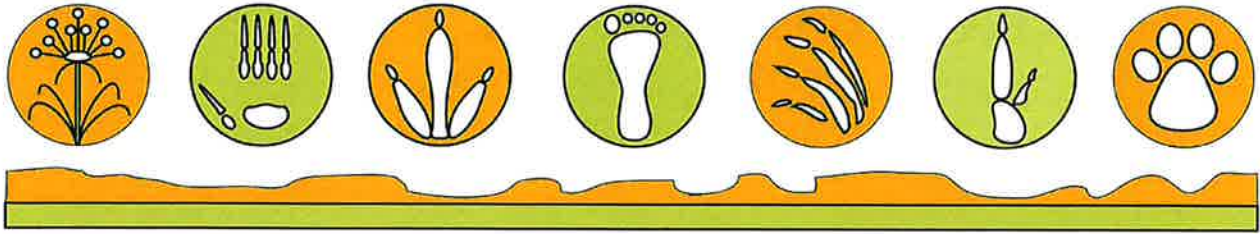

BARKLY REGIONAL COUNCIL



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.**

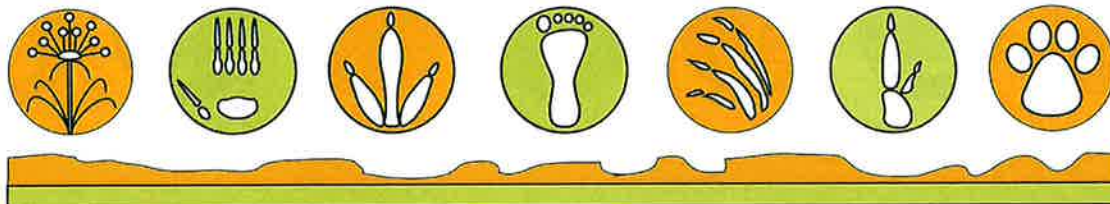
We need to be realistic, transparent and accountable.

AGENDA **AUDIT COMMITTEE MEETING** **THURSDAY, 15 FEBRUARY 2018**

Barkly Regional Council's Audit Committee Meeting will be held in Council
Chambers on Thursday, 15 February 2018 at 02:00pm.

Steven Moore
Chief Executive Officer

BARKLY REGIONAL COUNCIL



AGENDA

ITEM	SUBJECT	PAGE NO
1	OPENING AND ATTENDANCE	
1.1	Elected Member Present	
1.2	Staff Members and Visitors Present	
1.3	Apologies	
1.4	Absent without Apology	
1.5	Disclosure of Interest	
8	DECISION TO MOVE INTO CONFIDENTIAL SESSION	
8.1	Confirmation of Previous Minutes.....	3
8.2	Audit Committee - Terms Of Reference	9
8.3	Audit Committee - Meeting Dates.....	16
8.4	Update - Budget Policy	17
8.5	2016-2017 Annual Report.....	26
8.6	Department Of Local Government Compliance Audit	27
2	CLOSE OF MEETING	

CONFIRMATION OF AUDIT COMMITTEE MEETING MINUTES

ITEM NUMBER 8.1
TITLE Confirmation of Previous Minutes
REFERENCE 228316
AUTHOR Gary Pemberton, Finance Manager

The report will be dealt with under Section 65(2) (cii) of the Local Government Act 2008 and Regulation 8 of the Local Government (Administration) Regulations 2008. It contains information that would, if publicly disclosed, be likely to prejudice the maintenance or administration of the law.

RECOMMENDATION

That Audit Committee receive and note the minutes as a true and correct record of the previous Audit Committee Meeting held on the 27 June 2017.

SUMMARY:

The Audit Committee Meeting was held in Council Chambers at 41 Peko Road, Tennant Creek on Tuesday, 27 June 2017 at 2:00pm. The minutes of this meeting are attached. The Audit Committee is being asked to review the previous minutes to ensure they are a true and correct record of the meeting.

BACKGROUND

The Audit 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.

ORGANISATIONAL RISK ASSESSMENT

NIL

BUDGET IMPLICATION

NIL

ISSUE/OPTIONS/CONSEQUENCES

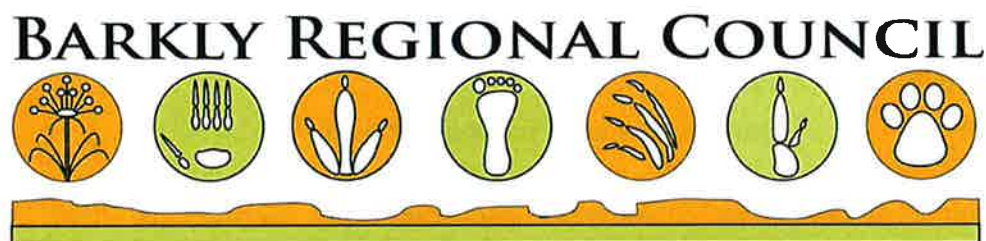
NIL

CONSULTATION & TIMING

NIL

ATTACHMENTS:

1 Audit Committee Minutes 27062017.pdf



OUR VISION

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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.

