



**CENTRAL DESERT**

REGIONAL COUNCIL

two ways :: one outcome

## **AGENDA**

### **AUDIT AND RISK COMMITTEE**

**THURSDAY, 27 AUGUST 2020**

The Audit and Risk Committee Meeting of the Central Desert Regional Council will be held in the Alice Springs Council Office on Thursday, 27 August 2020 at 11:00am.

# ORDER OF BUSINESS

ITEM	SUBJECT	PAGE NO
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## 1 PRESENT

Elected Members	PRESENT	APOLOGY	Staff and Guests
Cr Adrian Dixon			
Cr William Liddle			
Cr David McCormack			
Cr Freddy Williams			
Fran Kilgariff			

## 2 APOLOGIES

## 3 CONFLICT OF INTEREST

## 4 CONFIRMATION OF PREVIOUS MINUTES

4.1 Confirmation of Previous Minutes..... 3

## 5 ACTIONS FROM PREVIOUS MINUTES

*Nil*

## 6 AUDIT AND RISK COMMITTEE REPORTS

6.1 Strategic Risks..... 6

## 7 GENERAL BUSINESS

*Nil*

## 8 CLOSED SESSION

8.1 Draft Financial Statements

*The report will be dealt with under Section 65(2) of the Local Government Act and Regulation 8 (ciii) of the Local Government (Administration) Regulations. It contains information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.*

## 9 CLOSE OF MEETING

## **CONFIRMATION OF PREVIOUS MINUTES**

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**ITEM NUMBER** 4.1  
**TITLE** Confirmation of Previous Minutes  
**REFERENCE** 580522  
**AUTHOR** Leslie Manda, Deputy Chief Executive Officer  
**DUE DATE** Not Applicable

### **LINKS TO STRATEGIC PLAN**

Theme 4: Sustainable Communities

### **RECOMMENDATION:**

**That the Audit and Risk Committee confirm the minutes of the meeting held 9 April 2020.**

**SUMMARY:** The Audit and Risk committee is being asked to review the previous minutes to ensure they are a true and correct record of the meeting.

### **BACKGROUND**

The Audit and Risk Committee needs to consider the unconfirmed minutes of the previous meeting before they confirm that they are accurate and truthfully reflect the discussions held during the meeting.

### **ISSUES, CONSEQUENCES AND OPTIONS**

Nil

### **FINANCIAL IMPLICATIONS**

Nil

### **ATTACHMENTS:**

1 Audit and Risk Committee minutes - 9 April 2020



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**MINUTES**  
**AUDIT AND RISK COMMITTEE**  
**THURSDAY, 9 APRIL 2020**

The Audit and Risk Committee Meeting of the Central Desert Regional Council was held via teleconference on Thursday, 9 April 2020 at 11:00am.

Meeting opened at 11:06am.

**PRESENT**

***Committee Member in person***

Fran Kilgariff (Chair)

***Committee Members via phone***

Cr Adrian Dixon

Cr Freddy Williams

Cr William Liddle

Cr David McCormack

***Staff present***

Diane Hood (CEO)

Leslie Manda (Director Corporate Services)

Maria de Dios (Governance Officer)

**2. APOLOGIES**

Nil

**3. CONFLICT OF INTEREST**

Nil

**4. CONFIRMATION OF MINUTES**

**4.1 CONFIRMATION OF PREVIOUS MINUTES**

*AR001/2020* **RESOLVED** (Cr A Dixon/Cr W Liddle)

**That the Audit and Risk Committee confirm the minutes of the meeting held 12 December 2019.**

**5. ACTIONS FROM PREVIOUS MINUTES**

Nil

## **6. AUDIT AND RISK COMMITTEE REPORTS**

### **6.1 STRATEGIC RISKS**

**AR002/2020 RESOLVED (Cr A Dixon/Cr D McCormack)  
That Committee note the strategic risks register.**

There was discussion on each of the risks and current status, particularly with a view to the COVID-19 situation.

## **7. GENERAL BUSINESS**

Nil

The meeting closed at 11:22pm.

THIS PAGE AND THE PRECEDING 2 PAGES ARE THE MINUTES OF THE Audit and Risk Committee HELD ON Thursday, 9 April 2020 AND CONFIRMED Thursday, 27 August 2020.

