement with staff members, residents and external stakeholders.

BACKGROUND

As outlined in previous reports to the Committee, Roper Gulf Regional Council's 'back of house' IT and business system support has been provided by CouncilBiz, a subsidiary of the Council along with other regional Councils in the Northern Territory. In 2021, Victoria Daly Regional Council exited the subsidiary.

CouncilBiz was formed by the Northern Territory Government in 2008 and has undergone numerous iterations and business models over this time. However, it was apparent that many regional councils were reliant on CouncilBiz with managing their ERP (enterprise resource plan) and business systems. As outlined in this report, there is some movement about changing the CouncilBiz business model and how it provides services to our Councils.

This report has been prepared as requested by the Chair of the Audit and Risk Committee around 'Seperation from CouncilBiz – timeline, readiness etc.'

ISSUES/OPTIONS/SWOT

Unfortunately, CouncilBiz is a subsidiary established by the Northern Territory Government to provide the newly formed Regional Councils in 2008 with ERP solutions on a "one size fits all" approach. This was satisfactory back in the day and based on the techonology at the time, but over the past 15 years, the world's economy has digitized and become reliant on faster and larger internet connections and capabilities, which has enabled businesses to operate on a cloud level. Naturally, our Council is also moving it's ERP and business systems and software to the 'Cloud' to keep up with the change and to offer our staff (and ultimately the residents we serve) with more up to date technology solutions.

Council's more recent approach to its ERP design is a bottom up approach. This is based on operational planning theory and we've looked at what our needs are on the ground, the services and infrastructure we are required to deliver and the resources and technology needed by our staff to deliver these services. The aim is to provide our staff with the best, most efficient and cost effective information technology solutions to enable them to do their jobs.

As time has progressed and regional Councils in the Northern Territory have matured, the one size fits all approach has become less relevant. We are seeing Councils like Roper Gulf Regional Council being the second or third largest Council in the Northern Territory (budget, staff, area, numbers of communities) and others being half the size and less capacity than our Council. This lead to a lag in decision making around business systems, particularly the use of Techonology One as a finance system where the parent company were ceasing support for their product as they had newer and cloud based finance software. This put Roper Gulf Regional Council in risk where we were reliant on the software and services provided by

CouncilBiz, but where hampered by the 'slowest' in the group in making decisions about committing to change. The Council was faced with compliance issues as the data support and configuration of Technology One was being wound back and the Council needed to find a finance system that was more user friendly, more efficient, cheaper, easy to configure and manage and a much lower risk of compliance issues, hence the move MYOBA.

Other issues emerged such as the hosting of all CouncilBiz programmes/applications on a Citrix platform which has configuration issues with the new Microsoft programmes such as the O365 suite – which includes MS Teams. Council operates in a physical environment reliant on effective communication across a vast area and isolated sites where travel is costly, both financially and from a time cost point of view. MS Teams is a solution to enable greater communication and collaboration, data sharing and the like (and is used around the world), yet we have been unable to use it in the Citrix environment. So there has been a push to move away from the systems set up by the NTG 15 years ago with a subsidiary (CouncilBiz) managing servers and back end processes to a cloud based environment.

In doing so, other regional Councils have followed suit and some are now more advanced in becoming 'cloud' ready and dependent, and therefore have less of a need for back end services and support provided by CouncilBiz.

That being said, the CouncilBiz Board (which the CEO of Roper Gulf Regional Council is a board member and also a member of their audit committee), are in the process of considering different business model options of CouncilBiz due to the changes occurring. CouncilBiz is working with KPMG around these options and there is a need for CouncilBiz to move away from a mandated government system to a fee for service system in a cloud based environment. The only criticism is that this should've occurred many years ago with greater strategic planning.

Due to confidentiality and the fact that options are still being considered about the future of CouncilBiz, no further information is provided or will be discussed. It should also be noted, as per the Local Government Act and CouncilBiz Constitution, only the Minister for Local Government can approve a Council exiting the subsidiary, and there's been no approaches to do so. There is also no timeline, no assessment of readiness to separate from CouncilBiz, because no decision has been made, or other options even been explored/considered in relation to the organisation's (CouncilBiz's) future. If and when there ever is, the Council and the Audit and Risk Committee will be respectfully advised and any risks associated with changes will be outlined and management actions communicated.

CouncilBiz still provide a range of back end services to our Council and the other regional councils and are also our most important back up for staff payroll from a business continuity point of view (CouncilBiz provide payroll services for other Councils and we used to utilise this service ourselves).

From a risk point of view, we have two Information Technology staff (Coordinator and Officer) at Roper Gulf Regional Council. We are also about to employ an Information Technology Manager.

Overall, what is obvious is that the Council needs to be proactive in its information technology and ERP management as we have relied upon the NT Government and CouncilBiz to provide this in the past. With the move towards having in-house IT Management, our Council will focus on longer term IT strategies and ERP and Business system mapping and design to suit our business needs e.g. IT strategic plan. If there are opportunities to work collaboratively with other Councils with IT strategies e.g. group procurement of hardware, group accounts and discounts with ISPs and telcos (Telstra), fee for service IT arrangements, then this maybe where the benefit of remaining part of a subsidiary such as CouncilBiz may lie and as outlined above, this is still being considered by the CouncilBiz Board.

It should also be noted that CouncilBiz is only a subsidiary of the Regional Councils in the Northern Territory. All other Councils e.g. Darwin City Council, Palmerston City Council, Katherine Town Council and even Coomalie Shire Council are not part of a subsidiary and manage their own ERP and business systems and software.

FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

**CORP SERVICES AND SUSTAINABILITY
DIVISIONAL REPORT**



| | |
|--------------------|---|
| ITEM NUMBER | 15.1 |
| TITLE | Audit and Risk Committee Workplan |
| REFERENCE | 1366064 |
| AUTHOR | Cindy HADDOW, General Manager Corporate Services & Sustainability |

RECOMMENDATION

That the Audit and Risk Committee receives and notes the developed workplan for meeting inclusions.

KEY OUTCOME AREA

Governance: Increase the effectiveness and efficiency of the organisation, including in engagement with staff members, residents and external stakeholders.

BACKGROUND

At the June Audit and Risk Committee, a workplan was raised as an item for consideration by Independent members. Subsequently a template was provided to the Council, with the CEO and Senior Leadership Team developing the workplan. This is now submitted for discussion and implementation.

ISSUES/OPTIONS/SWOT

The workplan maps out expectations of reports provided at each Audit and Risk Committee over a 12 month period.

FINANCIAL CONSIDERATIONS

<<Enter Text>>

ATTACHMENTS

- 1 Audit and Risk Committee workplan.pdf

| Activity | Report | T o R | Frequency | 16/08/2023 | 18/10/2023 | 1/04/2024 | 1/06/2024 |
|------------------------------------|--|---------|-----------------|------------|------------|-----------|-----------|
| | | | | | | | |
| Financial Management | Audited Financial Statements | 5.1 | Annual | | | | |
| | Debtors Review | | | | | | |
| | Internal Audit | 5.4 | As req. | | | | |
| | External Audit Plan | 5.5 | Annual | | | | |
| | External Audit Results | 5.5 | Annual | | | | |
| | External Audit Results - Prior FY | 5.5 | Annual | | | | |
| | Audit Management Letter – Corrective Actions - Status Update | 5.2/5.5 | Ongoing | | | | |
| Governance and Strategy | Annual Report | 5.1 | Annual | | | | |
| | Annual Work Plan - Governance and Policy review schedule | 5.4 | Ongoing | | | | |
| | Audit Committee Attendance Report | | Ongoing | | | | |
| | Audit Committee Self - Assessment | 13 | Annual | | | | |
| | Terms of Reference Review | 13 | Annual | | | | |
| Compliance | Action List Management | | Ongoing | | | | |
| | Compliance Review - External | 5.2 | As req. | | | | |
| | Compliance Review - Internal | 5.2 | As req. | | | | |
| Other | A & RC Annual Activity Report | 10 | Annual | | | | |
| | Review of Council decision | 5.7 | As req. | | | | |
| Internal Control & Risk Management | Risk Assessment - Summary | | Ongoing | | | | |
| | Risk Register Review | 5.6 | Annual / as req | | | | |
| | Emerging Risks | | Ongoing | | | | |
| Policy & Plans | Risk Management Framework | 5.3 | Annual | | | | |
| | Business Continuity Plan | | Annual | | | | |
| | | | | | | | |
| Legend | Included in Current Agenda | | Programmed | Complete | Deferred | | |

**CORP SERVICES AND SUSTAINABILITY
DIVISIONAL REPORT**



| | |
|--------------------|---|
| ITEM NUMBER | 15.2 |
| TITLE | Council's Financial Report as at 30.06.2023 |
| REFERENCE | 1366065 |
| AUTHOR | Manisha CHAMKUR, Financial Accountant |

RECOMMENDATION

That the Audit and Risk Committee receives and notes the financial reports as at 30 June 2023.