MINUTES AUDIT COMMITTEE MEETING TUESDAY, 27 JUNE 2017

The Audit Committee Meeting was held in Council Chambers on Tuesday, 27 June 2017 at 2:00 pm.

Steven Moore
Chief Executive Officer

Meeting commenced at 2:00 pm with Rex Mooney as chair.

1. OPENING AND ATTENDANCE

1.1 Elected Members Present

President Barb Shaw
Rex Mooney – Chair
Cr. Neil Price
Cr. Bob Bagnall

1.2 Staff Members Present

Steve Moore - CEO
Chris Wright - Director of Corporate Services
Theresa Nicolussi – Finance Manager
Agnes Nhidza – Accountant
Narayan Subedi – Asses and Contracts Manager
Jan Hunter – EA to Council President & CEO

1.3 Apologies

Cr. Narelle Bremner

1.4 Absent Without Apologies

Nil

1.5 Disclosure Of Interest – Councillors And Staff

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

President Shaw arrived at 2:10 pm.

2. ACTIONS FROM PREVIOUS MINUTES

Nil

3. CONFIRMATION OF AUDIT COMMITTEE MEETING MINUTES

3.1 CONFIRMATION OF PREVIOUS AUDIT COMMITTEE MEETING MINUTES HELD ON 19 APRIL 2017

MOTION

That the Committee

- a) Receive and note the minutes of the Audit Committee Meeting held on 19 April 2017 as a true and accurate record

Moved: Cr. Neil Price

Seconded: Cr. Bob Bagnall

CARRIED UNAN.

Resolved AC 20/17

4. REGISTER OF MOTIONS

4.1 REGISTER OF MOTIONS

MOTION

That the Committee

- a) Receive and note the Register of Motions report

Moved: Cr. Bob Bagnall

Seconded: Cr. Neil Price

CARRIED UNAN.

Resolved AC 21/17

5. UPDATED AUDIT COMMITTEE WORK PROGRAM REPORTS

5.1 AUDIT COMMITTEE WORK PROGRAM

MOTION

That the Committee

- a) Recommend to Council that the findings of the recent Governance Audit that relate to financial governance be referred to the Audit Committee for further consideration and comment.
- b) Advise Council that it will be exposed to a high level of financial risk in the near future due to turnover of key personnel in the Finance team. It is recommended that Senior Management prepare a report to Council explaining its plans to attempt to mitigate this risk.
- c) Requests the Barkly Regional Council CEO to update Sections 2, 3 and 6 of the Audit Committee Work Program and add any other items that need to be included.

Moved: President Shaw

Seconded: Cr. Bob Bagnall

CARRIED UNAN.

Resolved AC 22/17

Meeting was stopped at 3:03 pm for a short break. Cr.'s Bob Bagnall, Neil Price, Chair Rex Mooney and Narayan Subedi left the room at 3:04 pm and returned at 3:08 pm.

The meeting recommenced at 3:10 pm.

6. OTHER BUSINESS**6.1 REGIONAL PLAN AND BUDGET 2017-2018****MOTION****That the Committee**

- a) Advise Council that it has reviewed the Draft Regional Plan and Annual Budget for 2017-18. The Audit Committee advise Council that the plan is consistent with Council's general direction and is financially sustainable for the 2017-18 financial year.

Moved: Chair Mooney

Seconded: President Shaw

CARRIED UNAN.

Resolved AC 23/17

7. GENERAL BUSINESS AND MATTERS FOR NOTING REPORTS**7.1 ASSET DATA COLLECTION AND IMPROVEMENT****MOTION****That the Committee**

- a) Receive and note the report

Moved: Cr. Bob Bagnall

Seconded: Cr. Neil Price

CARRIED UNAN.

Resolved AC 24/17

7.2 BUDGET REVIEW**MOTION****That the Committee**

- a) Advise Council that it has reviewed the Mid-Year Budget review and has noted its content.
- b) Advise Council that the budget reviewing process has not worked effectively throughout the 2015-16 year due to the problems experienced by the Finance team with the implementation of the Technology 1 accounting system.
- c) Advise Council that there should be an improvement in the area of Budget Reviewing in the 2017-18 financial year as the new reporting system should be functioning effectively throughout the year.

Moved: Chair Mooney

Seconded: Cr. Neil Price

CARRIED UNAN.

Resolved AC 25/17

7.3 CHART OF ACCOUNT, INTERNAL FINANCIAL MANAGEMENT REPORTING AND MONTHLY STATUTORY REPORTING TO COUNCIL**MOTION**

That the Committee

- a) Receive and note the report

Moved: Cr. Bob Bagnall

Seconded: Cr. Neil Price

CARRIED UNAN.

Resolved AC 26/17

7.4 ANNUAL FINANCIAL STATEMENT PROJECT PLAN**MOTION**

That the Committee

- a) Receive and note the report

Moved: President Shaw

Seconded: Cr. Neil Price

CARRIED UNAN.

Resolved AC 27/17

8. CLOSE OF MEETING

The meeting terminated at 4:00 pm.