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Chairperson



## **AUDIT AND RISK COMMITTEE REPORTS**

**ITEM NUMBER** 6.1

**TITLE** Strategic Risks

**REFERENCE** 675868

**AUTHOR** Leslie Manda, Deputy Chief Executive Officer

### **LINKS TO STRATEGIC PLAN**

Theme 1: Advocacy

Theme 2: Customer Service

Theme 3: Liveability

Theme 4: Sustainable Communities

Theme 5: Economic Growth

### **RECOMMENDATION:**

**That Committee endorse the strategic risks register.**

**SUMMARY:** Central Desert Regional Council has adopted its Strategic Risk Plan and endorsed the Audit and Risk Committee review of risks at each meeting.

### **BACKGROUND**

The strategic risks were reviewed and debated by the Audit and Risk Committee and endorsed by Council.

Both the Audit and Risk Committee and Council have agreed the reporting format for ongoing review of the strategic risks.

The Audit and Risk Committee reviews high and extreme risks on the strategic risk register – In August the risks on the strategic risk register were reviewed and four of the nine risks were reassessed and the risk rating reduced, two new risks were added.

### **ISSUES, CONSEQUENCES AND OPTIONS**

The Audit and Risk Committee may suggest additional actions.

### **FINANCIAL IMPLICATIONS**

Financial management is negatively impacted if risks are not identified and managed. Poor risk management can have an impact on insurance as well as on asset management.

### **ATTACHMENTS:**

- 1 Risk Analysis Report
- 2 Strategic Risks monitored

GOAL	RISK	TYPE	RISK RATING	RISK DIRECTION	ACTIONS	CONTROL (C) / KPI	August 2020 Status / Comments
Liveability	Council has insufficient staffing levels to deliver on the ground service requirements.	Financial HR	HIGH	STATIC →	Review and re-invigorate HR policies and procedures, by June 30th 2019/ongoing	C: HR policy and procedure KPI: Voluntary staff turnover < 15%	HR Policies update in progress and on target as per Council Policy Review Schedule Voluntary staff turnover approximately 6.2%
	<b>New Risk 08-2020</b> Pandemic outbreak on community	Physical Environment	EXTREME	STATIC →	Central Desert COVID 19 Plan, Community sub-plans and PPE rolled out	C: Central Desert COVID Plan & NTG Remote Preparedness Plan KPI: Zero number of community transmissions in the Southern Region	Central Desert COVID Plan published and shared within Council and to broader stakeholders.  NTG Remote Preparedness Plan circulated to staff and Central Desert also issued a guide to staff for response if an outbreak occurs on community.  PPE purchased and rolled out
	There is insufficient water availability to sustain a community.	Physical	EXTREME	STATIC →	Advocacy.	C: Sustainable communities action plans KPI: # of communities - maintain	Continuing to lobby Power and Water to actively investigate current sources and advise Central Desert communities how this will meet future water supply demand  Update communities about Power and Water's drilling program e.g Yuendumu  Power and Water continues to update Local Authorities on Community signage installed that give the residents more awareness of the community's overall water consumption e.g Engawala, Yuendumu and Yuelamu  Local Government cannot accept responsibility of water until infrastructure is adequate
	Road funding is insufficient to maintain trafficable roads to Australian standards.	Financial Physical	HIGH	STATIC →	Documented and published road maintenance plan by June 2019. Advocacy.	C: Road maintenance plan KPI: Baseline by June 2019; % of roads meeting standards	Asset Management Plan for Sealed & Unsealed roads developed with road conditions assessed. An estimated \$400 000 per year required to maintain our roads
Economic Growth	Environment drives lower population	Environment	HIGH	STATIC →	Advocacy.	C: Liveability plan actions KPI: Population is stable or growing by 30 June 2021	2016 Census data indicates a population of 4 222 The next Census after 2016 will be in August 2021
	Communities fail to develop new businesses or attract companies.	Environment	HIGH	STATIC →		C: Economic growth plan actions KPI: Available jobs and # residents employed has increased by 30 June 2021.	Baseline 2016 census = 1672 jobs in region, 1363 residents employed.  CDP continues to meet its employment targets and work towards smooth pathways to employment, with Council and others.  Council continues to advocate for business land in Ti tree and new mining operations opening up in the Central Australia region e.g Nolans Mine.  Council continues to advocate for the increase of community profiles on Tourism sector e.g East MacDonnell Plenty Highway Master Plan, Art trail and Yuendumu visitors area.