BACKGROUND

Attached are the Council's financial reports as at 30 June 2023, including:

- Balance Sheet;
- Income and expenditure report by account category with explanation on variances;
- Financial Ratio Analysis;
- Cash-at-bank Statement and 12-month graph on cash balances;
- Investment Report;
- Capital Expenditure Report;
- Accounts Receivable Age Analysis report and a summary of outstanding rates; and
- Accounts Payable Age Analysis report and list of top ten payments made to suppliers

The balance sheet has been prepared as per prevailing accounting standards, practice and in compliance with the applicable *Local Government Act 2019*. The Income and Expenditure Report as at the end of June shows that the net operating position is at a deficit of \$12,164,507. However this is inclusive of non-cash expense such as depreciation and amortisation costs.

The bank balance as at 30 June is \$40.02M. Of this total bank balance, \$27M is invested in various interest earning term deposits. The total balance of untied cash after liabilities and commitments towards major projects is \$11.2M.

As per the *Local Government Act 2019*, the monthly financial reports has to be certified by the Chief Executive Officer.

Chief Executive Officer's Declaration

To the Council,

I, Marc Gardner, Acting Chief Executive Officer of the Council, certify that to the best of my knowledge, information and belief:

- (i) the internal controls implemented by the council are appropriate: and
- (ii) the council's financial report best reflects the financial affairs of the Council

Marc Gardner,
Chief Executive Officer
18 July 2023

ISSUES/OPTIONS/SWOT

Improvements to reporting

The Council's Finance Manager and Independent Member of the Finance and Infrastructure Committee are working to update Council's monthly financial reports into a more amenable and compliant format, including greater analysis and commentary as a resolution of recent Finance and Infrastructure Committee.

Provision for Landfill Rehabilitation

As per recent environmental regulations, Council's waste management operations give rise to obligations to rehabilitate certain sites. As such the liability component of the estimated future cost has to be included in the financial statement for a fair representation of Council's financial affairs.

Statement on Australian Tax Office, Payroll and any other obligations.

The reported Payroll Tax obligations were paid by the due date as required by the Tax Office. The Business Activity Statement reporting for June 2023 will be processed in a timely fashion. Furthermore all superannuation obligations and insurance premium have been paid by the due date.

Debtors Analysis:

The below summarises the amounts owing to Council for a period over 90 days after any unapplied credits.

| Comments | Amount |
|--------------------------------|---------------------|
| Workshop services | \$ 3,804.83 |
| Mataranka PO Box | \$ 236.93 |
| Commercial Waste Disposal | \$ 717.50 |
| Accommodation | \$ 97.30 |
| Water Charges | \$ 793.08 |
| Rental Lease | \$ 14,294.54 |
| Burial Charges | \$ 440.00 |
| Staff Housing Bond | \$ 1,300.00 |
| Fuel Charges | \$ 200.00 |
| Reimbursement of Relocation | \$ 934.23 |
| Recovery of overpaid allowance | \$ 1,537.81 |
| Rates Search | \$ 80.00 |
| TOTAL | \$ 24,436.22 |

FINANCIAL CONSIDERATIONS

Nil.

ATTACHMENTS

- 1 Financial Report 30.06.2023.pdf



Financial Reports

at 30 June 2023

The Balance Sheet – a snapshot of the organisation's financial status at a given point in time

\$125,195,698

What we own



Assets

\$27,346,933

What we owe



Liabilities

\$97,848,765

Council's Wealth



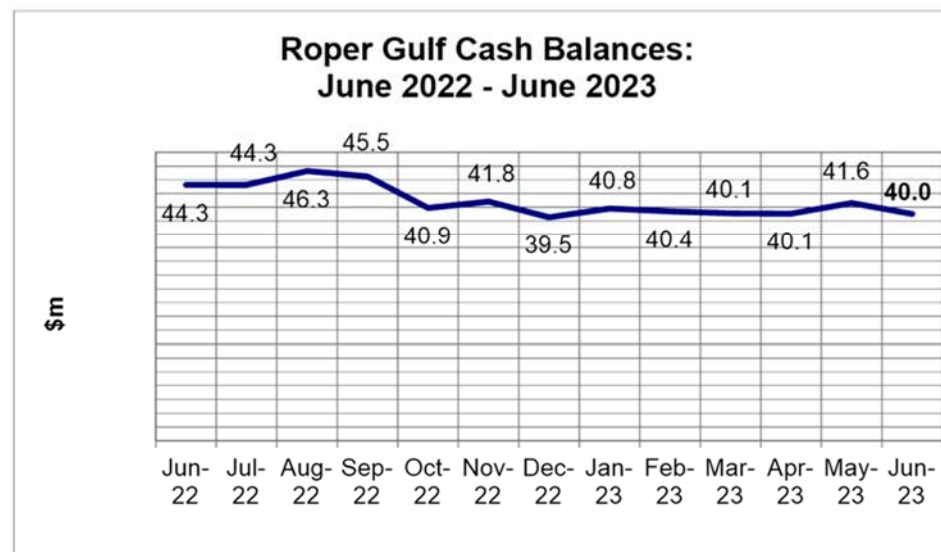
Equity

Balance Sheet as at 30 June 2023

| ASSETS (What we own) | | LIABILITIES (What we owe) | |
|---|--------------------|---|------------------|
| Current Assets | | Current Liabilities | |
| Cash | 12,998,463 | Accounts payable | 396,1 |
| Accounts receivable | 84,987 | Taxes payable | -103,5 |
| (less doubtful accounts) | 0 | Accrued Expenses | 680,3 |
| Rates & Waste Charges Receivable | 563,925 | Provisions (Annual Leave) | 1,644,0 |
| Inventory | 441,897 | Contractors Retention and Deposit Bonds | 352,9 |
| Investments | 27,000,000 | Operating Lease | 87,8 |
| Other current assets | 554,090 | Unspent Grant and Client Funds | 14,494,8 |
| Total Current Assets | 41,643,362 | Provision for Landfill Rehabilitation | 603,4 |
| | | Total Current Liabilities | 18,156,2 |
| Non-current Assets | | Long-term Liabilities | |
| Land | 4,141,000 | Non Current Provision Employee General | 325,9 |
| Right of Use - Land | 4,507,355 | Operating Lease Expense Property | 4,698,2 |
| Buildings | 40,299,816 | Provision for Landfill Rehabilitation | 4,166,4 |
| (less accumulated depreciation and impairment) | -5,489,703 | Total Long-term Liabilities | 9,190,6 |
| Fleet, Plant, Infrastructure and Roads | 32,913,449 | Total Liabilities | 27,346,9 |
| (less accumulated depreciation) | -12,233,370 | | |
| Intangible Asset Acquisition(Landfill rehabilitation) | 3,300,004 | EQUITY (Council's Wealth) | |
| Work in Progress assets | 16,113,784 | Retained earnings | 43,606,0 |
| Total Non-current Assets | 83,552,336 | Asset Revaluation Reserves | 54,242,7 |
| | | Roads Future Fund | |
| | | Total Equity | 97,848,7 |
| TOTAL ASSETS | 125,195,698 | TOTAL LIABILITIES & EQUITY | 125,195,6 |

Actual Cash at Bank as at 30 June 2023

| | |
|---|------------------------------------|
| BANK: | Closing balance as at 30 June 2023 |
| Commonwealth - Business 10313307 | \$9,882,348.05 |
| Monthly interest earned | \$27,208.25 |
| Commonwealth - Operating 10313294 | \$80,221.71 |
| Monthly interest earned | \$238.14 |
| Commonwealth - Trust 103133315 | \$1,002.07 |
| Monthly interest earned | \$618.44 |
| Commonwealth - Business online - 10381211 | \$3,059,693.67 |
| Monthly interest earned | \$10,436.49 |
| Term Deposits in Various Banks | \$27,000,000.00 |
| Monthly interest earned | \$0.00 |
| Total Cash at Bank | \$40,023,265.50 |
| LESS: | |
| Liabilities | \$27,346,933.00 |
| Committed Funds to Major Projects in Design and Construction Phases and Other Capital Expenditure | \$1,417,008.95 |
| Total Untied Cash | \$11,259,323.55 |
| Total Interest Earned for 2022-23 financial year | \$901,582.42 |



Note: The "Total Cash at Bank" is the actual Money in the Bank at 30 June 2023.

Liquidity ratio Analysis

Current Ratio:

The Current ratio measures our council's ability to use its assets to generate income.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

A Current ratio of 2:1 means the council has current untied assets of \$2 for every \$1 of current liabilities and is regarded as desirable.

The higher the current ratio, the better the capacity to meet short term financial Commitments.