THIS PAGE AND THE PRECEEDING PAGES ARE THE MINUTES OF THE Audit Committee Meeting HELD ON Tuesday, 27 June 2017 AND CONFIRMED Tuesday, 27 June 2017.

Rex Mooney
Chair

Steve Moore
Chief Executive Officer

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER 8.2
TITLE Audit Committee - Terms Of Reference
REFERENCE 228318
AUTHOR Gary Pemberton, Finance Manager

The report will be dealt with under Section 65(2) (cii) of the Local Government Act 2008 and Regulation 8 of the Local Government (Administration) Regulations 2008. It contains information that would, if publicly disclosed, be likely to prejudice the maintenance or administration of the law.

RECOMMENDATION

That Audit Committee receives and notes the Audit Committee – Terms of Reference to be presented to Council for adoption at the Ordinary Meeting of Council on 23 February 2018.

SUMMARY:

The Audit Committee – Terms of Reference outlines the functions and responsibilities of the Audit Committee as assigned to it by Council.

BACKGROUND

Barkly Regional Council has established the Audit Committee pursuant to the Regulations 10(3) of the *Local Government (Accounting) Regulations* to assist the Council in monitoring its compliance with proper standards of financial management, and its compliance with the *Local Government (Accounting) Regulations* and Accounting Standards.

The objective of the Audit Committee is to advise Council on, and where delegated, determine upon matters outlined in the roles and responsibilities of the Audit Committee. This includes the provision of independent review and assistance and assistance to the Council, Chief Executive Officer and executive management on Council's risk, control and compliance framework, and its financial statement pertaining to its financial management responsibilities.

ORGANISATIONAL RISK ASSESSMENT

NIL

BUDGET IMPLICATION

NIL

ISSUE/OPTIONS/CONSEQUENCES

NIL

CONSULTATION & TIMING

NIL

ATTACHMENTS:

1 Audit Committee_Terms_Of_Reference_20180212.pdf

Barkly Regional Council Terms of Reference – Audit Committee



TITLE:	Audit Committee: Terms Of Reference		
DIVISION:	Corporate Services		
ADOPTED BY:	Council		
DATE OF ADOPTION:		DATE OF REVIEW:	
MOTION NUMBER:			
POLICY NUMBER:	NA		
AUTHORISED:	Chief Executive Officer		

PREAMBLE

Barkly Regional Council has established the Audit Committee pursuant to the Regulations 10(3) of the *Local Government (Accounting) Regulations* to assist the Council in monitoring its compliance with proper standards of financial management, and its compliance with the *Local Government (Accounting) Regulations* and Accounting Standards.

LEGISLATION

The Audit Committee (the Committee) is established as an advisory committee to the Council in accordance with the Local Government Act Part 4, and section 10(3) of the Local Government (Accounting) Regulations.

10. Internal Controls

(1) The CEO must establish and maintain internal controls to:

- (a) safeguard the assets of council; and
- (b) ensure the accuracy, completeness and reliability of the accounting data; and
- (c) promote the efficiency of the Council; and
- (d) ensure compliance with relevant laws in force in the Territory;
- (e) ensure adherence to Council policies.

(3). Without limiting subregulation (1), the CEO must establish and maintain an audit committee:

(a) to monitor:

- (i) compliance by the council with proper standards of financial management; and
 - (ii) compliance by the Council with these regulations and Accounting standards;
- and

- (b) whose chairperson must not be a member of Council or a member of Council's staff.

BRC Terms of reference – Audit Committee

Review Date: February 2018

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Barkly Regional Council Terms of Reference – Audit Committee



OBJECTIVES

The objective of the Audit Committee is to advise Council on, and where delegated, determine upon matters outlined in the roles and responsibilities of the Audit Committee. This includes the provision of independent review and assistance and assistance to the Council, Chief Executive Officer and executive management on Council's risk, control and compliance framework, and its financial statement pertaining to its financial management responsibilities.

MEMBERSHIP

Members of the Audit Committee are appointed by the Council. The Audit Committee shall consist of six (6) members:

- One (1) independent Member (Chair)
- Five (5) Elected Members (Councillors)

Appointments of Elected Members shall be for a term of two (2) years. Appointees may be reappointed by the Council for a maximum of six (6) consecutive years.

Independent Members of the Audit Committee shall have senior business or financial management/reporting knowledge and expertise, be conversant with financial risk management and governance issues, have extensive accounting, auditing or legal skills, and other reporting requirements of Local Government.

Appointments of external Independent Members shall be for a term of two (2) years at the commencement of each Council term. Appointees may serve as an Independent Member for the maximum period of four (4) terms.

CHAIRPERSON

The Council shall appoint the Independent Member as the Chairperson for the period of that Member's appointment.

The Chairperson's performance shall be reviewed by the CEO on an annual basis.

The Council shall endorse the appointment of the Chairperson on an annual basis by resolution.

The Chairperson of the Audit Committee must be an Independent Member. Elected members of Barkly Regional Council are not eligible to Chair the Audit Committee.

