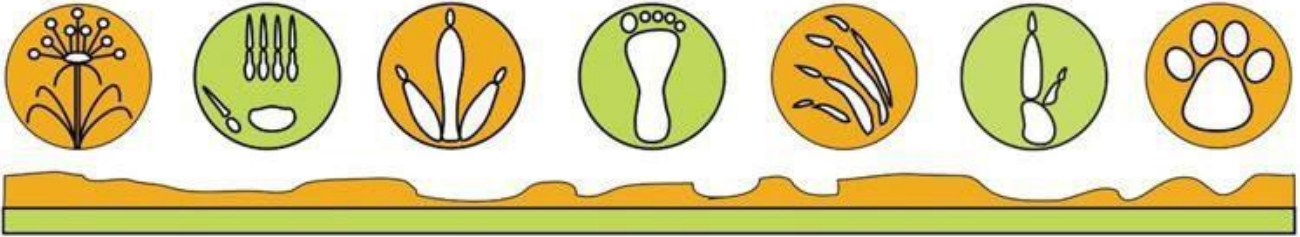


BARKLY REGIONAL COUNCIL



MINUTES OF MEETING AUDIT COMMITTEE MEETING

Thursday 22 February 2024

Barkly Regional Council's Ordinary Council Meeting will be held
in Council Chambers, 41 Peko Road, Tennant Creek
on Thursday 22 February 2024 at 12:30 pm.

Ian Bodill
Chief Executive Officer

OUR VISION

We strive to be a responsive, progressive, sustainable council which respects, listens to 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 policies 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.



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1 OPENING AND ATTENDANCE

1.1 Committee Members Present

- Karan Hayward
- Noel Clifford
- Gareth Muchinguri
- Shane Smith

1.2 Staff Members And Visitors Present

- Ian Bodill – CEO
- Peter Holt – Official Manager
- Faye Jennings – Executive Manager
- Romeo Mutsago – Chief Financial Officer
- Ruth Morley

1.3 Apologies

NIL

1.4 Absent Without Apology

NIL

1.5 Disclosure of Interest

No disclosure of interest to declare.

Action Item:

- Karan and Gareth required to complete declaration of interest.

2 ACTIONS FROM PREVIOUS MINUTES

NIL

3 CONFIRMATION OF COMMITTEE MEETING MINUTES

Confirmation Of Committee Meeting Minutes

3.1 Confirmation of previous minutes

Reference

Author Emmanuel Okumu (Governance Manager), Romeo Mutsago (Chief Finance Officer)

MOTION

That the Committee receives and confirmed the minutes from the Audit and Risk Committee Minutes of Meeting held on 25th September and 10th November 2023 as true and accurate.

Noel Clifford and Shane Smith present at previous meeting.

Noel noted new Agenda items:

1. Members require sufficient time to review audited financials
2. More information required on unexpended grants
3. More information required on contingent liabilities

Motion moved: Noel Clifford

Seconded: Shane Smith

4 REGISTER OF MOTIONS

Nil

5 UPDATED COMMITTEE WORK PROGRAM REPORTS

Committee Work Program Report. This ties into the Community Project fund which talks about ongoing projects within BRC and progress updates. It would be beneficial to have this report for future meetings.

6 GENERAL BUSINESS

General Business

6.1 YTD January 2024 financial statements

Reference

Author Emmanuel Okumu (Governance Manager), Romeo Mutsago (Chief Finance Officer)

MOTION

That the Audit and Risk Committee received and notes the YTD January 2024 Financial Statement.

- Romeo - BRC is in a sound financial position. The business has enough cash for the foreseeable future to meet their obligations.
- Noel – actual income that we’re reporting is slightly ahead except for operational grants. Sitting around 9.8M but budget is about 11.3M – about 1.5M difference. Romeo advised it’s simply due to timing. Part of the operational loss should be turned around by the receipt of those in the next period if not wiped out.
- Noel – Cash flow statement is not readily apparent. Romeo advised that at the end of the year 2023 we received cash funding for this FY so the cash balance was showing much higher cash reserves.
- Ruth - one of the terms of reference in Ruths investigation is the planning and Local Authorities. Ruth has found that there are Infrastructure wish lists from 2021 that in the 2022/2023 annual report were supposed to be updated. There are no budgets against that infrastructure wish list; in the 2023/2024 annual report there are a series of community plans that were taken from the Barkly Backbone document that is also unbudgeted.
- This raises the question - Are the budgets adequately addressing the infrastructure or community plans that feature in the Regional plans 2022/2023 and are they budgeted for in the 2024/2025 plan?
- This poses a potential risk that needs to be addressed and prior to any audit being settled.
- Shane – The Audit for the previous year has already been signed off and submitted to the NTG. Anything going forward we will make notes to and to the points raised with no budget allocation for the budget items identified Romeo is asked to address/respond.
- Romeo – Can confirm that we have not received funding for these capital projects. BRC is always actively exploring opportunities for funding for community for capital projects.
- **Ruth – Agenda Item – It would be beneficial to have a progress report prepared ready for the 2024/2025 Annual Report.**