Roper Gulf Current Ratio = **2 : 1 (2.29)**

Including all cash and current assets, we have \$2 for every \$1 of Liability

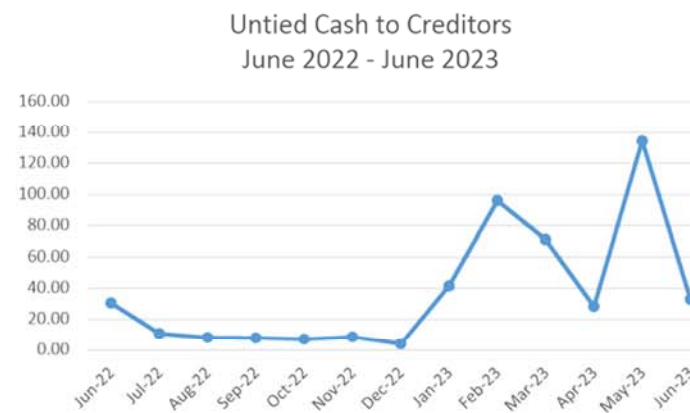
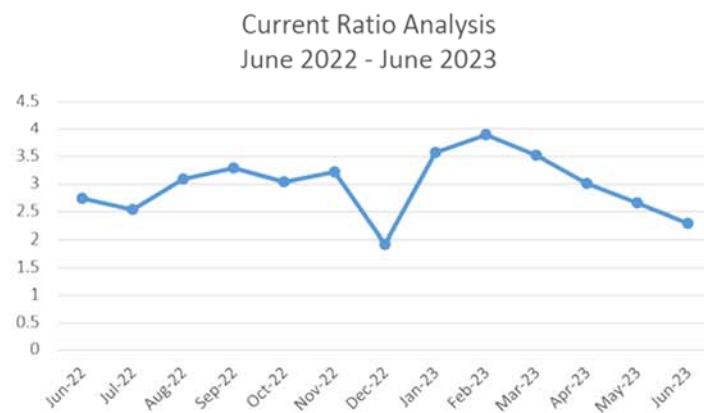
Untied Cash to Creditors Ratio = **33 : 1 (32.99)**

It is desirable to have at least 1:1 ratio and we have \$33 untied cash for every dollar outstanding for our suppliers of Goods and Services.



Liquidity Ratio Trend

The below graphs depict the progression of the Current and effective ratio for the financial year and Untied Cash to Creditors ratio for the last twelve months



Investment Report as at 30 June 2023

| Classification of ADI's Under policy | Authorised Deposit-taking institution | Amount | % of Exposure | Rating | Lodgement Date | Maturity Date | Interest on Maturity | Interest rate | Within Diversification Limits |
|--|---------------------------------------|---------------------|----------------|---------|----------------|---------------|----------------------|---------------|-------------------------------|
| Major Bank | Commonwealth Bank - Working capital | \$13,023,266 | 32.54% | A1+/AA- | | | | | |
| | Investments (Deposits) | | | | | | | | |
| Major Bank | NAB | \$3,000,000 | 7.50% | A1+/AA- | 5/01/2023 | 5/07/2023 | \$ 63,226.03 | 4.25% | ✓ |
| Major Bank | NAB | \$4,000,000 | 9.99% | A1+/AA- | 16/02/2023 | 17/08/2023 | \$ 87,758.90 | 4.40% | ✓ |
| Regional Bank | Great Southern Bank | \$5,000,000 | 12.49% | A2/BBB+ | 23/05/2023 | 23/05/2024 | \$255,500.00 | 5.11% | ✓ |
| Regional Bank | AMP Bank | \$3,000,000 | 7.50% | A2/BBB+ | 9/05/2023 | 8/05/2024 | \$151,500.00 | 5.05% | ✓ |
| Regional Bank | AMP Bank | \$5,000,000 | 12.49% | A2/BBB+ | 15/03/2023 | 16/11/2023 | \$158,383.56 | 4.70% | ✓ |
| Regional Bank | AMP Bank | \$2,000,000 | 5.00% | A2/BBB+ | 16/03/2023 | 23/11/2023 | \$ 64,898.63 | 4.70% | ✓ |
| Regional Bank | Judo Bank | \$2,000,000 | 5.00% | A3/BBB- | 22/05/2023 | 22/11/2023 | \$ 49,906.85 | 4.95% | ✓ |
| Regional Bank | Judo Bank | \$3,000,000 | 7.50% | A3/BBB- | 16/03/2023 | 14/09/2023 | \$ 67,315.07 | 4.50% | ✓ |
| BBSW Interest Rate for 6 months as at 30/12/2022 | | | | | | | | | |
| Total cash and investments held | | \$40,023,266 | 100.00% | | | | \$898,489.04 | | |

**Credit Rating for Investments
(S&P or equivalent)**

| Rating | Percentage |
|--------------|------------|
| AAA to AA- | 26% |
| BBB+ to BBB- | 74% |

Investment Per institution

| Institution | Percentage |
|---------------------|------------|
| AMP Bank | 37% |
| NAB | 26% |
| Great Southern Bank | 18% |
| Judo Bank | 19% |























Income & Expenditure Statement

A financial statement that summarizes the income and expenses incurred during a specific period of time

| | | | |
|-------------------------------|---------------------|----------|-------------------------------|
| Income & Reserve - | Expenditure | = | Net Operating position |
| \$39,287,903 | \$56,378,116 | | -\$17,090,213 |



Income & Expenditure Report as at 30 June 2023

| | Year to Date Actual (\$) | Year to Date Budget (\$) | Variance (\$) | Full Year Budget (\$) |
|---------------------------------------|--------------------------|--------------------------|---|-----------------------|
| Operating Income | | | | |
| Income Rates | 3,039,603 | 2,855,908 |  183,695 | 2,855,908 |
| Income Council Fees and Charges | 998,013 | 1,086,383 |  -88,370 | 1,086,383 |
| Income Operating Grants Subsidies | 18,762,130 | 21,921,325 |  -3,159,194 | 21,921,325 |
| Income Investments | 901,582 | 110,000 |  791,582 | 110,000 |
| Income Reimbursements | 160,978 | 2,000 |  158,978 | 2,000 |
| Income Agency and Commercial Services | 10,934,632 | 9,929,950 |  1,004,682 | 9,929,950 |
| Other Income | 24,247 | 543,000 |  -518,753 | 543,000 |
| Total Operating Income | 34,821,185 | 36,448,565 |  -1,627,380 | 36,448,565 |
| Operating Expenditure | | | | |
| Employee Expenses | 17,297,304 | 21,446,725 |  -4,149,421 | 21,446,725 |
| Contract and Material Expenses | 11,426,233 | 10,897,742 |  528,490 | 10,897,742 |
| Fleet, Plant & Equipment | 963,229 | 935,486 |  27,743 | 935,486 |
| Asset Expense | 5,546,263 | 5,456,000 |  90,263 | 5,456,000 |
| Other Operating Expenses | 5,026,040 | 4,437,739 |  588,302 | 4,437,739 |
| Finance Expenses | 5,158 | 208,110 |  -202,952 | 208,110 |
| Internal Cost Allocations | 105 | 0 |  105 | 0 |
| Total Operating Expenditure | 40,264,332 | 43,381,802 |  -3,117,470 | 43,381,802 |
| Operating Surplus | -5,443,147 | -6,933,237 |  1,490,090 | -6,933,237 |
| Capital Funding | | | | |
| Income Capital Grants | 4,466,718 | 6,338,895 |  -1,872,177 | 6,338,895 |
| Total Capital Funding | 4,466,718 | 6,338,895 |  -1,872,177 | 6,338,895 |
| Capital Expenditure | | | | |
| WIP Assets (Movement) | 11,188,078 | 18,460,054 |  -7,271,976 | 18,460,054 |
| Total Capital Expenditure | 11,188,078 | 18,460,054 |  -7,271,976 | 18,460,054 |
| Net Operating Position | -12,164,507 | -19,054,396 |  6,889,889 | -19,054,396 |

Variances in Income and Expenditure as at 30 June 2023

| Income | Variance (\$) | Comments |
|---|-------------------|--|
| Income Rates | 183,695 | The rates run for the year has been processed. |
| Income Council Fees and Charges | -88,370 | The major cause in variance is mainly due to less income received from municipal services as compared to the budget. |
| Income Operating Grants Subsidies | -3,159,194 | The major cause in variance is mainly due to Local Authority projects. As per recent accounting standards, income can only be recognised from tied Grant funding as obligations of the contract are met. As such income is only recognised once expenses are incurred. |
| Income Investments | 791,582 | This is the interest that council has received on investments. |
| Income Reimbursements | 158,978 | The major cause in variance is mostly due to reimbursement income received for Human Resources and Community Development Programs |
| Income Agency and Commercial Services | 1,004,682 | The major cause in variance is mostly due to CDP income received. |
| Other Income | -518,753 | The major cause in variance is due to less income received for fleet disposal as compared to the budget. |
| Total Variance | -1,627,380 | |
| Expenditure | | |
| Employee Expenses | -4,149,421 | The underspend is mainly due to vacancies and staff absences across several departments. |
| Contract and Material Expenses | 528,490 | The overspend is mostly due to Local Authority projects related expenses. |
| Fleet, Plant & Equipment | 27,743 | The overspend is mostly due to fleet insurance already paid in earlier months as compared to the budget. |
| Depreciation, Amortisation & Impairment | 90,263 | The overspend is due to depreciation charged for Assets. |
| Other Operating Expenses | 588,302 | The overspend is mostly due to payment of insurance premium and section 19 rental leases upfront. |
| Finance Expenses | -202,952 | The underspend is mostly due to the NLC payment for the leases for the financial year. This is purely due to a difference in accounting treatment for the expenditure. In reality this is within the budget as it is a recurring expense every financial year. |
| Internal Cost Allocations | 105 | |
| Total Variance | -3,117,470 | |
| Capital Funding | | |
| Income Capital Grants | -1,872,177 | As per the <i>Accounting Standard</i> , tied funds can only be recognised once we meet the performance obligation. Once we deliver or partly deliver the project we will recognise the income. |
| Total Variance | -1,872,177 | |
| Capital Expenditure | | |
| WIP Assets | -7,271,976 | Please refer to next slide for further detail |
| Total Variance | -7,271,976 | |