AUTHORITY

The Council authorise the Audit Committee, within the scope of its roles and responsibilities, through the Chairperson, to:

- seek any information it requires, subject to their legal obligation to protect information, from any of the Directors and Managers in consultation with the Chief Executive Officer;
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of any of the Directors and Managers, including the Chief Executive Officer, at Audit Committee meetings; and
- obtain external legal or other independent professional advice with the agreement of the Chief Executive Officer.

Barkly Regional Council Terms of Reference – Audit Committee



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

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

ROLES AND RESPONSIBILITIES

Financial Reporting

The Audit Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.

The Audit Committee shall review and challenge where necessary:

- (a) the adequacy of processes to ensure integrity of reported financial information and appropriate review and management sign-off, prior to the CEO's and Council's approval of the draft financial statements;
- (b) the consistency of, and any changes to, accounting policies both on a year on year basis;
- (c) the methods used to account for significant or unusual transactions where different approaches are possible;
- (d) whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (e) the clarity of disclosure in the Council's financial reports and the context in which statements are made;
- (f) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement; and
- (g) the processes in place to ensure that the financial information included in the Council's annual report is consistent with the signed financial statements.

Compliance

The Audit Committee shall:

- (a) review the effectiveness of the system for monitoring the Council's compliance with all applicable laws, regulations and associated government policies pertaining to proper standards of financial management which the Council must comply with;
- (b) review the process for building the capacity of Council to manage financial misconduct risk and its management strategies to enhance resistance to financial misconduct whilst improving Council's financial performance and integrity;
- (c) monitor compliance of Program Funding Agreements, Service Level Agreements, Funding Agreements or any other agreements with any funding bodies or agencies to ensure proper standards of financial management;
- (d) keep informed on the findings of any examinations of financial matters by regulatory agencies, and any auditor (internal or external) observations and monitor management's response to these findings;
- (e) obtain regular updates from management on compliance matters pertaining to financial management and Accounting Standards.

Barkly Regional Council Terms of Reference – Audit Committee



Internal Control and Risk Management

The Audit Committee may address issues pertaining to the approach, strategies and activities undertaken by Council to address business, corporate, and financial risk, governance responsibilities and legislative compliance as assigned to it by the Chief Executive Officer or Council.

The Audit Committee may also review issues of a strategic nature as required by the Chief Executive Officer or Council.

Internal Audit

Review the adequacy of the Council's internal audit function for ensuring compliance with the *Local Government (Accounting) Regulations*, the Australian Accounting Standards, and the proper standards of financial management.

The Committee is to provide advice on the adequacy of internal audit resources relevant to the Council's identified financial risks and management strategies.

The Committee shall review Council's unaudited financial statements at the end of the financial year; set the internal audit agenda and Committee's work plan, including meeting dates, for the coming financial year.

External Audit

The Audit Committee shall assist Council meet its financial management, Accounting Standards, and regulatory obligations by meeting with the External Auditors as required, and discussing findings, review the draft audited financial statements and provide necessary feedback to Council.

The Audit Committee shall also review the effectiveness of the external audit and monitor the implementations of any recommendations authorised by Council or the Chief Executive Officer.

The Audit Committee shall review the Report to the Chief Executive Officer and management's response to the external auditor's findings and recommendations.

Provision of Information

The Chief executive Officer will advise the committee members in the event of the following:

- loss of significant funded programs;
- material theft;
- adverse financial event.

Administrative Review

The Audit Committee shall have an administrative review function (s229 *Local Government Act*) if required, so as to review a Council decision which is designated as reviewable by the *Local Government Act*. Administrative review matters shall be assigned to the Committee as required by the Chief executive Officer or Council.

Barkly Regional Council Terms of Reference – Audit Committee



MEETINGS

A meeting of the Audit Committee can be called at the request of and two (2) members of the Committee or by the Chair.

The Audit Committee Meetings shall be considered confidential subject to s65(2) of the *Local Government Act* and Regulation 8 of the *Local Government (Administration) Regulations*.

The Audit Committee will hold meetings at least (4) times in a year. The internal or external auditors may request a meeting if they consider that one is necessary.

Meetings can be held in person, by telephone, or by video conference.

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

The Chief Executive Officer, Directors and Finance Manager shall be invited to attend each meeting, unless specifically requested not to do so by the chairperson of the Committee.

QUORUM

A quorum for the Audit Committee is four (4) members and must include the Chair.

PROXIES

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

ADMINISTRATIVE SUPPORT

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

REPORTING

Following each meeting of the Audit Committee, the meeting minutes will be presented to the Council providing information on the meeting and its outcomes and recommendations.

Audit Committee minutes will be designated confidential.

The Chairperson of the Audit Committee shall prepare and provide an annual report on the Committee's operations to the Council.

CONFLICT OF INTEREST

In accordance with s74(1) of the *Local Government Act*, Committee members will be required to disclose conflicts of interest at the commencement of each meeting.

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

MEETING SITTING FEE

Independent Members of the Audit Committee will be remunerated at a rate per meeting by agreement with the Chief Executive Officer. This payment rate covers preparation for the meeting, meeting attendance, and travel expenses.

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

BRC Terms of reference – Audit Committee

Review Date: February 2018

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Barkly Regional Council Terms of Reference – Audit Committee



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 Committee.

