



OUR VISION

We strive to be responsive, progressive, sustainable council which respects, listens and empowers the people to be strong.

The Way We Will Work

We will make it happen!

We will be engaged and have regular opportunities to listen.

We will have strong policy and budgets to ensure our programs and services are progressive and sustainable.

Respect is shown in everything we do and we have acceptance of all cultures in the Barkly Region and their practices through a culturally competent Council.

We are a responsible Council.

We will be a responsive Council.

We want to empower local decision making.

We want to ensure that our services are sustainable and that our region has a standard consistent level of services.

We want to be able to sustain our environment – our communities, our physical places, our people and our organisational culture.

We will aggressively pursue additional funding from both levels of government to improve the standard of living of people across the region.

We need to be realistic, transparent and accountable.

AGENDA

AUDIT COMMITTEE MEETING WEDNESDAY, 9 DECEMBER 2015

The Audit Committee Meeting of the Barkly Regional Council will be held in Tennant Creek on Wednesday, 9 December 2015 at 2PM.

Chris Wright
Director Corporate Services

AGENDA

ITEM	SUBJECT	PAGE NO
Meeting to commence – Acknowledgement of Traditional Owners		
1	OPENING & ATTENDANCE	
	1.1 Elected Members Present	
	1.2 Staff and Visitors Present	
	1.3 Apologies and Leave of Absence	
	1.4 Absent without Apology	
	1.5 Disclosure of Interests	
2	CONFIRMATION OF AUDIT COMMITTEE MEETING MINUTES	
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	<i>Nil</i>	
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CONFIRMATION OF AUDIT COMMITTEE MEETING MINUTES

ITEM NUMBER	2.1
TITLE	Audit Meeting Minutes - 15th October 2015
REFERENCE	161927
AUTHOR	Chris Wright, Director Corporate Services

RECOMMENDATION

That the Committee:

- a) Receive and note the minutes of the Audit Committee meeting 15th October 2015 as a true and accurate record

SUMMARY:

Meeting held in the Tennant Creek Council chambers 15th October 2015

ATTACHMENTS:

- 1 Unconfirmed Minutes - Audit Committee Meeting - 15.10.2015.pdf



OUR VISION

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We will aggressively pursue additional funding from both levels of government to improve the standard of living of people across the region.

We need to be realistic, transparent and accountable.

MINUTES

AUDIT COMMITTEE MEETING THURSDAY, 15 OCTOBER 2015

The Audit Committee Meeting of the Barkly Regional Council was held in Tennant Creek on Thursday, 15 October 2015 at 2:00pm.

Edwina Marks
Chief Executive Officer

Unconfirmed Minutes – Audit Committee Meeting – 15.10.2015

- 1 -

1. OPENING AND ATTENDANCE

Meeting opened by chair Rex Mooney at 2:21pm, President Shaw acknowledged the traditional owners

1.1 COMMITTEE MEMBERS PRESENT

Rex Mooney	Chairperson
President Barb Shaw	Ex Officio
Cr. Bob Bagnall	Committee Member
Cr. Narelle Bremner	Committee Member
Cr. Tony Boulter	Committee Member (Proxy)

1.2 STAFF MEMBERS PRESENT

Edwina Marks	Chief Executive Officer
Chris Wright	Director Corporate Services
Theresa Nicoloussi	Finance Manager

1.3 APOLOGIES

Nil

1.4 ABSENT WITHOUT APOLOGIES

Nil

1.5 DISCLOSURE OF INTEREST

There were no declarations of interest at this Audit Committee Meeting.

2 CONFIRMATION OF AUDIT COMMITTEE MEETING MINUTES**2.1 AUDIT COMMITTEE MEETING – 02 JULY 2015****MOTION**

That the Committee

- a) Accept the minutes of the Audit Committee Meeting held on 02 July 2015 as true and accurate.

Moved: Cr. Bagnall

Seconded: Cr. Bremner

CARRIED UNAN.

Resolved 23/15

3 UPDATED AUDIT COMMITTEE WORK PROGRAM REPORTS**3.1 AUDIT COMMITTEE WORK PROGRAM****MOTION**

That the Audit Committee

- a) Receives and notes the report

Moved: Chair Mooney

Seconded: Cr. Bremner

CARRIED UNAN.