GOAL	RISK	TYPE	RISK RATING	RISK DIRECTION	ACTIONS STRATEGIC RISKS MONITORED BUT NOT REPORTED	CONTROL (C) / KPI	August 2020 Status / Comments
Advocacy	Council advocacy platform contradicts or is at odds with NT Government policy and /or Federal policy.	Relationship External	MEDIUM	REDUCED ↓	Relationships maintained with open and transparent communications. Ensure issues are communicated to and known by other tiers of government up front. Ongoing. Maintain strong relationships with APONT	C: Advocacy plan actions KPI: coverage increasing	Advocacy policy and evaluation matrix developed and to be presented to Council at Jan 2020 OCM Council approved in July 2020, 7 Financial Management Principles that included Council's criteria for accepting agency grants is: - The service aligns with Council's strategic plan (and not solely from an advocacy point of view), and - The services, including internal support services are fully grant funded (cost neutral); Council has improved in its consistent application of these principles and also better at articulating their position consequently improving communication and transparency with all levels of government.
Customer Service	Council does not have the ICT capacity or capability to provide services	Financial Structural	LOW	REDUCED ↓	CouncilBiz participation. Ongoing.	C: Customer Service plan actions. KPI: CouncilBiz annual report, ICT on budget. Systems availability.	CouncilBiz strategy development ongoing - working with Telstra to improve connectivity and infrastructure
Sustainable Communities	Council is unable to deliver services within available funding.	Financial	MEDIUM	REDUCING ↓	Service plans in place. Checkpoint each budget review / adoption Develop clear communications and publish re Council roles and responsibility - by June 2019.	C: Financial management. KPI: Current ratio - target >=52	2019/20 saw a continued emphasis on laying the foundations for a strong long term financial future, with the achievement of another year of genuine operating surplus, positive financial sustainability ratios, creation of 7 Financial Management principles, establishment of cash backed reserves and a significant reduction in unexpended grants liability. Council continued its focus by completion of significant roads capital works program, and refurbishment of Council's Head Office at 1 Bagot Street.
	<b>New Risk 08-2020</b> Council fails to maintain reserves and asset replacement strategy.	Financial Physical	MEDIUM	STATIC →	Continuous review of asset management plans - ongoing. Report capital projects and increase transparency to Council - ongoing. Maintain required reserves levels and embed application of guidelines for movement of any additional annual surplus into reserves (OO012/2020). Improve productivity / own source revenue to allow \$ transfer to reserves by June 2022.	C: Financial management. KPI: Depreciation ratio -target 1.3	In 2019/20 Council achieved another year of genuine operating surplus Council approved guidelines for movement of any additional annual surplus into reserves: a. Any surplus requirements that have been approved to carry forward to the subsequent year budget are appropriately dealt with under accounting regulations. b. Any Council resolutions during the year to be implemented relating to specific elements of the reserve; c. If the remaining surplus is equal to or greater than depreciation, then the amount equivalent to the depreciation will be transferred: 50% to the Facilities reserve; 30% to the Fleet and plant reserve; and 20% to the Waste and Environment reserve. d. Up to 1/3 of the total profit will be transferred into the general reserve; e. Any waste service plan surplus (if available) to be transferred to the Waste reserve.
	Council fails to establish reserves to fund asset replacement.	Financial Physical	LOW	CLOSED	Develop asset management plans - by June 2020. Document capital projects and increase transparency to Council - by June 2019. Determine required reserves and put into 2020 budget process. Improve productivity / own source revenue to allow \$ transfer to reserves by June 2022.	C: Financial management. KPI: Depreciation ratio -target 1.3	Council achieved another year of genuine operating surplus, positive financial sustainability ratios and established cash backed reserves for waste management, facilities, fleet & plant replacement and community services.