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

LEGISLATION REFERENCED IN THE TERMS OF REFERENCE

Local Government Act

Local Government (Accounting) Regulation

Local Government (Administration) Regulation

DOCUMENT REVIEW

Dates of amendments made by Council resolution:

BRC Terms of reference – Audit Committee

Review Date: February 2018

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**GENERAL BUSINESS AND MATTERS FOR NOTING**

ITEM NUMBER 8.3
TITLE Audit Committee - Meeting Dates
REFERENCE 228371
AUTHOR Gary Pemberton, Finance Manager

The report will be dealt with under Section 65(2) (cii) of the Local Government Act 2008 and Regulation 8 of the Local Government (Administration) Regulations 2008. It contains information that would, if publicly disclosed, be likely to prejudice the maintenance or administration of the law.

RECOMMENDATION

That the Audit Committee receive and note the approved dates scheduled for Audit Committee 2018 meeting, located in Tennant Creek: -

- **Tuesday 24 April 2018, 2:00pm**
- **Wednesday 25 July 2018, 2:00pm**
- **Wednesday 24 October 2018**

SUMMARY:

For planning and advertising purposes Council has approved the Audit Committee meeting dates for 2018.

BACKGROUND

Meeting dates have been scheduled on the basis of the following key finance tasks:

24 April 2018

- Review and endorsement of draft 2018-2019 Budget Pack.

25 July 2018

- Review of draft 2018 Annual Financial Statement

24 October 2018

- Review of results of 2018 External Audit
- Review of 2018 Annual Report

ORGANISATIONAL RISK ASSESSMENT

NIL

BUDGET IMPLICATION

NIL

ISSUE/OPTIONS/CONSEQUENCES

NIL

CONSULTATION & TIMING

NIL

ATTACHMENTS:

There are no attachments for this report.

**GENERAL BUSINESS AND MATTERS FOR NOTING****ITEM NUMBER** 8.4**TITLE** Update - Budget Policy**REFERENCE** 228360**AUTHOR** Gary Pemberton, Finance Manager

The report will be dealt with under Section 65(2) (cii) of the Local Government Act 2008 and Regulation 8 of the Local Government (Administration) Regulations 2008. It contains information that would, if publicly disclosed, be likely to prejudice the maintenance or administration of the law.

RECOMMENDATION

That the Audit Committee:

- a) receives and notes the Budget Policy to be presented to Council for adoption at the Ordinary Meeting of Council on 23 February 2018.

SUMMARY:

Council's current Budget Policy was last updated in February 2015. The policy has been reviewed and updated as at 12 February 2018.

BACKGROUND

A budget expresses the council's strategic plan in financial terms by providing a one year forecast of income and expenses. The budget is also used to help determine the level of rates required to fund the services and projects outlined in the council's Regional Plan. The Council is required to comply with the Local Government Act when establishing its Budget and rules and procedures are also necessary when undertaking periodic review of year to date revenues and expenditures.

The council is committed to ensuring that it complies with the Local Government Act when adopting its budget and when conducting a budget review. To facilitate legal and regulatory compliance by the Council, and to allow its employees to have confidence that they are acting within the law, a comprehensive budgeting framework is established.

ORGANISATIONAL RISK ASSESSMENT

NIL

BUDGET IMPLICATION

NIL

ISSUE/OPTIONS/CONSEQUENCES

NIL

CONSULTATION & TIMING

NIL

ATTACHMENTS:

- 1 CP000002 - Policy - Budget - 20180212.pdf

POLICY



TITLE:	Budget Policy		
DIVISION:	Corporate Services		
ADOPTED BY:	Council		
DATE OF ADOPTION:	February 20, 2014	DATE OF REVIEW:	February 2018
MOTION NUMBER:	16/14		
POLICY NUMBER:	CP000002		
AUTHORISED:	Chief Executive Officer		

PREAMBLE

The aim of all policy is for Councillors to provide strategic input into the effective operational framework of the organisation under S.11 of the Local Government Act

SUMMARY

The council is committed to ensuring that it complies with the Local Government Act when adopting its budget and when conducting a budget review. To facilitate legal and regulatory compliance by the Council, and to allow its employees to have confidence that they are acting within the law, a comprehensive budgeting framework is established.

OBJECTIVES

To provide a framework for establishment and administration of Council's budget and to ensure that known variations to the budget are addressed in a timely manner.

This policy applies to Council's corporate budgeting activities including the annual budget and any subsequent reviews.

BACKGROUND

A budget expresses the council's strategic plan in financial terms by providing a one year forecast of income and expenses. The budget is also used to help determine the level of rates required to fund the services and projects outlined in the council's Regional Plan. The Council is required to comply with the Local Government Act when establishing it Budget and rules and procedures are also necessary when undertaking periodic review of year to date revenues and expenditures.

REFERENCE

Local Government Act 2009

Local Government regulation 2012

DEFINITIONS

To assist in interpretation the following definitions shall apply:

Council shall mean *Barkly Regional Council*.