Resolved 24/15

3.2 PROCEDURES AND POLICY MANUAL UPDATE 2015	
MOTION	
That the Committee	
<ul style="list-style-type: none"> a) Receive and note the report b) Endorse the updated Accounting Policy and Procedures manual for 2015 	
Moved: Chair Mooney	CARRIED UNAN.
Seconded: Cr. Bremner	
<i>Resolved 25/15</i>	

3.3 INTERIM AUDIT REPORT AND RESPONSE 2015	
MOTION	
That the Committee	
<ul style="list-style-type: none"> a) Receive and note the report. 	
Moved: Chair Mooney	CARRIED UNAN.
Seconded: Cr. Bagnall	
<i>Resolved 26/15</i>	

3.4 CERTIFICATE OF AUDITOR INDEPENDANCE	
MOTION	
That the Audit Committee	
<ul style="list-style-type: none"> a) Receive and note the report b) Endorse the Certificate of Auditor Independence for 2015 	
Moved: Chair Mooney	CARRIED UNAN.
Seconded: Cr. Bremner	
<i>Resolved 27/15</i>	

5 GENERAL BUSINESS AND MATTERS FOR NOTING REPORTS

5.1 CERTIFICATION OF THE END OF YEAR FINANCIAL STATEMENTS 2014/15	
RECOMMENDATION	
That the Audit Committee	
<ul style="list-style-type: none"> a) Receive and note the report 	
MOTION	
That the Audit Committee	
<ul style="list-style-type: none"> a) Receive and note the report b) Recommend to council to follow option 2 as this will result in the annual financial statements being compliant with the accounting standards as well as the <i>NT Government Accounting regulations 2 June 2014.</i> 	
Moved: Chair Mooney	CARRIED UNAN.
Seconded: Cr. Bremner	
<i>Resolved 28/15</i>	

5.2 POLICY REVIEW - PURCHASING AND PROCUREMENT	
RECOMMENDATION	
That the Committee	
a) Endorse the Purchasing and Procurement Policy as appended to this report.	
MOTION	
That the Committee	
a) Recommend that Council adopt the Purchasing and Procurement Policy as appended to this report.	
Moved: President Shaw	CARRIED UNAN.
Seconded: Cr. Bremner	
<i>Resolved</i> 29/15	

5.3 CODE OF CONDUCT POLICY REVIEW 2015	
MOTION	
That the Audit Committee	
a) Receive and note the recommendations included in the report	
b) Note that the quote has been forwarded directly to Council for a decision.	
Moved: Cr. Bagnall	CARRIED UNAN.
Seconded: Cr. Bremner	
<i>Resolved</i> 30/15	

5.4 DEPARTMENT OF LOCAL GOVERNMENT COMPLIANCE REVIEW VISIT NOVEMBER 2015	
MOTION	
That the Committee	
a) Receive and note the report.	
Moved: Cr. Bagnall	CARRIED UNAN.
Seconded: Cr. Bremner	
<i>Resolved</i> 31/15	

5.5 DRAFT REVIEW OF LOCAL AUTHORITY GUIDELINES	
MOTION	
That Council	
a) Receive and note the report	
Moved: Cr. Bagnall	CARRIED UNAN.
Seconded: Cr. Bremner	
<i>Resolved</i> 32/15	

5.6 DELEGATIONS REGISTER LEGAL REVIEW**RECOMMENDATION**

That the Audit Committee

- a) Endorse the legal review the Draft Delegations Register to ensure broad compliance.
- b) Select Option 2 and advise our legal counsel accordingly

MOTION

That the Audit Committee

- a) Endorse the legal review the Draft Delegations Register to ensure broad compliance.
- b) Select Option 2 and advise our legal counsel accordingly
- c) That the quotation of \$4-\$6000 be accepted to continue that the attached Delegations Register is compliant

Moved: Cr. Bagnall

Seconded: President Shaw

CARRIED UNAN.

Resolved 33/15

5.7 MID TERM BUDGET AND FINANCIAL RISK MANAGEMENT PLAN 2015-2017**MOTION**

That the Audit Committee

- a) Receive and note the 2015 – 2017 plan and updated status report for September 2015

Moved: Cr. Bagnall

Seconded: Cr. Bremner

CARRIED UNAN.

Resolved 34/15

5.8 COMMUNITY RECOVERY PLAN TEMPLATES**MOTION**

That the Committee

- a) Recieve and note the report.
- b) Provide feedback on the attached templates under review.

Moved: Cr. Bagnall

Seconded: Cr. Bremner

CARRIED UNAN.

Resolved 35/15

5.9 ANNUAL OVERVIEW OF THE AUDIT COMMITTEES PERFORMANCE**MOTION**

That the Audit Committee

- a) Receive and note the Annual report of the performance of the Audit Committee for 2015

Moved: Cr. Bagnall

Seconded: Cr. Bremner

CARRIED UNAN.

Resolved 36/15

6. **OTHER BUSINESS**

Nil

7. **CLOSE OF MEETING**

The meeting terminated at 4:26pm

Rex Mooney
Chairperson

Edwina Marks
Chief Executive Officer

UPDATED AUDIT COMMITTEE WORK PROGRAM

ITEM NUMBER	3.1
TITLE	Audit End of Financial Year and Management Report 2014/15
REFERENCE	159776
AUTHOR	Chris Wright, Director Corporate Services

RECOMMENDATION

That the Committee

- a) Receive and note the report.