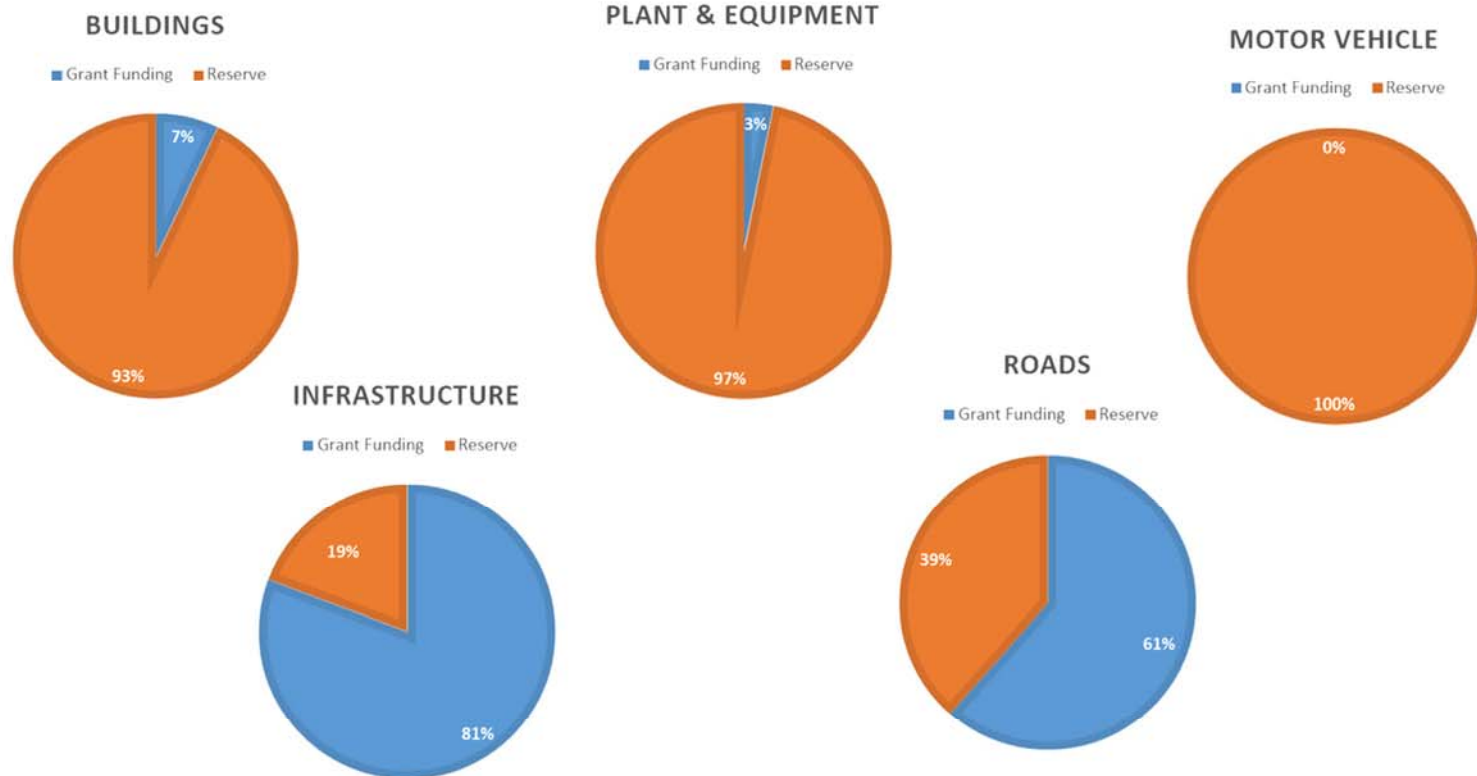
Capital Expenditure as at 30 June 2023

| Capital Expenditure | Year to Date Actual (\$) | Year to Date Budget (\$) | Variance (\$) | Full Year Budget (\$) |
|----------------------------------|--------------------------|--------------------------|-------------------|-----------------------|
| Buildings | 8,077,958 | 9,388,745 | (1,310,787) | 9,388,745 |
| Infrastructure | 647,883 | 2,273,508 | (1,625,625) | 2,273,508 |
| Plant and Equipment | 1,214,532 | 1,398,543 | (184,011) | 1,398,543 |
| Motor Vehicles | 189,736 | 2,104,500 | (1,914,764) | 2,104,500 |
| Roads | 1,057,969 | 3,294,758 | (2,236,789) | 3,294,758 |
| Total Capital Expenditure | 11,188,078 | 18,460,054 | -7,271,976 | 18,460,054 |

Major Projects Status and Forecasting

| Capital Expenditure ▾ | Sum of By Dec 2022 | Sum of By Mar 2023 | Sum of By Jun 2023 | Sum of By Sep 2023 |
|-----------------------|--------------------|--------------------|--------------------|--------------------|
| Building | 908,508 | 650,000 | 1,124,581 | 320,000 |
| Infrastructure | 1,096,000 | 60,000 | 261,145 | - |
| Roads | 1,170,600 | - | 350,000 | 1,000,000 |
| Grand Total | 3,175,108 | 710,000 | 1,735,726 | 1,320,000 |
| | Work on going | | | |

The below graphs depicts the categories of capital expenditure and the percentage used from Council's reserve and Grant Funding



Accounts Receivable

Accounts Receivable represents the money owed by entities to the council on the sale of products or services on credit.

| Current | Over 30 days | Over 60 days | Over 90 days | Total |
|---|--------------|--------------|--------------|-------------|
| \$50,089.68 | \$4,940.00 | \$5,520.64 | \$24,436.22 | \$84,986.54 |
| Balance after accounting for Unapplied Credits (\$0.00) | | | | \$84,986.54 |



The difference in balance as compared to the balance sheet is mainly due to a timing difference in the posting of some transactions

Rates Outstanding as at 30 June 2023

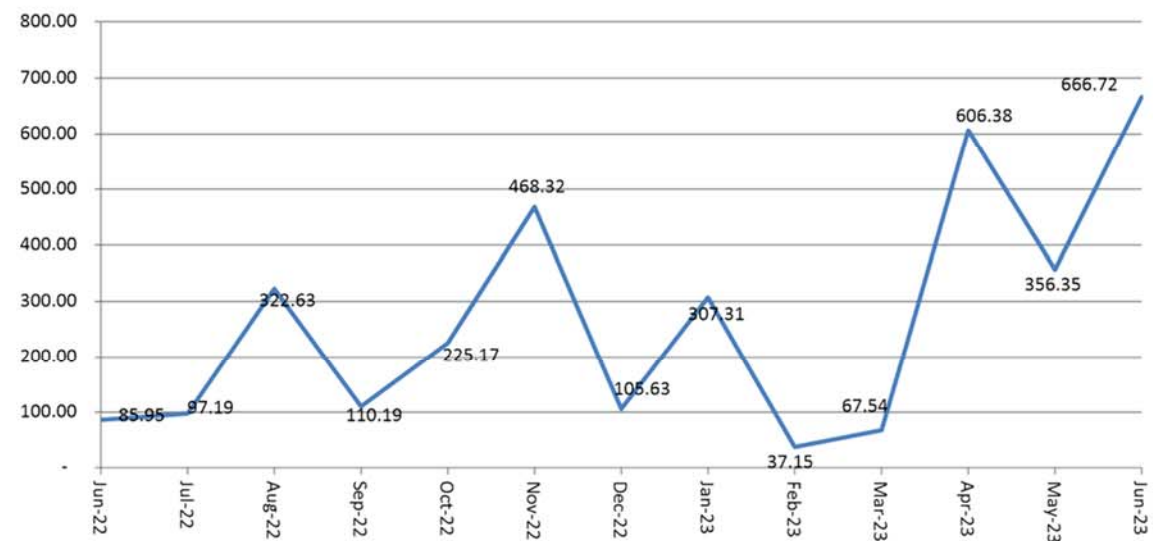
| Financial Year | Total Balance (\$) | Percentage of Total Outstanding |
|----------------|--------------------|---------------------------------|
| 2012-13 | 183.97 | 0.03% |
| 2013-14 | 2,075.62 | 0.37% |
| 2014-15 | 11,705.34 | 2.08% |
| 2015-16 | 6,956.89 | 1.23% |
| 2016-17 | 7,467.19 | 1.32% |
| 2017-18 | 9,203.51 | 1.63% |
| 2018-19 | 23,498.02 | 4.17% |
| 2019-20 | 40,929.82 | 7.26% |
| 2020-21 | 62,098.55 | 11.01% |
| 2021-22 | 118,367.87 | 20.99% |
| 2022-23 | 281,317.82 | 49.90% |
| Total | 563,804.60 | |

The rates outstanding from the financial year 2014-15 and before are related to properties where we have statutory declarations from the court house. Please also note that the rates run for the year has been processed.

