

Audit & Risk Committee Minutes

18 September 2023

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
Norwood
Payneham
& St Peters

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VENUE Meeting Room 3 (Upper Level), Norwood Town Hall

HOUR 7.00pm

PRESENT

Committee Members Mayor Robert Bria (Presiding Member)
Cr Grant Piggott
Cr Claire Clutterham
Ms Stefanie Eldridge (Independent Member)
Ms Sandra Di Blasio (Independent Member)

Staff Mario Barone (Chief Executive Officer)
Lisa Mara (General Manager, Governance & Civic Affairs)
Natalia Axenova (Chief Financial Officer)
Tina Zullo (Administration Assistant, Governance & Civic Affairs)

Visitors: Mr Tim Muhlhausler (Director, Norwood Branch, Galpins)
Mr David Papa (Partner, Bentleys South Australia)

APOLOGIES Nil

ABSENT Nil

TERMS OF REFERENCE:

The functions of the Audit & Risk Committee include:

- (a) reviewing Annual Financial Statements to ensure that the Statements present fairly the state of affairs of the Council; and
- (b) proposing, and providing information relevant to, a review of the Council's strategic management plans or annual business plan; and
- (c) monitoring the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by the Council's External Auditor; and
- (d) proposing, and reviewing, the exercise of powers under Section 130A of the Local Government Act 1999; and
- (e) liaising with the Council's External Auditor in accordance with any requirements prescribed by the regulations; and
- (f) reviewing the adequacy of the accounting, internal controls, reporting and other financial management systems and practices of the Council on a regular basis; and
- (g) providing oversight of planning and scoping of the Internal Audit work plan; and
- (h) reviewing and commenting on reports provided by the person primarily responsible for the Internal Audit function at least on a quarterly basis; and
- (i) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and
- (j) reviewing any report obtained by the Council pursuant to Section 48(1) of the Local Government Act 1999; and
- (k) performing any other function determined by the Council or prescribed by the regulations.

1. CONFIRMATION OF MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD ON 15 MAY 2023

Cr Clutterham moved that the Minutes of the Audit & Risk Committee meeting held on 15 May 2023 be taken as read and confirmed. Seconded by Cr Piggott and carried unanimously.

2. PRESIDING MEMBER'S COMMUNICATION
Nil

3. QUESTIONS WITHOUT NOTICE
Nil

4. QUESTIONS WITH NOTICE
Nil

5. WRITTEN NOTICES OF MOTION
Nil

6. STAFF REPORTS

6.1 REVIEW OF FINANCIAL CONTROLS – AUDIT OPINION BY COUNCIL'S AUDITOR

REPORT AUTHOR: Chief Financial Officer
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to advise the Audit & Risk Committee of the Review of Financial Controls that has been undertaken by the Council's Auditors, Galpins.

BACKGROUND

Pursuant to Section 129 of the *Local Government Act 1999* (the Act), in addition to providing an opinion on a Council's Financial Statements, the Council's Auditor must provide the Council with an audit opinion regarding its internal controls.

In respect to the internal controls, pursuant to Section 125 of the Act, a Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner, to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets and to secure (as far as possible) the accuracy and reliability of Council records.

It should be noted that the audit opinion is restricted to financial controls as set out in Section 129 of the Act and relate to the internal controls that have been exercised by the Council during the 2022-2023 financial year in respect to the receipt, expenditure, investment of money, the acquisition and disposal of property and incurring of liabilities.

A copy of the report titled *Financial Controls Review* submitted by the Council's Auditor (Galpins), is contained in **Attachment A**.

Mr Tim Muhlhausler of Galpins has been invited to attend this meeting of the Committee, to outline the findings of the review and to answer any questions.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Appropriate financial controls are fundamental to an organisation's financial governance framework. Undertaking the review has provided the Chief Executive Officer and the Audit & Risk Committee, with an overview of the current situation and recommendations to address the weaknesses that have been identified.

CONSULTATION

- **Elected Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

As part of the interim audit which has been undertaken, the Council's Auditor, Galpins, has performed a review of procedures and processes to gain an understanding of the Council's internal controls, as these relate to the financial statements and performed tests on the design and effectiveness of the controls.

The contents of the report which has been submitted by the Auditor are self-explanatory and as such, the respective details are not reproduced in this report. However, a summary of the results is provided in Table 1 below.