Adopted Budget shall mean the original budget for Barkly Regional Council for the financial year including any amendments to the budget adopted by the local government under section 169 and 170 of the Regulation.

BRC BUDGET POLICY - 12.02.2018

Review Date: February 2018

Page 1 of 8

POLICY



Community Plan shall mean a document that outlines the local government's goals, strategies and policies for implementing the local government's vision for the future of the local government area, during the period covered by the plan.

Corporate Plan shall mean a document that outlines the local government's objectives, and the nature and scope of the activities proposed to be carried out.

Long-Term Financial Strategy shall mean a document that outlines the local government's goals, strategies and policies for managing the local government's finances, during the period covered by the plan including supporting asset management plans.

Manager Finance shall mean the person holding that position in Council's hierarchy or in their absence the Chief Executive Officer.

Project shall mean an activity that is temporary in that it has a defined beginning and end in time, and generally a defined scope and resource requirement. A project is unique in that it is not a routine operation, but a specific set of operations designed to accomplish a singular goal. They could be operating or capital in nature.

The Act shall mean *Local Government Act 2009*.

The Regulation shall mean *Local Government Regulation 2012*.

POLICY STATEMENT

Barkly Regional Council's budget cycle is aimed at addressing the need for:

- Long term financial planning;
- Detailed annual budgets supporting Council's operating plans and revenue decisions;
- Reviews to address progress against the annual operating plan; and
- Reviews to align the budget with actual results.

This is illustrated as follows:



Philosophy

To deliver on Council's mission a robust financial planning framework is required to support long term financial sustainability.

Financial sustainability is about Council being able to maintain its infrastructure capital and financial capital over the long term. In turn, long term financial planning relies on an understanding of the infrastructure funding needs of Council, including maintenance, upgrades and renewals. Council will use budgeting and long term financial planning to ensure the financial sustainability of the region is maintained for future generations. The following principles will be applied:-

- (a) The long term impacts of projects will be considered including Whole of Life costs.
- (b) Projects will be considered using a portfolio approach ie whole of council, to ensure the relative merits of individual projects are considered comparatively with all projects.

BRC BUDGET POLICY - 12.02.2018

Review Date: February 2018

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POLICY



- (c) Grant funding will only be sought and accepted where projects are strategically aligned and the benefits outweigh the Whole of Life cost.
- (d) Asset Management Plans and Project Decision Frameworks will be used as a core decision making tool.
- (e) Where possible, projects of a similar nature should be grouped to take advantage of economies of scale.
- (f) Where possible, larger projects should be undertaken in a single location in lieu of small investments in multiple locations in the same budget cycle.

Council Reports

The following principles are to be applied when compiling official Council meeting reports that have a financial impact:-

- (a) Recommendations that are presented to Council that have the effect of increasing expenditure or reducing income (if adopted) MUST indicate where alternative funding is to be sourced from.
- (b) No report may include a recommendation that "Funds are to be identified at the next review".
- (c) No report may identify that "the project be included in next year's budget", unless the project has been considered as part of a Council budget process relating to the future financial year.
- (d) Where a recommendation states that the funds are to be allocated from various Reserve pools the report MUST include the current balance of the relevant account. This will enable Councillors to be fully informed prior to approving the allocation.
- (e) Only emergent projects/expenditure items should generally be incorporated into Budget Reviews.

Note: The overall intention for the Budget Reviews is to review performance and assess Council's financial position.

- (f) Where an item that has a financial implication is raised in the General Business section at a Council Meeting, a report is to be presented to a future meeting so that possible funding can be identified before the recommendation is adopted.
- (g) The budget is a "project" budget. Where projects are completed under budget, the funds are to be retained in consolidated revenue for those projects that may be over expended.
- (h) Where a Project Decision Framework is in place all proposed projects greater than \$100,000 must complete this process before being considered for inclusion in budgets.

Annual Budget Consideration

Throughout the financial year Council considers matters which may result in a referral to future budget considerations. Where this occurs in an open Council meeting it becomes a matter of public knowledge. These matters must be consistent with Council's Long Term Financial Forecast, when adopted.

During the lead up to the adoption of the original annual budget for a particular financial year, detailed presentations and working papers are provided to Councillors. The presentations and working papers may include potential expenditure, pricing and rating considerations and various scenarios on options to be considered before the adoption of the budget. This includes information pertaining to Council's commercial and general activities.

In the case of commercial activities, the disclosure of detailed pricing and expenditure information may be detrimental to Council's competitive position. Consequently this information is to be treated as confidential. Commercial activities include those activities defined as Type 1, 2 and 3 business activities in accordance with the *Local Government Act 2009*.

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While there are no commercial considerations within Council's general activities, the premature release of financial information being considered as part of budget deliberations may cause conjecture on the likely outcomes. The subtlety between information presented to Councillors to assist them with decision making and the intent of Council after considering all information, may be lost in public disclosure. In order to prevent misleading information in the media or unfounded public conjecture, it is therefore necessary to control the public release of information prior to the formal adoption of the budget.

As a matter of policy, all budget working papers including material presented on possible pricing, rating and expenditure is to be treated as 'strictly confidential'.