Accounts Payable

Accounts Payable represents the money owed by the Council to entities for the purchase of goods and services on credit.

| Current | Over 30 days | Over 60 days | Over 90 days | Total |
|---|--------------|--------------|--------------|--------------|
| \$304,203.47 | \$14,096.34 | \$329,515.29 | \$18,905.65 | \$666,720.75 |
| Balance after accounting for Unapplied Credits (\$0.00) | | | | \$666,720.75 |



The difference in balance compared to the balance sheet is mainly due to a timing difference in the posting of some payroll transactions

The following table lists the top ten suppliers from whom invoices were received and processed during the month of June 2023. All amounts have been paid.

| Creditor | Amount \$ | Transaction Description |
|---|--------------|---|
| Department of Infrastructure Planning and Logistics | 3,500,000.00 | Refunded grant for Borrooloola cyclone shelter due to variation in agreement. |
| Hastings Deering Pty Ltd | 219,989.00 | Purchase of plant and equipment for Mataranka municipal services |
| Mungoorbada Aboriginal Corporation | 50,599.99 | Night patrol service fee for the months April, May and June 2023 |
| CouncilBiz | 140,333.87 | IT and Networking Charges |
| Alawa Aboriginal Corporation | 155,186.24 | CDP Trial Project payment for Minyerri |
| Telstra Limited | 39,118.26 | Telecommunication and Fleet tracking charges for May |
| Fletcher's Plumbing and Gas Fitting | 31,715.79 | Inspect and pump septic tanks in Mataranka |
| WEX Australia Pty Ltd | 45,472.21 | Fuel Cards for May 2023 |
| NT Shade | 69,982.00 | Installation of shade structure and softfall at Jilkminggan creche |
| Deadly Hair Dude | 39,380.00 | Hairdressing services, equipment and uniforms for Borrooloola and Ngukurr. |

**CORP SERVICES AND SUSTAINABILITY
DIVISIONAL REPORT**



| | |
|--------------------|---|
| ITEM NUMBER | 15.3 |
| TITLE | Annual Financial Statements 2022/2023 Audit Plan |
| REFERENCE | 1366066 |
| AUTHOR | Cindy HADDOW, General Manager Corporate Services & Sustainability |

RECOMMENDATION

That the Audit and Risk Committee receives and notes the audit plan from Merit Partners for the 2022/23 audited financial statements.

KEY OUTCOME AREA

Governance: Increase the effectiveness and efficiency of the organisation, including in engagement with staff members, residents and external stakeholders.

BACKGROUND

Merit Partners have been engaged to complete the Independent Audit on Council Financial Statements for 2022/23. They have developed and presented the attached audit plan.

ISSUES/OPTIONS/SWOT

Merit Partners were on site at the end of May to conduct interim audit activities. Council is awaiting the feedback from this interim audit. A further site visit will be conducted in September 2023, to enable completion of the audit as per the plan.

A representative from the audit firm will be present at the Audit and Risk Committee to respond to any questions and discuss matters associated with the auditing of the Council's annual financial statements for 2023/2023 financial year.

FINANCIAL CONSIDERATIONS








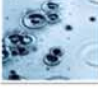
NIL

ATTACHMENTS

- 1 Roper Gulf Regional Council - Audit Plan 2023.pdf

Roper Gulf Regional Council

Audit Plan for the year ending
30 June 2023

| | | |
|--|--|----|
|  | Executive summary | 3 |
|  | Risk assessment and areas of audit focus | 6 |
|  | Audit approach | 11 |
|  | Materiality | 16 |
|  | Your MP team | 18 |
|  | Independence | 20 |
|  | Engagement execution and reporting | 22 |
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Dear Council Members

We are pleased to present our Audit Plan ("Plan") for the audit of Roper Gulf Regional Council ("the Council") for the year ending 30 June 2023. This Plan outlines the scope of our services, identifies Merit Partners ("MP") professionals that will serve you and presents our understanding of some key considerations that will affect the 2023 audit.

Our audit is designed to express an opinion on the 2023 full year financial statements. Our Audit Plan has been prepared based on our understanding of the Council's business and the industry it operates in. We have considered and will continue to consider the Council's risks, assess those that could materially affect the financial statements and align our procedures accordingly. Our Audit Plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high quality audit you expect.

We have also included our interim audit findings in this Plan. These findings include our performance improvement observations that seek to assist the Council in enhancing its control environment.

Our commitment to quality will be reflected in every aspect of our work. If you have any questions or comments, please contact myself on 8982 1444.

Yours faithfully



Matthew Kennon
Director

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Executive summary

Executive summary

Introduction

As part of our engagement as the External Auditors of Roper Gulf Regional Council ("the Council"), we will undertake a financial statement audit of the Council for the year ending 30 June 2023. Our audit process, which comprises of a planning and interim audit followed by a year-end audit, will focus on those risks with the potential for significant financial statement impact.

Our audit procedures are designed to assist us to form an opinion at year-end as to whether the financial report as a whole, will be presented in accordance with the *Australian Accounting Standards* (including the *Australian Accounting Interpretations*) and the *Local Government Act* and *Local Government (General) Regulations*.

Risk assessment and areas of audit focus

As part of our risk assessment process we have held discussions with the Council's management to understand the key changes in the business and adapted our audit approach accordingly. These have been incorporated into our key areas of audit focus.

Our key focus areas have been summarised below and explained in detail on pages 7 – 11:

- Revenue recognition on grants received
- Accounting for infrastructure, property, plant and equipment
- Compliance with *Australian Accounting Standards*, the *Local Government Act* and other applicable laws and regulations
- Accounting for landfill rehabilitation liability
- Core controls over the Business Operations, Operating Expenditures and Employee Expenses;
- Implementation of new accounting software; and
- Fraud related matters

Risk-based Audit approach

Our planning procedures require us to obtain an understanding of the Council and its environment, the relevant financial reporting framework, and the system of internal controls in accordance with the *Australian Auditing Standards*.

During the interim audit, we will make an assessment of the internal control environment of the Council. We will document the business and accounting processes of the Council, including the internal controls over these processes. We will perform walkthroughs and test key controls.

The Council's key processes will be documented with key controls relating to the following processes tested:

- Revenue and receipts;
- Procurement/Purchases and payments;
- Payroll and related payments; and
- Financial Statement Close Process.

The interim audit commenced on 29 May 2023.

Following the outcome of the controls testing during the interim audit, we will determine the nature, timing and extent of the substantive audit procedures that we need to perform at year end. Where we identify weaknesses in internal controls we will bring them to the attention of management via the management letter.

Our audit scope, which is based on the size and risk of the Council is set out on page 13.

As with previous year, we seek to test IT and manual controls in the key financial statement processes and therefore expect to take a controls based approach wherever possible. Details of our controls based approach is outlined in detail on pages 13 to 16. The nature and extent of our controls testing is dependent on and considers whether the IT general control environment of the Council is operating effectively. We expect that the IT general control environment will be assessed as effective.

A substantive approach will be adopted for areas of significant management judgement such as:

- Valuation of property, plant and equipment
- Expected credit losses of trade debtors
- Employee provisions
- the estimates and factors influencing the calculation of Provisions including the Future Reinstatement & Restoration of Landfills.

Throughout our audit process, we interact frequently with the Finance Manager.

Materiality

Our audit is planned to obtain reasonable assurance of detecting misstatements that we believe could be, individually or in aggregate, material to the financial statements.

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| | |
|------------------------------------|---|
| | <p>Our planning materiality threshold has been set at \$735,000 after taking into account qualitative and quantitative factors. We will report to Management errors impacting surplus by more than \$36,750.</p> <p>Our materiality will be updated, if required, during the final audit.</p> |
| Your MP team | <p>We have outlined our core audit team who will be involved in delivering our high quality audit service.</p> <p>Details of our full team are outlined on page 20 of our report.</p> |
| Independence | <p>We confirm our independence requirements with APES 110 <i>Code of Ethics for Professional Accountants</i>, and in our professional judgment, the engagement team and the Firm are independent. We have the appropriate controls in place to ensure we remain independent throughout the audit.</p> |
| Engagement execution and reporting | <p>We have set out the scope of our audit in on page 24 of our report.</p> <p>We continue to regularly engage with the Council's finance and management team as part of our audit planning and execution processes. We have set out on Appendix B a summary of our communication and deliverables throughout our audit.</p> |
| Audit fee | <p>Our audit fee is set out in our Merit Partners Audit Proposal document dated 8 January 2021.</p> |

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Risk assessment and areas of audit focus

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Risk assessment and areas of audit focus

We have set out on this page an overview of the risk assessment process we have conducted as part of our audit planning procedures. Our risk assessment process helps us focus our audit efforts on the Council's key risk areas, being those risks which might lead to a material misstatement in the Council's financial statements, and forms the basis of our overall audit plan. We revisit the appropriateness of our view of risk throughout the audit cycle as the business, economy and industry conditions evolve.