TABLE 1

| Business cycles | Controls Reviewed | Operating Effectively | 2023 Findings | | | |
|--------------------------------------|-------------------|-----------------------|---------------|-----------|----------|----------|
| | | | H | M | L | BP |
| General Ledger | 11 | 8 | 2 | 1 | - | - |
| Fixed Assets | 16 | 13 | 1 | 1 | 1 | - |
| Purchasing & Procurement/Contracting | 10 | 7 | - | 3 | - | - |
| Accounts Payable (AP) | 13 | 12 | - | - | 1 | - |
| Rates / Rates Rebates | 10 | 8 | - | 2 | - | - |
| Banking | 5 | 4 | 1 | - | - | - |
| Accounts Receivable (AR) | 6 | 5 | 1 | - | - | - |
| Credit Cards | 5 | 1 | - | 3 | 1 | - |
| Payroll | 19 | 19 | - | - | - | - |
| Receipting | 5 | 5 | - | - | - | - |
| Total | 100 | 82 | 5 | 10 | 3 | - |

In short, of the 100 internal controls that have been reviewed and tested by Galpins, 82 are operating effectively, 5 controls represent a High Risk Weakness, 10 represent a Moderate Risk Weakness which could lead to a Material Weakness in the Council's internal controls and potential non-compliance with Section 125 of the Act, if these are not addressed.

Staff have reviewed the report and agree with the recommendations and are currently in the process of implementing the recommendations.

Notwithstanding this, as identified in the report, there have been a number of issues that have arisen as a result of staff turnover, staff management of staff capacity and capability, staff performance related issues and absence of rigour. This, coupled with minimal handover of some tasks, when staff turnover occurred, inconsistent records management practices and process documentation, has in turn led to a deterioration of the financial internal controls as identified by the Council's Auditor.

The Auditors have acknowledged that a deterioration in controls is to be expected when such circumstances occur.

At the same time, the Auditors have also identified that they have had discussions with the Council's Chief Financial Officer and have reviewed the work and improvements that are being made and have advised that if the improvements (as recommended) are successfully implemented, a strong standard of internal control can be achieved.

OPTIONS

Nil

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

1. That the Auditor's Report on the Council's Financial Controls and the 2022-2023 Interim Management Letter, as contained in Attachment A, be received and noted.
2. That the Committee notes that implementation of the recommendations contained in the Auditor's Report on the Council's Financial Controls and Interim Management Letter is being progressed and notes that a report will be provided to the Audit & Risk Committee at its next scheduled meeting on 23 October 2023.

Mayor Bria introduced Mr Tim Muhlhausler of Galpins, Council's appointed Auditors, to the Committee to outline the findings of the review and to answer any questions of the Committee.

Cr Piggott moved:

1. *That the Auditor's Report on the Council's Financial Controls and the 2022-2023 Interim Management Letter, as contained in Attachment A, be received and noted.*
2. *That the Committee notes that implementation of the recommendations contained in the Auditor's Report on the Council's Financial Controls and Interim Management Letter is being progressed and notes that a report will be provided to the Audit & Risk Committee at its next scheduled meeting on 23 October 2023 and subsequent quarterly meetings.*

Seconded by Cr Clutterham and carried unanimously.

6.2 FINANCIAL DELEGATIONS

REPORT AUTHOR: General Manager, Governance & Civic Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: qA
ATTACHMENTS: A - B

PURPOSE OF REPORT

The purpose of this report is to present the draft Financial Delegations Policy to the Audit & Risk Committee, for consideration and endorsement prior to being presented to the Council for adoption.

BACKGROUND

Councils exercise a broad range of statutory powers and functions. Most of these powers and functions can be delegated by Councils pursuant to either Section 44 of the *Local Government Act 1999* or statutory powers of delegation which are set out in other Acts relevant to Local Government.

Section 44 (2) of the *Local Government Act 1999*, provides that delegations may be made to:

- an employee of the Council; or
- the employee of the Council for the time being occupying a particular office or position.

In respect to the approval of expenditure, the delegation is limited to the expenditure of money on works, services and operations which are contained in the Council's Annual Budget Plan, as adopted by the Council.

Pursuant to Section 125 of the *Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of the Council's records.

A review of all Finance related policies has commenced to ensure that all policies are relevant, contemporary and legislatively compliant and these will be presented to the Audit & Risk Committee for endorsement as each policy is reviewed.