SUMMARY:

This item supports Item 3.1 of the Audit Work Plan

BACKGROUND

Council as part of its new Audit tender now undergoes an interim audit process. The audit of the end of financial year statements was conducted by Ian McDonald in July. We attach his audit management report letter.

ISSUE/OPTIONS/CONSEQUENCES

An annual audit of our end of financial year statements is required as part of our regulations for good governance.

CONSULTATION & TIMING

Audit conducted in November 2015

ATTACHMENTS:

- 1 Item 3.1 End Finan. Report 2014-15.pdf

IAN G McDONALD FCA
ABN: 13 550 494 869

6 November 2015

Dr Edwina Marks
Chief Executive Officer
Barkly Regional Council
PO Box 821
TENNANT CREEK NT 0861



Dear Edwina,

We are pleased to advise that we have now completed the audit of the financial statements of your Council for the year ended 30 June 2015. Enclosed is a copy of the balance date audit management report to the Council President and the Chairperson of the Audit Committee.

If further information is required please do not hesitate to contact us.

Yours sincerely,

Ian Mc Donald

Enc.

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IAN G McDONALD FCA
ABN: 13 550 494 869



**Chartered
Accountants**

6 November 2015

 **COPY**

President Barb Shaw
Barkly Regional Council
PO Box 821
TENNANT CREEK NT 0861

Dear President Barb Shaw,

We are pleased to advise that we have now completed the external financial audit of your Council for the year ended 30 June 2015.

The audit opinion has been signed without qualification.

1. Report on Matters Arising from the Audit

There is no matter that requires a report to the Minister.

We are satisfied with the action taken in relation to our audit communication during the year.

The Auditor's Independence Declaration has been provided to the Chief Executive Officer.

2. Adequacy of the Internal Control Environment

In our opinion, Council's internal control environment is adequate.

A review of the internal control framework documentation should be undertaken annually.

3. Financial Statements

We have finalised our audit of the financial statements.

To ensure compliance with Australian Accounting Standards unexpended grants and contributions are now being treated as income when received. Whilst this significantly reduces Council's financial liabilities, Note 2 details Council's obligations in relation to these funds. This has also been emphasised in the audit report.

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Council has just enough cash to pay out any unexpended grant monies. If Council continues to make an operating deficit, greater than the depreciation expense in 2015/2016, at the end of the year there may not be cash and cash equivalent to unexpended grants. This may breach the funding agreements.

Total Income is up by 5.1% from \$23,465K in 2014 to \$24,670K in 2015. Operating expenses have reduced by 5.6% from \$30,124K in 2014 to \$28,432K in 2015. The operating deficit before capital amounts was \$3,762K (2014: \$6,659K deficit).

Employee costs have reduced by 7%. We noted a significant reduction in the annual leave liability from 89% of the direct labour cost in 2014 to 52% in 2015. The reduction in leave equates to a further 4.3% reduction in employee costs.

Net financial liabilities have increased from \$2,288K in 2014 to \$4,273K in 2015.

We also note some income lines have been restated for the previous year.

4. Asset Revaluations

Council assets were last revalued in 2008. Consideration should be given to a revaluation.

5. Procurement Policy and Procedures Compliance

Whilst undertaking our balance date audit we noted a significant improvement in compliance with procurement policies and procedures.

Please do not hesitate to contact us if further information is required.

Yours sincerely,



Ian Mc Donald

CC: *Audit Committee Chairperson*
Chief Executive Officer

UPDATED AUDIT COMMITTEE WORK PROGRAM

ITEM NUMBER 3.2
TITLE Audit Committee Work Program
REFERENCE 159777
AUTHOR Chris Wright, Director Corporate Services

RECOMMENDATION

That the Audit Committee

- a) Receives and notes the report

SUMMARY:

The annual Audit Committee Work Program has been completed. The Audit Committee now needs to workshop the new items for 2016. The completed report is appended to this report for information to the Committee.