Risk assessment

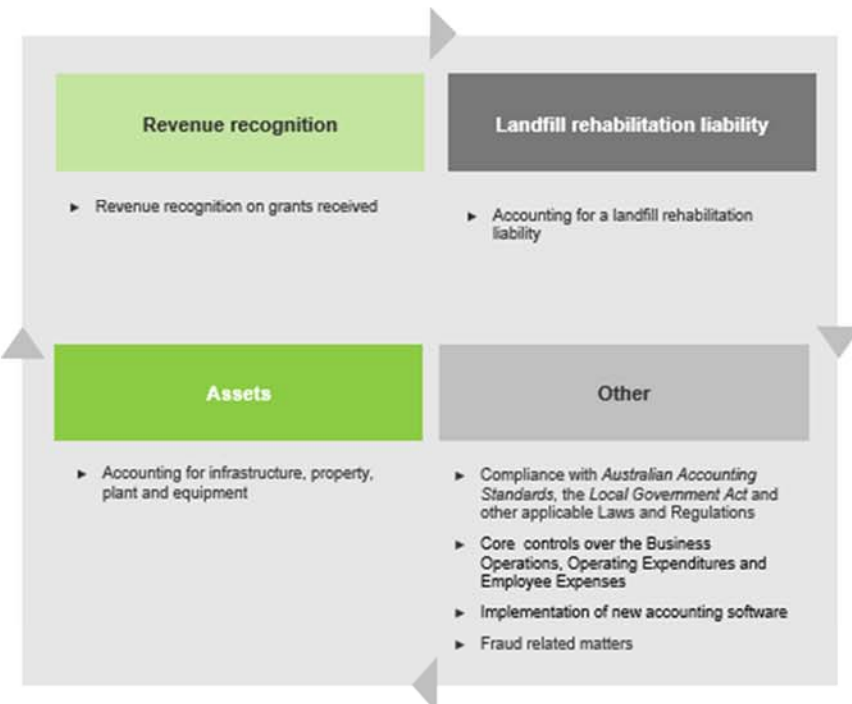
In order to identify the key business risks of the Council, we have considered the following:

- The Council's strategies and objectives
- The locations in which the Council operates
- Changes in the Local Government Act and Regulations

This involved discussions and input from senior management, drawing on our past experience and knowledge, reference to external data sources, examining the Council's current and proposed accounting and reporting practices and identifying key judgemental areas.

We have prepared a summary of those key risks below and our planned response in the tables that follow.

Areas of audit focus



Risk assessment and areas of audit focus

Areas of audit focus

| | Areas of audit focus | Our perspective | Work to be performed |
|-----------------------------------|--|---|---|
| Revenue recognition | Revenue recognition on grants received | <ul style="list-style-type: none"> AASB 15 introduced a new model for the recognition, measurement and disclosure of revenue, which the Council adopted in 2020. The standard applies to all contracts. Management need to consider whether new contracts and variations to existing contracts contain specific performance obligations and the impact on when revenue should be recognised. The following revenue streams are affected: <ul style="list-style-type: none"> Government funding – Commonwealth Government funding – Northern Territory | <ul style="list-style-type: none"> We will review the Council's revenue recognition policies and procedures against relevant Accounting Standards, including AASB 15 and AASB 1058. We will also review management's assessment of unspent performance obligations and associated accounting entries. We will conduct testing of key controls around the recognition of revenue including revenue cut-off. We will perform substantive testing on a sample of revenue transactions including reviewing the terms and conditions of grants and contracts with customers. We will perform analytical procedures to determine whether balances are in line with our understanding of the Council's operations and other audit evidence gathered. |
| Landfill rehabilitation liability | Accounting for landfill rehabilitation liability | <ul style="list-style-type: none"> The council has an obligation to remediate and restore the landfills under the Environmental Protection Act which includes the costs of dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed area. The Council recognised a provision relating to its landfill rehabilitation obligations for the first time in the 2020/21 financial year. The provision was based on decommissioning costs incurred for its Numbulwar landfill facility. The provision was carried at the net present value of estimated future costs in compliance with the Australian Accounting Standards and factored in the remaining life of each landfill site. | <ul style="list-style-type: none"> We will assess management's application of the provision for restoration of the landfill recognition and measurement principles by reviewing the relevant terms and conditions of the provision to ascertain whether the accounting treatment adopted by the Council is consistent with AASB 137 Provisions, Contingent Liabilities and Contingent Assets We will review the Council's annual assessments of the provision for any significant uncertainty in the estimation of the future closure date, including its basis for the net present value of estimated future costs. We will obtain the Council's most recent Performance Monitoring Report, if available, and assess whether there are material issues noted that may impact the Council's landfill rehabilitation provision. |

Risk assessment and areas of audit focus

Areas of audit focus

| | Areas of audit focus | Our perspective | Work to be performed |
|--------|--|--|--|
| Assets | Accounting for infrastructure, property, plant and equipment | <ul style="list-style-type: none"> Lands, buildings and infrastructure assets dominate the Council's fixed assets and balance sheet and the total carrying value of these assets at 30 June 2022 was \$59.9 million. These assets were valued at depreciated current replacement cost based on valuation reports obtained as at 30 June 2021 and 30 June 2022. These assets comprised about 77% of the Council's total fixed assets and were carried at fair value less accumulated depreciation or amortisation. <p>It is also expected that the accounting of fixed assets will be impacted by the following likely risks:</p> <ul style="list-style-type: none"> The fixed asset register not being accurately updated for asset additions and disposals. Inappropriate depreciation rates. The integrity of the classification of maintenance and/or capital expenditure is critical given the nature and useful life of work carried out. This is particularly relevant to expenditure incurred on infrastructure assets. | <ul style="list-style-type: none"> We will also obtain and review the Council's fixed assets register and agree this to the general ledger balances. A sample of additions and disposals will be checked against related support, procurement guidelines and policies. We will also review related repairs and maintenance accounts to ascertain that relevant transactions of a capital nature have not been omitted from being capitalised. We will continue to monitor the recoverability of assets at year-end and assess whether adequate impairment allowance is recognised. |
| Other | Compliance with <i>Australian Accounting Standards</i> , the <i>Local Government Act</i> and other applicable Laws and Regulations | <ul style="list-style-type: none"> Changes to Australian Accounting Standards and regulatory requirements may have an impact on the Council's financial reporting requirements. The continuous close monitoring from regulators will also impact the Council's operations. Regulatory breaches may result in restrictions being placed on the Council that will make operations unviable. | <ul style="list-style-type: none"> We will perform audit procedures over year end reconciliations and review the financial statements in accordance with Australian Accounting Standards, the <i>Local Government Act (NT)</i> and other applicable laws and regulations. We will also follow up on any compliance audits undertaken by regulators. |

Risk assessment and areas of audit focus

Areas of audit focus

| Areas of audit focus | Explanation | Work to be performed |
|--|---|--|
| Core Controls over Council's Business Operations, Operating Expenditures and Employee Expenses | <p>The existence of adequate and effective controls is vital to the Council. For this reason, we will:</p> <ul style="list-style-type: none"> review the application of the Council's rating and user charges systems; review controls over grants and other revenue streams and receipts; review the application of the Council's Procurement Policy and Procedures, including the Delegations Policy; review the controls in place for employee costs and expenses; and review the application of basic Information Technology general controls. | <ul style="list-style-type: none"> Our core objective is to obtain an assurance that appropriate processes and controls are in place – see Section 3 for our audit approach |
| Implementation of new accounting software | <p>Many organizations face challenges when transitioning to new software. These include risks associated with data migration, effectiveness and functionality of the new software, costs and overruns, and changes to business processes and internal controls resulting from the new software, amongst others.</p> | <ul style="list-style-type: none"> We will review the pre-implementation planning and post implementation review work conducting by management to assess the impact of the implementation of the new finance system on the Council's control environment. See also Section 3 for our audit approach |
| Fraud related matters | <ul style="list-style-type: none"> Increased occurrences of fraud may result in significant losses to the Council if controls in place are not effective. The impact of fraud may become material to the Council's financial statements. | <ul style="list-style-type: none"> We will continue to assess the impact of fraud on the Council's operations and the effectiveness of controls in place to prevent and detect fraud. |

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Audit approach

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Audit approach

An effective audit approach

Our audit of the Council is primarily designed to enable us to express an opinion that the general purpose financial report of the Council for the year ending 30 June 2023 presents fairly, in all material respects, the Council's financial position and financial performance in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Local Government Act 2019* and *Local Government (General) Regulations 2021*.

Controls reliance

Our audit has been designed to obtain a significant degree of audit comfort from reliance on and testing of internal controls. This approach of understanding and evaluating controls is risk based and structured on a foundation of the Council having a strong control environment framework.

In accordance with Australian Auditing Standards, the external auditor must gain an understanding of the internal controls relevant to the audit. Specifically, this assessment must cover:

- The control environment
- The Council's risk assessment procedures
- Control activities (including IT general controls)
- Monitoring of controls (internal audit and self-assessment).

Where significant deficiencies come to our attention during the course of our audit, we will communicate these to the Audit and Risk Committee and management in a timely manner. We will also provide management an internal control letter during the audit process, outlining our findings and our recommendations on where improvements can be made.