In accordance with the review of the current Finance policies, a review of the financial delegations to staff has been undertaken. On the basis of this review, a new *Financial Delegations Policy* has been prepared.

A copy of the draft *Financial Delegations Policy* is contained within **Attachment A**.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

DISCUSSION

The objective of the draft *Financial Delegations Policy* to provide clear direction and a framework within which the Council is able to deliver its corporate governance outcomes in the stewardship of public resources. The draft Policy therefore seeks to deliver upon this objective by ensuring that staff who enjoy the delegation of power of expenditure, have appropriate authority to conduct their activities and that all financial delegations are within the scope of this Policy and are appropriately authorised.

The draft Policy also reflects updated limits for staff in respect to the expenditure of money on works, services and operations which are contained in the Council's Annual Budget Plan as adopted by the Council, to reflect a more contemporary process for the approval of expenditure on budgeted items and services.

The draft *Financial Delegations Policy* replaces the *Expenditure Policy*.

The *Expenditure Policy* therefore is redundant and can be revoked.

A copy of the *Expenditure Policy* is contained within **Attachment B**.

OPTIONS

As the draft *Financial Delegations Policy* is required by legislation without a requirement for consultation, it is recommended that the Committee endorses the draft Policy.

In respect to the *Expenditure Policy*, it is recommended that this Policy be revoked without undergoing any community consultation, as the Policy will replace the new *Financial Delegations Policy*.

CONCLUSION

A comprehensive financial policy framework is essential for public accountability, transparency and consistency in Council decision making.

Policies should be supported by a comprehensive set of documented procedures detailing the specific staff responsibilities and processes to be followed to give effect to the policies and ensure that sound financial management practices are in place. Without such documented financial policies and procedures, the Council could be subject to criticism, (rightly or wrongly), that their financial management framework lacks transparency, legislative compliance or does not reflect contemporary standards.

The requirement on the Council's Auditors to provide an opinion on the adequacy of the Council's internal financial controls further emphasises the need for an explicit, clearly documented, framework of policies and procedures.

COMMENTS

To ensure compliance with Section 125 of the *Local Government Act 1999*, the Council must have in place, appropriate policies, practices and procedures, which assist the Council to carry out its activities in an efficient and orderly manner. To achieve this objective, it is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council's overall objectives.

RECOMMENDATION

1. That the Audit & Risk Committee recommends to the Council that the *Financial Delegations Policy* (Attachment A), be adopted.
 2. That the Audit & Risk Committee recommends to the Council that the *Expenditure Policy* (Attachment B), be revoked.
-

Ms Sandra Di Blasio moved:

1. That the Audit & Risk Committee recommends to the Council that the *Financial Delegations Policy* (Attachment A), be adopted with the addition of a report being presented to the Audit & Risk Committee on an annual basis regarding the Chief Executive Officer's reimbursement of personal expenditure.
2. That the Audit & Risk Committee recommends to the Council that the *Expenditure Policy* (Attachment B), be revoked.

Seconded by Ms Stefanie Eldridge and carried unanimously.

6.3 ST PETERS CHILD CARE CENTRE & PRESCHOOL - REVIEW OF POLICIES

REPORT AUTHOR: General Manager, Governance & Civic Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: qA62895
ATTACHMENTS: A - E

PURPOSE OF REPORT

The purpose of the report is to present a number of policies required for the St Peters Child Care Centre & Preschool, which have been reviewed, to the Audit & Risk Committee for endorsement.

BACKGROUND

As the Committee is aware, a number of changes to the operations of the St Peters Child Care Centre & Preschool (the Centre), are being progressed. These changes include a review of the Centre's policies to ensure that the policies are contemporary and are legislatively compliant.

The National Quality Framework (NQF) provides a national approach to regulation, assessment and quality improvement for early childhood education and care and outside school hours care services across Australia.

The NQF introduced a new quality standard in 2012 to improve education and care across long day care, family day care, preschool/kindergarten, and outside school hours care services.

The NQF includes:

- National Law and National Regulations;
- National Quality Standard;
- assessment and quality rating process; and
- national learning frameworks.

The National law sets a national standard for children's education and care across Australia.

The major benefits for parents and children include:

- improved educator to child ratios, ensuring children have greater individual care and attention for children
- educators with increased skills and qualifications
- better support for children's learning and development through approved learning frameworks
- consistent, transparent information on educators, providers and services in the national registers.