ATTACHMENTS:

- 1 AC Work Program - 2 December 2015.pdf

Barkly Regional Council
Audit Committee Work Program 2014-15 - updated December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
1. Financial Reporting					
<p>Monitor the integrity of the financial statement reports referred to in sections 1.1 to 1.4 below to review any significant financial reporting issues and judgements which they may contain</p> <p>Specifically - review and challenge where necessary:</p> <ul style="list-style-type: none"> • the consistency in application of, and/or any changes to, accounting policies; • the method used to account for significant or unusual transactions where different approaches are possible; • whether Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; • the clarity of disclosure in Councils financial reports and the context in which statements are made; • all information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to the audit and risk management); and • significant adjustments to the financial report (if any) arising from the audit process. 					
1.1 Annual Budget 2015-16	Jun 2015	TN / MB / CEO	Complete	Jul 2015	Yes
1.2 Annual Financial Statements 2013-14	Nov 2014	VJ	Complete	Dec 2014	Yes
1.3 Annual Financial Statements 2014-15 Preparation & Audit - Project Plan	Jun 2015	TN / MB / CEO	Complete	Jun 2015	Yes
1.4 Annual Financial Statements 2014-15	Sep 2015	TN / MB / CEO	Complete	Oct 2015	Yes
1.5 Financial Performance Report 2015-16	Nov 2016	TN / MB / CEO			Yes
1.6 Mid Year Budget Forecast 2014-15.	Jun 2015	CEO, DCS	Complete	Jun 2015	Yes
1.7 Budget Review # 1 2015-16	Dec 2015	DCS, TN	Agenda Item		Yes

Barkly Regional Council
Audit Committee Work Program 2014-15 - updated December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
2. Internal Controls and Risk Management Systems					
2.1 Develop an internal financial control framework, together with associated policies & procedures documents.	Sep 2015	TN / MB / CEO	Policy and Procedures Manual reviewed	Sep 2015	Further refinements required
2.2 Review & comment on risk register including the risk assessment framework used when completed.	Sep 2015	CEO	Risk Log included in Mid Term Budget and Financial Risk Management Plan	Sep 2015	Further refinements required
2.3 Further develop & comment on the disaster recovery plan as well as the business continuity plan.	Sep 2015	CEO	Template developed.	Sep 2015	Further refinements required
3. Internal Audit					
3.1 Develop an internal audit program. Staff to develop a cyclical audit program to ensure that the internal controls as identified in the internal control framework are operating effectively.	Feb 2016	DCS / TN			Transfer to 2016-17 Work Program
3.2 Review the internal audit annual work program, and receive twice yearly summary reports on work undertaken outlining any significant issues discovered.	TBA	DCS / TN			Transfer to 2016-17 Work Program
3.3 Having regard to results of its own work program and the Council's available resources, risks and anticipated benefits and costs, the Audit Committee should identify whether there are key functions where it might recommend that an efficiency and economy audit be performed.	Ongoing	CEO / EM / ACM			Yes

Barkly Regional Council
Audit Committee Work Program 2014-15 - updated December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
4. External Audit					
4.1 Liaise with the Councils' external auditor on the scope and planning of annual audits, including any issues arising from audits and the resolution of such matters. Interim Audits need to be included in future audit requirement specifications.	Jun 2015 Sep 2015	CEO / Auditors	Complete	Sep 2015	Yes
4.2 All correspondence between the Auditor & Council is to be tabled for consideration. The audit committee will review and comment on the Councils response to, and actions taken as a result of issues raised from any external audit. It is anticipated that the Auditors would send 2 management letters in a typical year coinciding with the 2 visit to be required of them in future Audits.	Sept 2015 Nov 2015	DCS / TN	Complete	Nov 2015	Yes
4.3 Recommend the engagement of the Councils' external auditor, including the appointment, reappointment, and removal of the Councils' external auditor. Tender specifications and process to be discussed in Nov Audit Committee meeting with a recommendation to Council to appoint an auditor occurring in the February meeting.	Nov 2014 Feb 2015	TN / CEO	Complete	Feb 2015	No
4.4 Obtain written assurances from Council management to confirm that Councils auditors do not provide additional non audit services.	Nov 2014	CEO / DCS	Complete	Dec 2014	Yes
4.5 Obtain written assurances from Council management to confirm that Councils auditors do not provide additional non audit services.	Sep 2015	DCS / TN	Complete	Sep 2015	Yes

Barkly Regional Council
Audit Committee Work Program 2014-15 - updated December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
5. Reporting Requirements of the Audit Committee					
5.1 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council.	Ongoing	DCS / TN	Monthly financial reporting to Council.		Yes
5.2 Table the minutes of audit meetings together with updated Audit Committee work programs as part of the agenda of the next Council meeting, ensuring recommendations are considered and adopted as required.	Ongoing	CB / CEO	Minutes forwarded quarterly. March, July and November 2015		Yes
5.3 Prepare annually a report to Council on the Audit Committees performance over the past year and include the report in the Annual Report of Council.	Sep 2015	CEO	Complete	Sep 2015	Yes
5.4 Review its own performance and terms of reference on a biennial basis.	Nov 2016	TN / CEO / Audit Committee			Transfer to 2016-17 Work Program
6. Financial Governance					
6.1 Ensure that management develop a comprehensive schedule of finance policies to be developed or reviewed. With the relevant policies included in the audit committee work program.	Feb 2016	DCS / TN	Schedule has been in line with Local Governance Compliance review.		Transfer to 2016-17 Work Program