IT general controls

In conducting our work, we intend to place reliance on the IT systems across the Council, based on the significant accounts supported by these systems. Evaluating IT general controls ("ITGCs") is an integral part of our audit in assessing the controls that underpin financially significant systems and support the confidentiality, integrity and availability of information processing. Our evaluation of ITGCs focuses on two key areas:

| Area | Description |
|-----------------------------|--|
| Access to programs and data | Controls are in place to determine that only authorised persons have access to data and applications (including programs, tables, and related resources) and that they can perform only specifically authorised functions. |
| Change management | Controls are in place to determine that only appropriately authorised, tested, and approved changes are made to applications, interfaces, databases, and operating systems. |

In the absence of effective ITGCs, reliance cannot be placed on system based controls or the data they produce.

Based on our discussions with management and a preliminary review of the Council's IT environment we have outlined below a summary of our expected reliance on the key IT systems that underpin the Council's significant accounting processes:

| | Business process | Change Management | Local Access |
|---|---|-------------------|--------------|
| TechOne (from 1 July 2022 to 31 March 2023) | General Ledger, Bank Reconciliation, Receivables Module, Payable Module, Asset Module, Payroll Module | ✓ | ✓ |
| Advance MYOB (from 1 April to 30 June 2023) | General Ledger, Bank Reconciliation, Receivables Module, Payable Module, Asset Module, Payroll Module | ✓ | ✓ |
| Property Wise | Rates | ✓ | ✓ |

✓ In scope for 2023 IT general controls procedures

✗ Not in scope for 2023 IT general controls procedures

The Council shifted to Advance MYOB accounting software on 2 April 2023. Previously, the Council's core accounting system was TechOne, which is maintained by CouncilBiz, a third party service provider. The Council elected to change to Advance MYOB in order to address weaknesses in the TechOne system maintained by the Council and to improve the efficiency and effectiveness of the Councils financial reporting processes. Similar to TechOne, Advance MYOB is off the shelf accounting software package with upgrades and maintenance being completed by MYOB Australia.

Given that the implementation occurred during the year, we will review the pre-implementation planning and post implementation review work conducting by management to assess the impact of the implementation of the new finance system on the Council's control environment.

Subject to the outcome of the implementation procedures, we plan to test and rely on IT application controls.

Audit approach

Approach to key financial statement processes

We will consider the IT general control environment for the TechOne and MYOB Advance systems, which drive the financial statement close process, accounts receivable and accounts payable processes. In previous financial years we have assessed the IT general control environment to be generally effective.

In the absence of an effective ITGC, reliance cannot be placed on the system based controls or the data the systems produce without significant alternate procedures being performed around verifying the integrity and accuracy of any report generated from the system. This would include testing a sample of transactions or data contained in the reports and vouching to supporting documentation as well as checking the report for clerical accuracy. For application or IT dependent manual controls, we will be required to extend our testing sample size from 1 to 25 depending on the frequency of the control.

As above, we expect to rely on the Council's IT general controls, and therefore test IT application controls in the following key processes:

- Billings and collection (rates and user charges)

We support our IT general controls testing with manual controls testing in the following processes:


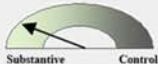










- Procurement/Purchases and payments
- Payroll
- Grants and other revenue streams and receipts

In the course of any audit, there are areas where a controls reliance approach is not appropriate and where a substantive audit approach is more efficient or effective. Significant or judgemental balances that we audit substantively are:

- Valuation of financial and non-financial assets
- Employee provisions
- Any other provisions

As the Council continues to improve the process controls we will review our approach and rely on controls where possible. We have set out to the right a table which summarises the level of controls reliance we expect to achieve in the key financial statements processes.

Approach to key financial statement processes (continued)

| Process | IT reliance | Controls reliance |
|----------------------------|---|---|
| Financial statement close |  |  |
| Revenue and receivables |  |  |
| Purchases and payables |  |  |
| Cash receipts and payments |  |  |
| Payroll |  |  |
| Regulatory compliance |  |  |

Audit approach

Risk of fraud or error

The primary responsibility for the prevention and detection of fraud and error rests with those charged with the governance and management of the Council. The Council has an active program for the prevention and detection of fraud which also involves internal audit.

Our responsibility as the external auditor is to consider the risk of fraud and the factors that are associated with it so as to ascertain that the financial statements are free from material misstatement resulting from fraud. However, it is important to note that while our external audit work is not primarily directed towards the detection of fraud or other irregularities, we will report any matters identified during the course of our work.

Approach to fraud risks

Identifying and evaluating controls implemented by management to address fraud, including those in respect of related party transactions.

Tests of operating effectiveness of identified fraud controls.

Reviewing processes in place designed to ensure that transactions are appropriately approved and recorded in the accounting records of the Council.

One on one discussions with key staff.

Substantive audit of manual journals including use of data analytic techniques to identify any significant unusual journals.

Audit and challenge of judgemental areas with sufficient level of professional scepticism and involvement of senior team members.

Review internal audit reports and consideration of findings.

We will conduct our audit in accordance with Australian Auditing Standards and the financial reporting requirements of the *Local Government Act 2019* and *Local Government (General) Regulations 2021* for the general purpose financial statements of the Council.

Other opinions

We will also audit the special purpose financial report of the Council's grant funding acquittal statements in accordance with the reporting requirements of the relevant funding body.

Opinions to be issued

Audit of the full year financial statements

Our audit will be conducted to provide reasonable assurance as to whether the financial report for the year ending 30 June 2023 is free of material misstatement.

Audit approach

Overall audit approach

| Activity | Planning and risk assessment | Testing | Completion |
|--------------|---|---|---|
| Objectives | <ul style="list-style-type: none"> Perform risk assessments Determine critical accounting matters Plan audit procedures Evaluate fraud risk in financial reporting Understand accounting and reporting activities | <ul style="list-style-type: none"> Test operating effectiveness of key controls with sample sizes based on frequency and nature of controls Assess control risk and the risk of significant misstatement Perform substantive audit procedures Audit non-routine transactions and re-assess the risk of misstatement Consider if audit evidence is sufficient and appropriate | <ul style="list-style-type: none"> Evaluate and report audit findings Form and issue audit opinion |
| Activities | <ul style="list-style-type: none"> Update our understanding of the Council's business via discussions with executive management Assess risks and identify general ledger accounts requiring audit focus Assess materiality having regard to business forecasts Undertake analytical review and assess key accounting issues Discuss key processes and controls relevant to "significant general ledger accounts" Test the design and implementation of controls | <ul style="list-style-type: none"> Perform testing on complex and non-routine transactions Perform other tests to supplement controls testing Audit financial statement disclosures | <ul style="list-style-type: none"> Resolve judgemental issues identified during the audit Evaluate the Council's financial statements Summarise key findings and report to management and the RMAC Members |
| Deliverables | <ul style="list-style-type: none"> Feedback on pro-forma Financial Report pre year end (if prepared) Audit Plan | <ul style="list-style-type: none"> Summary of adjusted and unadjusted audit differences for consideration by management including significant deficiencies in internal controls Draft report to the Council Draft Audit closing report | <ul style="list-style-type: none"> Audit opinions and applicable independence declarations Full year report to the Council Attendance at the Council meeting |

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Materiality

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Materiality

We design our audit procedures to obtain reasonable assurance that errors in the financial statements are not material, individually or in aggregate. Errors are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the decisions of the financial statements users. Our materiality is set at \$735,000 but we will report identified errors in excess of \$38,750.

Materiality is used to determine the nature and extent of our audit procedures. AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* states that 'omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements'.

Our planning materiality for the 2023 audit based upon 2% of extrapolated 2022 total revenue of \$38.8 million. Our materiality levels are set out in the table below:

| Detail \$ | 2022 |
|--|--------------|
| Total revenue | 38.8 million |
| Planning materiality – 2% total income | 775,000 |
| Threshold for reporting audit and review differences | 38,750 |

As a matter of course, all identified audit and review differences in excess of \$38,750 will be brought to the attention of the Council for further consideration and action as appropriate. We will communicate to you any of these audit differences that are not adjusted by management, as well as significant corrected misstatements.

We will regularly review the level of materiality throughout the engagement and where a change is necessary we will advise Management accordingly.

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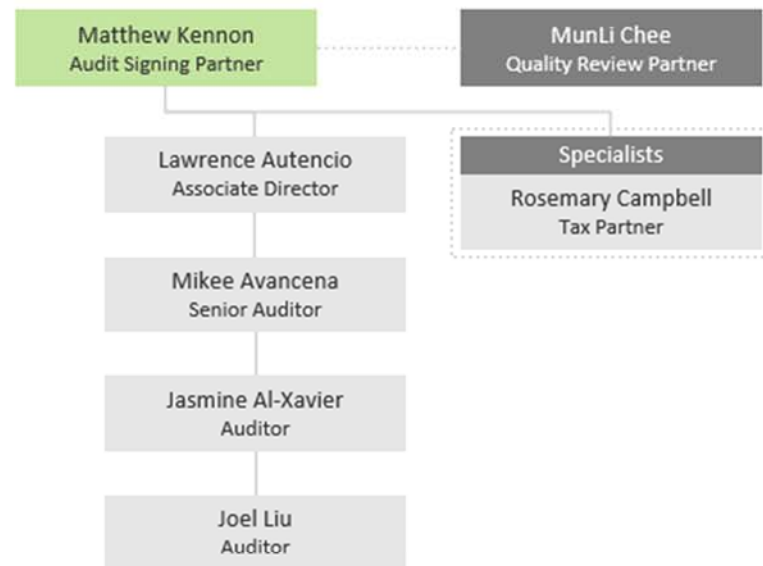
Your MP team

Your audit team for 2021 provides continuity and fresh ideas. This helps to ensure that we build on previous experience and make the audit process as smooth as possible.