The National Quality Standard (NQS) sets a high national benchmark for early childhood education and care and outside school hours care services in Australia. The NQS includes seven (7) Quality Areas that are important outcomes for children. Services are assessed and rated by their regulatory authority against the NQS, and given a rating for each of the seven (7) Quality Areas and an overall rating based on these results.

The seven (7) Quality Areas (QA) are:

- QA1 Educational Program and Practice;
- QA2 Children's Health and Safety;
- QA3 Physical Environment;
- QA4 Staffing Arrangements;
- QA5 Relationships with Children;
- QA6 Collaborative Partnerships with Families and Communities; and
- QA7 Governance and Leadership.

QA 7 Governance and Leadership sets out the various policies and procedures which each service type must have in place to support the operation of a quality service.

A full list of the policies and procedures in accordance with QA7 is contained within **Attachment A**.

A review of all St Peters Child Care Centre & Preschool has commenced to ensure all policies are relevant and comply with the requirements of the NQF. All mandatory policies will be presented to the Audit & Risk Committee for endorsement as each policy is reviewed.

The following Policies are now scheduled to be reviewed:

1. Providing a Child Safe Environment (**Attachment B**); and
2. Sleep and Rest for Children (**Attachment C**).

Where required, the Policies have been amended to ensure that the Policies meet current standards and reflect the Council's position on the respective matters.

In addition to the policies set out above, the following policies have been reviewed. It has been determined that these policies are redundant and therefore no longer required.

1. Child Safe Environments Policy (**Attachment D**); and
2. Supervision Policy (**Attachment E**).

The basis for the recommendation to revoke these Policies is set out in the Discussion section of this report.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

DISCUSSION

Providing a Child Safe Environment

The *Providing a Child Safe Environment Policy* is a new Policy.

Under the *Education and Care Services National Regulations 2011*, an approved provider must ensure that policies and procedures are in place for providing a child safe environment (Regulation 168) and take reasonable steps to ensure those policies and procedures are followed.

The draft *Providing a Child Safe Environment Policy* ensures:

- the promotion of a culture of child safety and wellbeing within the service;
- children at the service are provided with a safe environment at all times; and
- staff meet their legislative obligations to prevent harm and hazard towards children.

The draft Policy has been prepared to meet legislative requirements and sets out the Council's commitment to ensuring a safe environment for all children who attend the St Peters Child Care Centre & Preschool.

The draft *Providing a Child Safe Environment Policy* replaces the *Child Safe Environments Policy* and the *Supervision Policy*.

A copy of the draft *Providing a Child Safe Environment Policy* is contained within **Attachment B**.

Sleep and Rest for Children Policy

The *Sleep and Rest for Children Policy* is an existing Policy.

Under the *Education and Care Services National Regulations 2011*, an approved provider is required to ensure that policies and procedures are in place for '*Sleep and rest for children and infants*'.

The purpose of the *Sleep and Rest for Children Policy* is to ensure the health, safety and wellbeing of children attending the Centre and that appropriate opportunities are provided to meet each child's need for sleep, rest and relaxation.

In doing so, the *Sleep and Rest for Children Policy* clearly sets out the roles and responsibilities for staff of the Centre and sets out the procedures to be followed in respect to the safety of children when sleeping and resting.

A copy of the draft *Sleep and Rest for Children Policy* is contained within **Attachment C**.

Child Safe Environments Policy and Supervision Policy

As set out above, the draft *Providing a Child Safe Environment Policy* replaces the *Child Safe Environments Policy* and the *Supervision Policy*.

To ensure compliance with the *Education and Care Services National Regulations 2011*, the draft *Providing a Child Safe Environment Policy* has been prepared to incorporate all requirements in terms of providing a child safe environment including the supervision of children.

As such, both the *Child Safe Environments Policy* and the *Supervision Policy* are therefore redundant as stand-alone policies and can be revoked.

A copy of the *Child Safe Environments Policy* is contained within **Attachment D**.

A copy of the *Supervision Policy* is contained within **Attachment E**.

OPTIONS

As the draft Policies contained within Attachments B and C are required by legislation without a requirement for consultation, it is recommended that the Committee endorses the draft Policies.

In respect to the Policies which have been recommended for revocation, it is recommended that these Policies be revoked without undergoing any community consultation as both policies have been replaced by the new *Providing a Child Safe Environment Policy*.