Barkly Regional Council
Audit Committee Work Program 2014-15 - updated December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
6.2 Initial Policies to be scheduled include: Accounting / financial management <ul style="list-style-type: none"> • Budget setting, amendment & reporting policy • Procurement – incl contract & tendering • Financial delegations • Fraud & corruption • Whistleblower protection • Rates Policy • Accounts Receivable 	TBA - pending achievement of 6.1 above	DCS / TN	Reviewed as part of LG Compliance Review November 2015		Transfer to 2016-17 Work Program
7. Strategic Planning					
7.1 Strategic Management Plan. Incorporate a review by the Audit Committee of the key mile stones of the process into the Audit Committee work program.	Dec 2015 TBA	CEO	Agenda Item		Yes
7.2 Review a process to develop an Asset Management Plan. Incorporate a review by the Audit Committee of the key mile stones of the process into the Audit Committee work program.	Feb 2015 TBA	CEO	Complete	Feb 2015	Yes

Barkly Regional Council
Audit Committee Work Program 2014-15 - updated December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
7.3 Review a process to develop a Long Term Financial Plan. Incorporate a review by the Audit Committee of the key mile stones of the process into the Audit Committee work program.	Feb 2015 TBA	CEO	Complete	Feb 2015	Yes
7.4 Review a process to develop an Asset identification & data improvement plan. Incorporate a review by the Audit Committee of the key mile stones of the process into the Audit Committee work program.	Feb 2015 TBA	CEO	Complete	Feb 2015	Yes
7.6 Review a process to develop an Annual Business Plan & Annual Budget. Review and comment on Councils Annual Business Plan / Annual Budget. Specifically in relation to its consistency with strategic management plans as well as the expected impact on Councils financial sustainability.	Feb 2015 May 2015	'CEO	Complete Complete	Feb 2015 May 2015	Yes Yes

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER	5.1
TITLE	Audit Committee Work Program 2016-17
REFERENCE	159775
AUTHOR	Chris Wright, Director Corporate Services

RECOMMENDATION

That the Committee

- a) Recommend to Council that it ratifies the attached Audit Committee Work Program to be the basis of the work undertaken by the Audit Committee during the 2016 calendar year.

SUMMARY:

Item 3 of this agenda reported on the Audit Committees in relation to the audit committee work program that guided the Audit Committees activities throughout the 2015 calendar year.

Attached to item 5.2 is an Audit Committee Work Program for the 2016 calendar year that contains several new items for the Audit Committee to consider as well as annual recurring items.

ISSUE/OPTIONS/CONSEQUENCES

Nil

CONSULTATION & TIMING

Nil

ATTACHMENTS:

- 1 AC Work Program - Draft 2016-17.pdf

Barkly Regional Council
Audit Committee Work Program 2016-17 - December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
1. Financial Reporting					
<p>Monitor the integrity of the financial statement reports referred to in sections 1.1 to 1.4 below to review any significant financial reporting issues and judgements which they may contain</p> <p>Specifically - review and challenge where necessary:</p> <ul style="list-style-type: none"> • the consistency in application of, and/or any changes to, accounting policies; • the method used to account for significant or unusual transactions where different approaches are possible; • whether Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; • the clarity of disclosure in Councils financial reports and the context in which statements are made; • all information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to the audit and risk management); and • significant adjustments to the financial report (if any) arising from the audit process. 					
1.1 Mid Year Budget Forecast - 2015-16	Mar 2016	TN / MB / DCS			
1.2 Chart of Account, Internal Financial Management Reporting and Monthly Statutory reporting to Council. Project Plan => Internal & Statutory Report Formats=> Budgets prepared in new format => Chart of Accounts => Report actuals to Budget => Make Strategic informed decisions	Mar 2016	TN / MB / DCS	Audit Committee Work Program to be amended in due Course to monitor milestones of the project plan once developed.		
1.3 Review a process to develop an Annual Business Plan & Annual Budget. Review and comment on Councils Annual Business Plan / Annual Budget. Specifically in relation to its consistency with strategic management plans as well as the expected impact on	Mar 2016 Jun 2016	TN / MB / DCS TN / MB / DCS			