Your MP team

We understand that our team is the most important element of your relationship with us. We have effectively balanced the ongoing continuity of our core team with the input of innovation and fresh insights.

Further we have incorporated experts from our Taxation Advisory and Business Services division to assist us should a need arise.



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Independence

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Independence

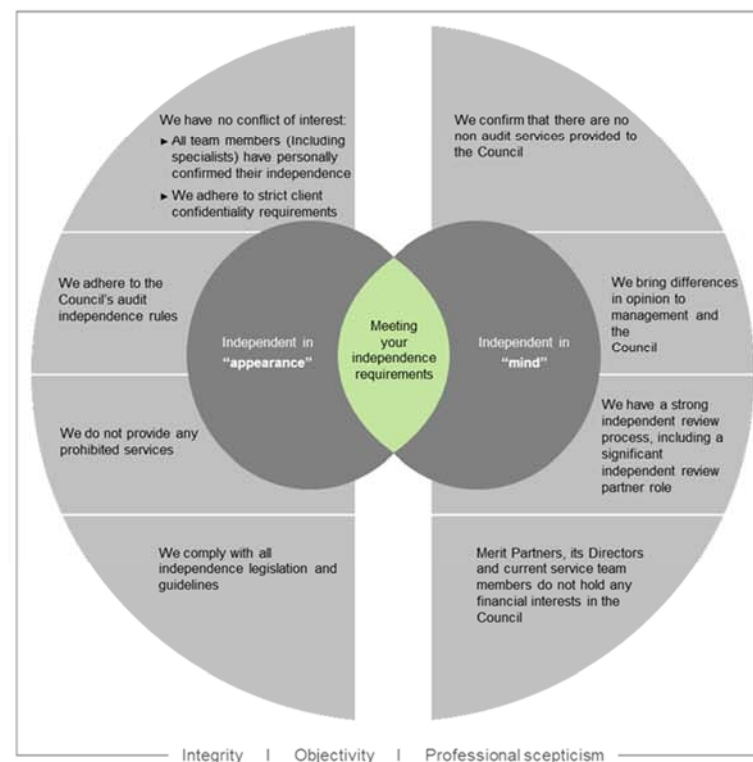
We are committed to being and being seen to be independent. There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Council.

We understand the importance of independence to you. We have been rigorous in maintaining our independence and managing conflicts. We will remain independent, and be seen to be independent.

Independence is fundamental to Merit Partners as our ongoing reputation and success is connected to our ability to meet both the Council's and broader regulatory independence requirements.

We have consistently complied with all professional regulations relating to auditor independence including those outlined in APES 110 *Code of Ethics for Professional Accountants*.

Accordingly, we ensure that there are controls in place and actions taken on a regular basis that mitigate any risks to our independence.



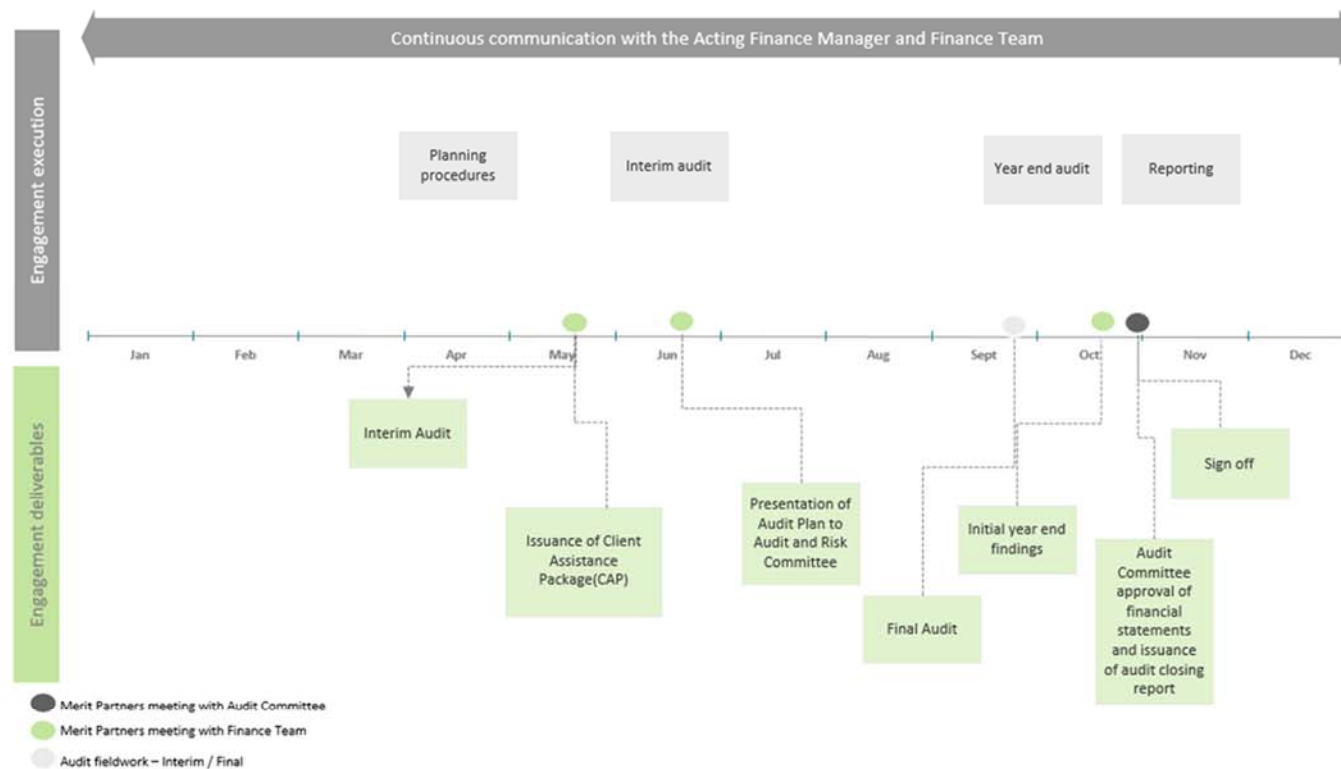
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Engagement execution and reporting

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Engagement execution and reporting

We recognise that regular, timely communication with management and the Audit and Risk Committee is critical to maintaining an effective and transparent relationship. Our audit process operates throughout the year so that we can respond to issues as they arise and maintain close communication, with management and the Audit and Risk Committee, as the audit cycle progresses.



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Appendix A – Financial statement opinions

Audit of the full year financial statements

Our audit will be conducted to provide reasonable assurance as to whether the financial report for the year ending 30 June 2023 is free of material misstatement. We conduct our audit in accordance with Australian Auditing Standards and the requirements of the *Local Government Act 2019* and Local Government (General) Regulations 2021.

Appendix B – Communication with those charged with governance

| Matter | Required communication | Reference |
|---------------------------------------|---|---------------------------------------|
| Terms of engagement | <ul style="list-style-type: none"> Terms of Engagement were established in 2021 for a period of 3 years. | Council's Notification of Appointment |
| Planning and audit approach | <ul style="list-style-type: none"> Communication of the planned scope and timing of the audit including any limitations | Audit Plan |
| Significant audit findings | <ul style="list-style-type: none"> Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with Management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process | Audit Closing Report |
| Misstatements | <ul style="list-style-type: none"> Uncorrected misstatements and their effect on our audit opinion The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected In writing, corrected misstatements that are significant | Audit Closing Report |
| Fraud | <ul style="list-style-type: none"> Enquiries of Management / those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity Any fraud that we have identified or information we have obtained that indicates that a fraud may exist A discussion of any other matters related to fraud | Audit Closing Report |
| External confirmations | <ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures | Audit Closing Report |
| Consideration of laws and regulations | <ul style="list-style-type: none"> Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional Enquiry of Management / those charged with governance into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that they may be aware of | Audit Closing Report |

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| Matter | Required communication | Reference |
|------------------|--|-------------------------------------|
| Independence | <ul style="list-style-type: none"> Confirmation that we have complied with APES 110 <i>Code of Ethics for Professional Accountants</i>. In the case of listed entities the auditor shall communicate with those charged with governance: <ul style="list-style-type: none"> A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgement, may reasonably be thought to bear on independence. The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level. | Audit Plan and Audit Closing Report |
| Going concern | <ul style="list-style-type: none"> Events or conditions identified that may cast significant doubt on the Council's ability to continue as a going concern, including: <ul style="list-style-type: none"> Whether the events or conditions constitute a material uncertainty Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements The adequacy of related disclosures in the financial statements. | Audit Closing Report |
| Control findings | <ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit | Audit Closing Report |

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About Merit Partners

Merit Partners is a leading Darwin based Chartered Accounting firm and we provide a full range of services, covering audit and assurance, tax, accounting, business and management advice, and SMSF administration services.

Our liability is limited by a scheme approved under professional standards legislation.

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