CONCLUSION

The adoption of the draft Policies as set out within this report ensures the Council complies with the legislative framework in place for the operation and management of the St Peters Child Care Centre & Preschool.

COMMENTS

There is no legislative requirement to consult in respect to the attached policies.

RECOMMENDATION

1. That the Audit & Risk Committee recommends to the Council that the following policies for the St Peters Child Care Centre & Preschool be adopted:
 - 1.1 Providing A Child Safe Environment Policy (Attachment B); and
 - 1.2 Sleep and Rest for Children Policy & Delegation (Attachment C);
 2. That the Audit & Risk Committee recommends to the Council, that having conducted a review of the following policies, the Council revokes the following policies:
 - 2.1 Child Safe Environments Policy (Attachment D); and
 - 2.2 Supervision Policy (Attachment E).
-

Ms Sandra Di Blasio moved:

1. *That the Audit & Risk Committee recommends to the Council that the following policies for the St Peters Child Care Centre & Preschool be adopted:*
 - 1.1 *Providing A Child Safe Environment Policy (Attachment B); and*
 - 1.2 *Sleep and Rest for Children Policy & Delegation (Attachment C);*
2. *That the Audit & Risk Committee recommends to the Council, that having conducted a review of the following policies, the Council revokes the following policies:*
 - 2.1 *Child Safe Environments Policy (Attachment D); and*
 - 2.2 *Supervision Policy (Attachment E).*

Seconded by Cr Clutterham and carried unanimously.

6.4 SIGNIFICANT CORPORATE RISKS

| | |
|-------------------------|---|
| REPORT AUTHOR: | General Manager, Governance & Civic Affairs |
| GENERAL MANAGER: | Chief Executive Officer |
| CONTACT NUMBER: | 8366 4549 |
| FILE REFERENCE: | qA75186 |
| ATTACHMENTS: | A - B |

PURPOSE OF REPORT

The purpose of this report is to present the draft Significant Corporate Risks to the Audit & Risk Committee for discussion.

BACKGROUND

Effective management of risk is a fundamental component of good management and a key element of effective corporate governance. Accordingly, risk management is regarded as an integral part of the Council's operations.

The Council has always been committed to building an organisational culture where risk awareness and effective risk management, form an integral part of all Council activities and operations and is a core management capability and responsibility. Effective risk management requires:

- a. *a strategic focus;*
- b. *forward thinking and proactive approaches to management;*
- c. *balancing the cost of managing risks with the anticipated benefits; and*
- d. *contingency planning for the critical threats.*

Diagram 1 below illustrates the components of the Council's Risk Management Framework.



In terms of the “categories” of risk, Strategic Risks are identified by reference to both the external environment and the objectives contained in the Council’s Strategic Plan, *CityPlan 2030-Shaping Our Future*. Strategic risks are monitored by the Executive Leadership Team and the Council.

Operational Risks arise from the Council’s day-to-day functions and operations that are required and in place to deliver essential services. Operational risks are monitored by Council’s Executive Leadership Team and/or relevant staff across the organisation.

A review of the Council’s Significant Corporate Risks (Strategic Risks) has been undertaken and an updated *Significant Corporate Risks* register has now been prepared.

A copy of the previous significant risks – *Identified Risk Requiring Treatment Plans* – is contained in **Attachment A**.

A copy of the updated *Significant Corporate Risks* register is contained within **Attachment B**.

Mr David Papa of Bentleys SA/NT has been invited to attend the meeting to provide a presentation to the Committee regarding Risk Management.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Strategic Planning, (which also includes long-term financial planning and annual budgeting) must adequately and prudently consider the risks that the Council is facing or may face in setting and pursuing its objectives and the effectiveness of systems that are in place to manage and communicate those risks.

Risk Management is incorporated into the Council (as a decision making body) and the organisation's governance structures and it's including decision making processes. Risk assessment and management processes are incorporated into the reports which are presented to the Council and its Committees, where there is a potential impact on achievement of the Council's objectives or on the wider community.

Elected Members and staff are expected to:

- give adequate consideration to risks when setting the Council's objectives;
- understand the risks facing the Council in pursuit of its objectives;
- oversee the effectiveness of systems implemented by the organisation to manage risk;
- accept only those risks that are appropriate and prudent in the context of Council's objectives; and
- consider information about such risks and make sure that these are properly communicated to the appropriate stakeholder or governing body.