In some instances portions of the above information may normally (outside of the budget process) be used to answer inquiries or comments from members of the public. In recognition of the operational need to continue to respond to public inquiries/comment during the budget preparation, the Mayor and CEO (or CEO delegate) are authorised to exercise discretion in releasing information which would otherwise be considered confidential under this policy.

Adoption Of The Budget

Council will adopt the budget at the highest level.

Operating Revenues	\$ xx,xxx,xxx
Operating Expenses	\$ xx,xxx,xxx
Operating Surplus/Deficit	
Capital Revenue	\$ xx,xxx,xxx
Capital Expenses	\$ xx,xxx,xxx
Net Surplus/Deficit	
Excluding Depreciation	\$ x,xxx,xxx
Nominal Surplus/Deficit	\$ xx,xxx

To promote accountability the council will adopt the budget by:

- Whole of Council
- Strategic Objectives
- Locality
- Functions/Projects

Budget Reviews

The Act is silent on how often a council should review its budget during the financial year. Generally at least two budget reviews will be completed each financial year in December and April. This policy has been established to ensure that council follows the following budget reviews process:

- Review council budget on a half yearly basis each financial year or when new expenditures need to be incurred; eg when additional grant funding requires to be expended ; and
- Consider a mid year report on the revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget.

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A budget review provides an opportunity to amend the previously adopted (or amended) budget. Changes to a budget may be required as further information is received during the year. Reasons for these changes may include:

- Different services expected by the community;
- Additional or reduced funding received to carry out new or extended services;
- Projects or services delayed or stopped due to lack of resources; and
- Ad hoc budget adjustments.

Factors to take into consideration when administering the budget review process include:

- Commitment to financial sustainability by ensuring that the adopted key financial targets are met;
- Consistency with council's strategic direction;
- Accountability and transparency in budget decision making process;
- Providing value for money for the services provided;
- Maintaining the budget allocated to each project type; and
- Council operates within cash flows and use of reserve restrictions.

To ensure the principles of this policy are met, the following guidelines will apply during the budget review process. The exception to these guidelines occurs where circumstances are outside council's control. This may occur as a result of the following changes in circumstances:

- Any new funding agreements offered by governments;
- Changes to legislation or regulations; and,
- Financial shocks - a financial shock is an unexpected or unpredictable event that affects an economy, either positively or negatively.

Where these circumstances occur, or when carry forward items from the previous financial year are recognised in the budget, council should attempt to achieve its adopted financial targets.

Nominal Surplus/Deficit

The nominal surplus/deficit is calculated by deducting council's operating expenses from its operating income. This result is used to determine key financial target 1 (operating surplus) and assist in the calculation of key financial target 2 (operating surplus ratio). As a result of the budget review the budgeted operating result should at least remain the same where possible. The council budget cannot show a planned deficit.

A very conservative budget approach is to be taken at the early stages of the financial year due to the possibility of not meeting revenue targets or unforecast unavoidable expenditures.

Should other additional funding also become available during the year, the first priority will be to ensure that approved projects have adequate allocations to meet the initial scope of the project.

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Amendments to the Budget

There are a number of budget amendments that may be required during the year. The process for handling various types of amendments is as follows:

Type of Amendment	Less Than 10% Variance # Or Less than \$100,000	Greater Than 10% Variance # Or Greater than \$100,000
Increased/decreased expectation of revenue.	At Manager Finance discretion*, adjust at next review.	Council approval required prior to work commencing. Report to Council at earliest opportunity.
Increase or reduction in the scope of a Council approved project (operating or capital).	At Manager Finance discretion*, adjust at next review although consideration should be given to reporting to Council if there are other significant non-monetary impacts (e.g. change in risk, service level).	Council approval required prior to work commencing. Report to Council at earliest opportunity.
Change in routine/operational item. (e.g. additional funds required in one project area, but savings available in another).	At Manager Finance discretion*, provided it is within the one Program area.	Council approval required prior to work commencing. Report to Council at earliest opportunity.
Transfers between Programs.	At Manager Finance discretion*.	Council approval required prior to work commencing. Report to Council at earliest opportunity.
Incorrect classification of projects as either operational or capital nature or incorrect allocation of Operational Plan, which is for accounting purposes only and has a Nil effect on Council's bottom line.	At Manager Finance discretion*.	Council approval required prior to work commencing. Report to Council at earliest opportunity.
Information regarding additional grant funded projects and associated revenue and expenditure.	At Manager Finance discretion*.	Council approval required prior to work commencing. Report to Council at earliest opportunity.
Projects subject to reserve transfers as a funding source.	At Manager Finance discretion*.	Council approval required prior to work commencing. Report to Council at earliest opportunity.

Minimum variance for reporting purposes is \$ 10,000.

* Discretion may in fact mean the decision not to support the change or that a report must go to Council to obtain approval for the proposed change.

In addition, where there is any question over the allocation of revenue or expenses to a particular Department/Program the final decision shall be at the discretion of the Manager Finance and/or the Chief Executive Officer.