Barkly Regional Council
Audit Committee Work Program 2016-17 - December 2015

Councils financial sustainability.					
Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
1.4 Annual Financial Statements - 2015-16 Project Plan - Preparation & Audit	Jun 2016	TN / MB / DCS			
1.5 Budget Review # 2 - 2015-16	Jun 2016	TN / MB / DCS			
1.6 Annual Financial Statements - 2015-16	Sep 2016	TN / MB / DCS			
1.6 Financial Performance Report - 2015-16	Dec 2016	TN / MB / DCS			
1.7 Budget Review # 1 - 2016-17	Dec 2016	TN / MB / DCS			
2. Internal Controls and Risk Management Systems					
2.1 Develop an internal financial control framework, together with associated policies & procedures documents.	Sep 2016	TN / DCS	Existing work needs to be expanded into an internal control framework		
2.2 Review & comment on risk register including the risk assessment framework used when completed.	Dec 2016	DCS	Existing work needs to be expanded into a Council wide risk register		
2.3 Further develop & comment on the disaster recovery plan as well as the business continuity plan.	Dec 2016	DCS	Existing work needs to be expanded formalised plans		

Barkly Regional Council
Audit Committee Work Program 2016-17 - December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
3. Internal Audit					
3.1 Develop an internal audit program. Staff to develop a cyclical audit program to ensure that the internal controls as identified in the internal control framework are operating effectively.	Dec 2016	DCS / TN			
3.2 Review the internal audit annual work program, and receive twice yearly summary reports on work undertaken outlining any significant issues discovered.	2017	DCS / TN			
3.3 Having regard to results of its own work program and the Council's available resources, risks and anticipated benefits and costs, the Audit Committee should identify whether there are key functions where it might recommend that an efficiency and economy audit be performed.	Ongoing	DCS / EM			
4. External Audit					
4.1 Liaise with the Councils' external auditor on the scope and planning of annual audits, including any issues arising from audits and the resolution of such matters. Interim Audits need to be included in future audit requirement specifications.	Sep 2016	DCS / Auditors			
4.2 All correspondence between the Auditor & Council is to be tabled for consideration. The audit committee will review and comment on the Councils response to, and actions taken as a result of issues raised from any external audit. It is anticipated that the Auditors would send 2 management letters in a typical year coinciding with the 2 visit to be required of them in future Audits.	Sept 2016 Dec 2016	DCS			

Barkly Regional Council
Audit Committee Work Program 2016-17 - December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
4.3 Recommend the engagement of the Councils' external auditor, including the appointment, reappointment, and removal of the Councils' external auditor.	2019		Current 5 year contract expires 30 June 2019		
4.5 Obtain written assurances from Council management to confirm that Councils auditors do not provide additional non audit services.	Sep 2016	DCS			
5. Reporting Requirements of the Audit Committee					
5.1 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council.	Ongoing	DCS			
5.2 Table the minutes of audit meetings together with updated Audit Committee work programs as part of the agenda of the next Council meeting, ensuring recommendations are considered and adopted as required.	Ongoing	DCS			
5.3 Prepare annually a report to Council on the Audit Committee's performance over the past year and include the report in the Annual Report of Council.	Dec 2016	DCS			
5.4 Review its own performance and terms of reference on a biennial basis.	Nov 2016	DCS / Audit Committee			
6. Financial Governance					
6.1 Ensure that management develop a comprehensive schedule of finance policies to be developed or reviewed. With the relevant policies included in the audit committee work program.	Feb 2016	TN / DCS			

Barkly Regional Council
Audit Committee Work Program 2016-17 - December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
6.2 Initial Policies to be scheduled include: Accounting / financial management <ul style="list-style-type: none"> • Budget setting, amendment & reporting policy • Procurement – incl contract & tendering • Financial delegations • Fraud & corruption • Whistleblower protection • Rates Policy • Accounts Receivable 	TBA - pending achievement of 6.1 above	TN / DCS	Existing Policies need to be reviewed by Audit Committee in line with schedule prepared in item 6.1 above.		
7. Strategic Planning					
7.1 Strategic Management Plan. SMP to be adopted by Council in April 2016 after review by Audit Committee.	Mar 2016	CEO / Directors	Management to complete work commenced.		
7.2 Populate existing project plan to develop improved Asset data for use in the Asset Management Plan. Incorporate a review by the Audit Committee of the key mile stones of the process into the Audit Committee work program.	Mar 2016 TBA	DCS	Due dates and responsibilities need to be assigned.		