CONSULTATION

- **Committee Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Where Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

A review of the Significant Organisational risks has been undertaken and as a result, a number of risks have been removed from the previous *Identified Risk Requiring Treatment Plans*, as the controls which have been implemented to mitigate these risks have been introduced and have been in place for a period of time.

However, the review has identified a number of risks which have been incorporated into the draft *Significant Corporate Risks Register*.

The risks have been considered in terms of their tolerance levels and have been rated accordingly.

In terms of the risk rating for each of the identified risks, the Council's *Risk Tolerance Levels* rating system has been applied, as set out in Table 1 below. The *Risk Tolerance Levels* forms part of the Council's risk management framework.

TABLE 1: RISK TOLERANCE LEVELS

| Level | Tolerance |
|-------------|--|
| Extreme | Intolerable – Exposure to the risk would normally be immediately discontinued except in extreme circumstances. The decision to tolerate residual risk at this level must be made by the Chief Executive Officer and/or the Council. |
| High | Intolerable without treatment – The decision to tolerate residual risk at this level, must be made by the Executive Leadership Team. Risk controls must be applied as part of a documented risk management plan that is continuously monitored and reviewed. |
| Substantial | Tolerable with continual review – Unnecessary exposure to the risk must be discontinued as soon as is reasonably practicable and long-term exposure would only be considered in exceptional circumstances. The decision to tolerate residual risk at this level must be made by the relevant Manager / Event Organiser. |
| Medium | Tolerable with periodic review – Exposure to the risk may continue provided it has been appropriately assessed, controlled and is subject to periodic review to ensure the risk does not increase. The decision to tolerate residual risk at this level must be made by relevant Supervisor and/or Team Leader. |
| Low | Acceptable with Periodic Review – Exposure to the threat is acceptable for Team Members / Workers without additional risk controls but is subject to periodic review to ensure the risk does not increase. |

It is important to note that further work is required to progress the finalisation of the Register in terms of the respective treatment plans that are required to address the risks, particularly in respect to cost versus the benefit and the appropriate time to introduce the controls.

Once the initial risk rating has been determined, an evaluation of the risk level is required to be undertaken and an assessment regarding any follow-up action is required to be implemented or if the risk level can be tolerated, must also be undertaken.

On this basis, the draft *Significant Corporate Risks* Register is presented to the Committee for consideration and comment prior to the finalisation of the document which will then be provided to the Council for consideration and approval.

OPTIONS

The Committee can determine not to endorse the *Significant Corporate Risks* Register. This however is not recommended as the Council is required to identify, record and manage its Strategic Corporate Risks to ensure the effectiveness of systems that are in place to manage those risks with a view to continually improving the suitability, adequacy and effectiveness of the Council's operations.

CONCLUSION

The final draft *Significant Corporate Risks* Register will be presented to the Committee for endorsement prior to being presented to the Council for adoption.

COMMENTS

Nil

RECOMMENDATION

1. That the draft *Significant Corporate Risks* Register as contained in Attachment B be endorsed.
2. That the Audit & Risk Committee notes that the final *Significant Corporate Risks* register will be presented to the Committee for final endorsement prior to consideration by the Council.

Short Term Suspension of Proceedings

At 8.11pm, with approval of two-thirds of the Committee Members present, the Chairperson suspended the meeting proceedings pursuant to Regulation 20(1) of the *Local Government (Procedures at Meetings) Regulation 2013*, for up to 30 minutes to enable Mr David Papa of Bentleys SA/NT, Council's Risk Assessors, to provide a presentation to the Committee regarding Risk Management and to answer any questions of the Committee.

Resumption of Proceedings

The meeting resumed at 8.28pm.

Cr Clutterham moved:

1. *That the draft Significant Corporate Risks Register as contained in Attachment B be endorsed.*
2. *That the Audit & Risk Committee notes that the final Significant Corporate Risks register will be presented to the Committee for final endorsement prior to consideration by the Council.*

Seconded by Ms Stefanie Eldridge and carried unanimously.

7. CONFIDENTIAL REPORTS
Nil

8. OTHER BUSINESS
Nil

9. NEXT MEETING
Monday 23 October 2023

10. CLOSURE

There being no further business the Presiding Member declared the meeting closed at 9.01pm.

Mayor Robert Bria
PRESIDING MEMBER

Minutes Confirmed on _____
(date)