Where money is budgeted for capital projects in the previous financial year and during that previous financial year a commitment has been made to complete this work, however the work is not complete at the 30 June in that year, the current year's budget may be amended at the discretion of the Manager Finance by the amount of the surplus budget from the previous year's project.

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NEW INITIATIVES AND CAPITAL PROJECTS

To assist in the definitions of council's financial targets, projects are classified into three categories, being:

- New initiatives (operating);
- Capital-renewal & replacement; and
- Capital-new.

New Initiatives: Services that are provided for the first time that may have consequences on future recurrent budgets, or are short term in nature.

Capital-Renewal & Replacement: Occurs where an asset's service life is extended but its service replacement capability is not improved.

Capital-New: Occurs where an asset is added to council's existing complement or where an existing asset is upgraded to provide additional capabilities or services.

Where possible, council should aim to ensure that its key financial targets are maintained or improved. The total budgeted net expenditure allocation for each of these project types should not be increased without a corresponding increase in revenue or a reduction in expenses in the same financial year.

In the case of new initiatives and capital constructions, consideration needs given and planned for operational inputs required for a period of the following five years.

Where such projects are delayed to future financial years, the allocation will remain in the budget unless by way of council resolution. The allocation remaining for the projects at the end of the financial year shall be included in the items to be carried forward to the following financial year, and recognised as part of the restricted reserves.

Projects to be considered during the budget review process can be put forward for consideration at any time. A listing and explanation of these projects for each project category will be provided at the time of presenting the budget review for adoption. This will provide elected members with supplementary information to swap projects prior to adopting the budget and/or revised budget.

New Initiatives

Where there is a reduction in new initiative projects, funds may be allocated to other new initiative projects. Alternatively, these funds may be identified as savings to the council's operating budget.

Capital-Renewal & Replacement

When a capital-renewal and replacement project does not proceed, it should be replaced by project(s) with the next highest priority in council's infrastructure and asset management plan subject to council's approval. Alternatively, the surplus funds could be allocated to the renewal and asset replacement reserve for use when required.

Capital New

New capital works requested by community organisations as an addition to council owned facilities must have at least 50% of the total cost of the project funded by the organisation, which can be through monetary contributions (upfront payment or lease arrangement), in-kind support, government grants or a combination of the methods. Council should not take on any new capital works projects if the projects are not viable and without the approval of the council.

Where there is a reduction in capital-new projects, the budget may be allocated to other identified capital-new projects, where a cost-benefit analysis justifies its inclusion. Where no

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other capital-new projects are identified, the reduction in funds should be used to reduce any budgeted loans.

EVALUATION AND REVIEW

This policy will be reviewed annually. The Chief Executive Officer will report to council on the outcome of the review and make recommendations for amendment, alteration or a substitution of a new policy if considered necessary.

IMPLEMENTATION AND DELEGATION

The CEO has delegated authority to implement this Policy.

LEGISLATION, TERMINOLOGY AND REFERENCES

Section 128 of the Act provides for adoption or amendment of a council budget as follows:

1. A council must adopt its budget for a particular financial year on or before 31 July in the relevant financial year.
2. A council may, after adopting its budget for a particular financial year, adopt an amendment to its budget (but once allowances for the members of the council for a particular financial year have been set, they cannot be changed by amendment).
3. As soon as practicable after adopting its budget, or an amendment to its budget, for a particular financial year, a council must:
 - 3.1 Publish the budget or the amendment as adopted on the council's website; and
 - 3.2 Notify the agency in writing of the adoption of the budget or amendment; and
 - 3.3 Publish a notice in a newspaper circulating generally in the area informing the public that copies of the budget or amendment may be downloaded from the council's website or obtained from the council's public office.
4. The council's budget forms part of the council's municipal or Regional plan.

GENERAL BUSINESS AND MATTERS FOR NOTING

ITEM NUMBER 8.5
TITLE 2016-2017 Annual Report
REFERENCE 228333
AUTHOR Gary Pemberton, Finance Manager

The report will be dealt with under Section 65(2) (cii) of the Local Government Act 2008 and Regulation 8 of the Local Government (Administration) Regulations 2008. It contains information that would, if publicly disclosed, be likely to prejudice the maintenance or administration of the law.

RECOMMENDATION

That the Audit Committee:

- a) **Receive and note the Barkly Regional Council 2016-17 Annual Report.**

SUMMARY:

Council approved the 2016-17 Annual Report at a Special Ordinary Meeting of Council on Thursday, 9 November 2017.

Copies will be available at the meeting

BACKGROUND

The Annual Report 2016-17 is a comprehensive report on Barkly Regional Council's activities throughout the 2016-17 financial year. Each year Council must, on or before 15 November, submit a report to the Minister on its work during the financial year ending on the preceding 30 June.

The Annual report includes how Council performed in terms of service delivery and finance.

The last section of the Report contains the final Audit Report for the year 2016-17. The Audit Report was unqualified for the year 2016-17.

ORGANISATIONAL RISK ASSESSMENT

NIL

BUDGET IMPLICATION

NIL

ISSUE/OPTIONS/CONSEQUENCES

NIL

CONSULTATION & TIMING

NIL

ATTACHMENTS:

There are no attachments for this report.