Barkly Regional Council
Audit Committee Work Program 2016-17 - December 2015

Activity	Meeting Date	Responsible Officers	Current Status/Outcomes	Date Completed	Follow up Action (for next year's work program)
<p>7.3 Populate existing project plan established to develop an Asset Management Plan.</p> <p>Incorporate a review by the Audit Committee of the key mile stones of the process into the Audit Committee work program.</p>	<p>Mar 2016</p> <p>TBA</p>	<p>DCS</p>	<p>Due dates and responsibilities need to be assigned. Needs to be consistent with project plan from item 7.2 above.</p>		
<p>7.4 Populate existing project plan established to develop an to develop a Long Term Financial Plan.</p> <p>Incorporate a review by the Audit Committee of the key mile stones of the process into the Audit Committee work program.</p>	<p>Mar 2016</p> <p>TBA</p>	<p>DCS</p>	<p>Due dates and responsibilities need to be assigned. Needs to be consistent with project plan from item 7.2 & 7.3 above.</p>		

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER	5.2
TITLE	Budget Review
REFERENCE	162080
AUTHOR	Chris Wright, Director Corporate Services

RECOMMENDATION

That the committee

- a) Recommend to council that the budget review be completed as a matter of urgency.
- b) Submit the completed Budget review to the February 2016 ordinary council meeting for adoption and to approve amendments to the budget

SUMMARY:

It was intended to have this report ready for this meeting however ongoing problems with the format of the Chart of Accounts has meant that a non automated process has needed to be followed.

Significant work has been undertaken to revise and update staff lists, update grant revenue forecasts and by reviewing all transactions at an org unit level. This work was undertaken by the individual managers responsible for incurring the expenditure working in conjunction with members of the Finance team.

There is still some work required to be undertaken however it is believed that the above recommendation will be easily achievable and that good financial information will be available to Council at the February meeting.

BACKGROUND

A budget review is an essential part of the annual reporting cycle to Council. It is required to be presented to the Audit Committee for consideration as identified in item 1.7 of the Audit Committee Work Program.

A budget review is a mechanism for Council to amend its original budget based on the latest information to ensure that all expenditure that is incurred has been authorised by Council.

A budget review also allows Council to understand changes to its forecast year end position and to determine if there are any pending financial issues as a result of the budget amendments being considered.

ISSUE/OPTIONS/CONSEQUENCES

At this stage two significant decisions have been made that will potentially have an adverse affect on Councils year end position.

It is envisage that an extra \$300k will be incurred as a result of proceeding with the Water Park Project. This project was considered as part of the budget process and omitted from the capital expenditure budget due to financial constraints. The impact of this decision will be to reduce the forecast yearend cash reserves by \$300k.

The decision to extend the operating hours of the Council rubbish dump has also had an adverse effect on the yearend cash position of approximately \$150k.

These matters will be considered in more detail in the report to go to Council in February.

CONSULTATION & TIMING

Nil

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER	5.3
TITLE	Chart of Accounts, Internal Financial Management Reporting, Statutory Reporting, Reporting to Council
REFERENCE	162081
AUTHOR	Chris Wright, Director Corporate Services

RECOMMENDATION

That the committee

Recommend to Council that a project plan be developed, resourced and implemented to identify the internal financial management reporting formats, statutory reporting formats as well as Elected Member reporting formats required by the Council. A suitable chart of accounts to be established as part of this project plan that can support the required reporting formats. Finally, report preparation policies and procedures also need to be developed and adopted to ensure the identified reports are prepared and distributed in a timely manner.

SUMMARY:

Following is a flow chart of the various stages to be included in the recommended project plan.

Project Plan => Internal, Statutory and Elected Member Report Formats developed => Budgets prepared in new format => Chart of Accounts => Reporting Policies, procedures and timelines => Report prepared and circulated in new format => Management & Council are able to make strategic informed decisions.

BACKGROUND

An attempt was made to upgrade the Chart of accounts in the 2014-15 financial year that was extremely unsuccessful for a number of reasons. Staff are still feeling the consequences of what was an extremely unsatisfactory outcome.

An investigation of the reasons for the failure of this initial effort in July 2014 revealed that among other things there was no clear project plan linking the various elements outlined above in the flow diagram. Further to this, timelines and responsibilities for each stage were not established and the appropriate level of accounting skill did also not appear to be available.

ISSUE/OPTIONS/CONSEQUENCES

By agreeing to support the recommended action above, Council will gain the tools required to make informed financial decisions that will allow Council:

- to achieve a breakeven operating result with minimum disruption to services to the community at some stage in the future
- to be able to afford to replace some of existing assets in a timely manner
- achieve these two objectives without incurring debt

CONSULTATION & TIMING

The timeline for each stage will be included in the project plan however the critical implantation date for the chart of accounts will be July 1, 2016. The success of this project hinges on the ability of staff to be able to implement the new chart of accounts on the first day of the new financial reporting period.

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER	5.4
TITLE	Finance Team Staffing Levels
REFERENCE	162082
AUTHOR	Chris Wright, Director Corporate Services

RECOMMENDATION

That the Committee

Recommend to Council that additional funds be included in Budget Review one (1) to reinstate the position of Accountant which has remained vacant since March 2014.

SUMMARY:

The additional position will be required for a period of 12 to 18 months to enable the Finance team to ensure it is appropriately resourced to develop the systems and processes required to provide staff and elected members with accurate financial information for decision making.