- Noel – Outline what were the commitments the council signed up for; and what was the plan for it.
- Karan – Barkly Regional deal. The previous Tennant Creek town council made commitments that they would auspice money along with undertaking infrastructure projects with community consultation. Grants to cover these infrastructure projects were however not applied for. This results in the Community still holding onto the vision that these things will come to fruition. The funding, however, was not applied for and was not available to complete these projects. This ties back to the Community Works program report.
- **Action Item – Provide a copy of the Community Works Program Report**
- Noel – This entire process needs to be revisited and come up with a plan that is more appropriate in the circumstances and at the same time action it with NTG to see where we can take it. Also suggest Community consultation with an update.
- Peter – Council does have its own budgets so as much as there are projects that require external funding – what have BRC done with their own funding? Are there elements of those plans that should have been covered off by BRC Infrastructure investments that need to be cleared up.
- Ruth – local authority underspends also need to budgeted.
- Shane – to summarise (Table 103 – Community Project Funds) requires review.
- **Action Item – Romeo to expand on Table 103 – Community Project Funds. Highlight items that have been put forward by the community subject to funding; endorsed by BRC and whereby the Council is seeking funding.**
- Of the projects that have been funded:
 - Where are the funds?
 - Where have they come from?
- BRC will need to review the infrastructure plans with the local authorities and budget accordingly.
- Peter – A large portion of the infrastructure plans that the Backbone did previously came with promise, but no realistic outcome based on the scale of available funds. Backbone plans were not created with community consultation or feedback – assumptions were made with a blanket approach for all communities. Our regional plan this year involves Community consultation specific to each region and aligns with each individual Local Authority. It provides a much clearer reflection of a realistic understanding of what's possible from budget funds – Councils budget; Local authority funds; Grant funding.
- Romeo – Current budget cycle. Consultations starting end of the Feb after the next Council meeting 23.2.2024. The scheduled calendar has been circulated ready for plan completion 1st July.
- Shane – expenditure spend on elected members looked high.

Motion Moved: Noel Clifford

Motion Seconded: Shane Smith

General Business

6.2 Revised Procurement Policy Review

Reference

Author Emmanuel Okumu (Governance Manager), Romeo Mutsago (Chief Finance Officer)

- Shane – what are the current issues under procurement that is driving a review of policy as opposed to conducting an internal audit on the management of procurement within council.
- Peter – Current Terms of reference state we have a best practice policy in place. However, the issues in the forefront are – are we following policy; variations to grants; underquoting on tenders for procurement. Original terms of reference to not address that. Council has its own procurement policies but there are no records of variations on contracts. Questions raised – are we following our policy; are contractors also working in line with our policy. What are we accepting and how are we holding contractors to account?
- Noel – probity audit is required rather than policy review.
- Peter – Council Motion September 2023 - Procurement review was requested by council to review the probity of procurement not the policy.
- Romeo – Resolution was passed to review the policy to ensure it aligned with best practice in other Councils. Variations – arose because of Barkly Regional Deal projects. Governance table approved a spend but BRC spent a different amount. There is no record of these expenditures in 2021/2022 Council minutes.
- Noel – The above are project management issues. Not policy and procurement.
- Objectives and scopes need to be put in place for this appropriately. If focus isn't put on improving internal controls then BRC will continue to get the same end result. This is not a procedure matter. Consideration needs to be given to understand what BRC need from this Policy change and determine what the expected result is.
- Shane – what are BRC trying to achieve by reviewing the Policy:
 - Policy should be set to adhere to legislation
 - Ensure value for money
 - Indigenous ownership/management
 - Environment and sustainability considerations
 - Scoring regime within tenders and contracts
- Projects should be run within budgets – this is internal control and project management reviews should be undertaken to ensure there are minimal project overspends or variations.

- Romeo – the current policy was revised and approved by the Council in April 2023.
- Peter – Council resolution stands.
- Recommendation – Suggest this policy review be deferred until there is a new reinstated council.
 - Internal investigation review
 - Internal controls
 - Procurement engagement ensuring contracts are written up correctly to protect council
- Agenda Item – defer and review of Policy April 2025.
- Action Item:
 - Defer the policy review
 - Conduct an Internal audit of procurement actions and serving of contract management within Council.
 - Review engagement of contract and contract wording to ensure clauses to protect the Council are in place

Motion Moved: Shane Smith

Motion Seconded: Noel Clifford

General Business

6.3 Variations Under BRD

Reference

Author Emmanuel Okumu (Governance Manager), Romeo Mutsago (Chief Finance Officer)

MOTION

That Committee notes the variations as basis for the revision of procurement policy terms of reference:

- Romeo – Approvals have been granted in the past on projects resulting in significant overspend. 2021/2022 there are no council records in Council Minutes where the matters were brought to Council to discuss overspend variations or seek approval.
- Peter
 - Recreation Room in Ampilatwatja is unusable because of flood inundation.
 - Tennant Creek Youth Centre – ongoing costs associated with design issues
 - Overspend but no controls were in place to capture this. There were no checks and balances when additional funding was spent.
 - Ali Curung Youth Centre – outstanding. Contract awarded. Contractor has come back with continual variations to original project plan. Federal Funded.
- Romeo – Overspend comes out of BRC budget funds. Reducing \$ available for future capital projects.
- Ruth – The overspent funds to meet the increase for the Ali Curung Youth Centre were committed to without due diligence and consequently will need to be litigated to get BRC out of the commitment. Contract signed between BRC and Contractor.
 - What's our legal budget going forward to cover associated costs?
- Romeo – no budget for legal fees for Ali Curung or Elliot.
- Elliot – arrangement engaged with developer and BRC to purchase land for \$1.00. Estimated value of land is \$100k. Under negotiations currently. Previous CEO had committed to this deal.
- Noel – Notify insurance company immediately of actions associated with both cases. These are liabilities. Both claims can be disregarded if not notified.

- Agenda Items:
 - Contingent liabilities
 - Legal Matters
 - Fair work matters
 - Number of current claims
 - Number of incidents which could result in a claim
 - Number of Active Worker's
 - Compensation Claims
 - Worker's Compensation Premium Percentage
- Shane – claims outstanding/lodged should be included on a register.
- Noel - Year End – Prepare legal representation letter outlining that these items will need to be disclosed – this should be sent well in advance for transparency.
- Shane – evident that there are risks around project management and contract management. Action Item – Peter to forward any policies around contract management that BRC has in place. This needs review to get an understanding of the current sign-off process for any contracts that result incur variations/change to contract.
- Ian - \$3M Barkly Regional Deal - \$1.5 territory government; Federal Gov \$1.5; BRC \$3M. 10-year programme.
- Action Item – Ian to provide to Audit Committee team a copy of the document signed by CEO Steve Moore and Mayor Jeffrey McLaughlin in relation to Councils commitment to the \$3M.
- Peter – Steve Edgington agreed to in kind support and commitment to money over 10 year period. Committed to \$1M banked within a month; \$2M banked within the second month. All overspends are part of the \$3m. The reality is the contracts been signed; no checks have been undertaken; who's responsible for what/when; contract was for money to be set aside.
- Action item – write letter to Aust. Govt and NT Govt. requesting change to BRD and change to contract
- Action Item – investigate use of Buy Local – to not have to reinvent the wheel
 - CEO Authority
 - Contract process review
 - Write to NTG and Commonwealth advising current situation on in-kind agreements notifying them of variations to the contract
 - Legal issues updates
 - Ali curung
 - Elliot land issue
 - Procedure legal review of contracts
 - Council develop policy for reviewing contracts before execution and due diligence/detailed operation report from CEO before the contract is approved.

Agenda – Project Contract Management document

- Projects
- Funding
- In-kind contribution/cash contribution
- Total funding (budget)
- Received to date
- Expenses to date
- % of completion
- Comments

Action Item –

What Insurance policies does BRC have in place.

Number of current claims

Number of incidents which could result in a claim

Number of Active Worker's Compensation Claims

Worker's Compensation Premium Percentage

Romeo to review Grants report.

ADDITIONAL- General Notes by the Committee Chair – Shane Smith

1. members require sufficient time to review audited financials
2. more information required on unexpended grants
3. more information required on contingent liabilities

Updated committee works program reports - should be report as per page 103
January financials

1. Timing differences with revenue down compared to budget.
2. Budget doesn't contain projects contained in 2021 infrastructure plan and community plans.
3. There are many projects but no funds available for them. Funding needs to be sort from Aust Govt and NT govt.

Procurement policy review

1. main issue is the approval and payment of contractor variations from submitted Tender
2. very little documentation of approval and not signed off by council
3. Council requested policy review in September 2023 of policy approved in April 2023
4. Review of policy will not result in desired outcome to improve contract management and procurement results and internal controls

Actions 1. defer policy review until April 2025 2. Conduct internal audit of procurement and contract management of council contracts 3. Review of standard contract wording and create standard service contracts

Variation under BRD

BRD is \$3m from BRC, \$1.5 from Aust Govt and \$1.5 from NT govt. Contract is all cash contributions which is different to the original proposed in kind contribution.

Project issues with Ampl Rec Hall upgrade, over spend and now flooded and unusable.

Action

1. Legal issues report on current situation with

Ali Curung Rec Centre

Elliott land transaction

2. Legal review of contract policy - how are contracts prepared, due diligence conducted, reviewed and signed off by council or CEO

3. Write letter to Aust Govt and NT govt requesting change to BRD and change the contract

4. Investigate use of Buy Local - to not have to reinvent the wheel

5. Project/Contract management financial report to be standing item on agenda. Is probably agenda item 5.

6. Council needs to notify its insurers of all current matters ASAP

7. New standing item of insurance notification and matter that may become insurance claims

Next meeting 8th March in the afternoon

7 CLOSE OF MEETING 1:57pm