The Finance team has made many improvements to the financial processes and procedures over the past 9 months however are still struggling to provide meaningful financial information in a timely manner. The reasons for this have been explained in item 5.3.

It is anticipated that within 18 months many reporting and accounting processes will be automated and that at that stage a review of the finance team could be undertaken to reduce the size of the team as appropriate. This may well lead to reduction in excess of the removal of the additional position being requested in this report.

BACKGROUND

In an attempt to reduce operating costs many positions across the Council have not been filled upon the departure of the previous staff member. The finance team has attempted to absorb the work of the Accountant so far. As can be seen however, this has not been overly successful as financial reports continue to be difficult to produce.

ISSUE/OPTIONS/CONSEQUENCES

Failure to adequately resource the Finance Team will make further improvements to financial reporting unlikely to progress at any great speed. This may well lead to the situation where Council runs out of money and is either forced to borrow or cut services to the community in an ad hoc manner.

CONSULTATION & TIMING

Position is required immediately.

ATTACHMENTS:

There are no attachments for this report.

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER	5.5
TITLE	Structural Review of Staffing
REFERENCE	162085
AUTHOR	Chris Wright, Director Corporate Services

RECOMMENDATION

That the committee recommend to Council the following steps be adopted in preparation for an organisation wide review of staffing levels and structures

1. Directors, managers and the finance team are to update staffing lists together with costings that itemise staff currently employed for the various organisational units they control
2. Directors, managers and the finance team are to create additional staff lists of positions that have remained unfilled as staff have left together with costings for the various organisational units they control
3. That where services have visibly suffered as a result of positions remaining unfilled, that a case be developed to reinstate these positions. It needs to be clearly demonstrated how service levels will be improved from any positions reinstated.
4. That when the new CEO has commenced work, a comprehensive organisation wide staffing review be undertaken with a view to reducing costs whilst at the same time incurring minimal reduction in services provided to the community.

SUMMARY:

Due to financial restrictions, previous management had placed an unofficial freeze on replacing staff in an attempt to move Council into a cash break even operating position.

This has led to some programs and activities being undelivered or delivered at a less than acceptable standard. Accordingly, certain positions that have remained unfilled need to be replaced to ensure that those programs and services that have been compromised can return to the levels of service delivery expected.

It needs to be understood however that significant underemployment of paid staff still exists and that savings can be generated. Hence the need for an organisation wide review at an appropriate stage in the future.

The report contained in item 5.4 above is an example of the type of report to be prepared by managers in support of refilling currently unfilled positions.

BACKGROUND

Staff lists have been prepared as part of the Annual Budget planning process.

These lists need to be updated on an ongoing basis to provide a level of control over one of Councils main operating expenditure lines.

ISSUE/OPTIONS/CONSEQUENCES

Failure to implement the above recommendations may lead to complaints from the community, the need to repay funds received in relation to undelivered grant projects, poor staff morale, and insufficient funds to continue operating without debt.

CONSULTATION & TIMING

Recommendations 1 to 3 immediately. Recommendation 4 to be implemented after the new CEO commences work in 2016.

GENERAL BUSINESS AND MATTERS FOR NOTING



ITEM NUMBER	5.6
TITLE	Strategic Management Plan
REFERENCE	162086
AUTHOR	Chris Wright, Director Corporate Services

RECOMMENDATION

That the committee recommend to Council

That a project plan for the development and adoption of a medium term Strategic Management Plan be prepared and implemented that is broken into stages that include both due dates and responsibilities.

SUMMARY:

There are numerous plans that have been prepared for each of the areas as well as Council Regional plan for the 2015-16 financial year.

Work needs to be undertaken to consolidate the key points from these plans into an overarching Strategic Management Plan that covers a period of 4 years. Such a plan is intended to be used by Council as a reference point when making strategic decisions on its operations and areas of service provision.

Generally speaking decisions made by Council need to be consistent with the Strategic Management Plan.

Given the volume of work already included in the various existing Council plans this exercise should not be very onerous and the final document is intended to be a relatively short 10 pages in length. At a later stage it is intended to expand the Strategic Management Plan into a suite of plans that will include an Asset Management Plan and a Long Term Financial Plan.

BACKGROUND

The planning day in Wauchope generated a mission statement and operational plans that make a good starting point.

Councils need such plans in order to make meaningful decisions and achieve goals and objectives over time.

ISSUE/OPTIONS/CONSEQUENCES

Inconsistent decision making may occur at Council level in the absence of a meaningful Strategic Management Plan.

CONSULTATION & TIMING

Public Consultation planned for March 2016, with final Strategic Management Plan to be adopted in April 2016.

ATTACHMENTS:

There are no attachments for this report.