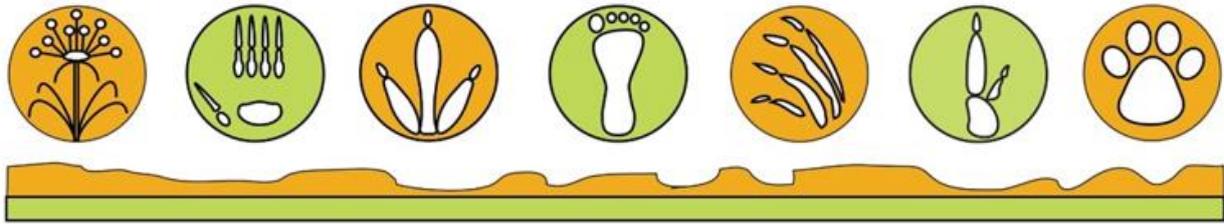


BARKLY REGIONAL COUNCIL



MINUTES

AUDIT & RISK COMMITTEE MEETING

The meeting of the Audit & Risk Committee of the Barkly Regional Council was held in Council Chambers, 41 Peko Road, Tennant Creek on Friday 31 May 2024 at 11:00 am.

Romeo Mutsago

Deputy CEO & Chief Financial 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.

The meeting commenced at 11AM PM with Shane Smith as chair.

1 OPENING AND ATTENDANCE

1.1 Committee Members Present

- Shane Smith - Chair
- Noel Clifford - Member
- Karen Hayward - Member
- Gareth Muchinguri - Member
- Peter Holt - Official Manager

1.2 Staff Members And Visitors Present

- Jeff MacLeod – Acting Chief Executive Officer
- Romeo Mutsago – Deputy CEO & Chief Finance Officer (CFO)
- Murray Davies - Director of Corporate Services (DCS)
- Emmanuel Okumu - Governance Manager

1.3 Apologies

NIL

1.4 Absent Without Apology

Nil

1.5 Disclosure of Interest

Karen declared that she attends the review committee of the Barkly Regional Deal (BRD) and there some issues which may be connected to council or the Audit & Risk Committee (ARC).

2 ACTIONS FROM PREVIOUS MINUTES

Nil

3 CONFIRMATION OF COMMITTEE MEETING MINUTES

Confirmation Of Committee Meeting Minutes

3.1 Confirmation of previous minutes

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<p>MOTION</p> <p>That the ARC receives and confirms the minutes from the committee meeting of council held on 8 March 2024 as true and accurate record of that meeting.</p> <p>The Official Manager: Change be made to the minute Regarding Barkly Community Fund. Instead of without approval by the Governance Table (GT), it should read that without BRC approval. Approval by the GT was separate from council approval that should have been made in relation to those projects especially the variations but was not done.</p> <p>The Committee agreed to the proposed amendment.</p> <p>RESOLVED Moved: AC Member Shane Smith Seconded: Gareth Muchinguri</p> <p style="text-align: right;">CARRIED UNANIMOUSLY</p>

4 REGISTER OF MOTIONS

Nil

5 UPDATED COMMITTEE WORK PROGRAM REPORTS

Updated Committee Work Program Reports

5.1 Committee Work Program Reports

5.1 Committee Work Program Reports
<p>MOTION</p> <p>That the committee receives and notes the work plan program.</p> <p>Review of the Committee Charter.</p> <p>The committee chair, Mr. Shane Smith sought clarification on the review of the committee charter. He said he can't recall there being a need to review the committee terms of reference. The CFO, Mr. Romeo Mutsago explained to the committee that it's an annual process that the committee charter/terms of reference gets reviewed.</p>

This allows the ARC to review and make suggestions if there are anything they would like added or removed to enable effective work of the ARC.

The ARC agreed to go back and review the terms of reference properly then would report back in the next committee meeting with any suggestion in relations to the charter.

Karen Hayward informed the ARC that as she attends the review committee of the BRD, and the role of the ARC relates to councils financials, she just wanted to know whether the council receives BRD updated financials and council actually has idea of how this is going in terms of affecting councils financial position and service delivery to the community?

She further stated that she was concerned looking at the BRD updated financials and council's involvement that if exposed, would raise concerns in the public.

The ACEO in reply informed the ARC that council does not receive the financials. He said Karen's concern is correct as he has been having the same concern too and has made effort to reach the different stake holders ever since taking on the ACEO role.

This includes talking to the Minister, lawyers and those various organisations that money was given to and have not delivered services or goods.

ACEO informed the ARC that there is a GT meeting in Elliot next week and he plans to let the GT membership know that council will no longer participate in this process because it is a mess.

Under the deal signed by the former CEO, Council gets an update on all the projects plus money to only pass it to third parties, but council don't have any control over the projects or contractual connections with those organisations it is passing money to. This makes us feel like we are being used as middlemen for other people's benefit and nothing to do with council's obligation to the community.

The ACEO said he had reviewed the projects, and his opinion is that the process breaches the Local Government Act in all levels as there is no clear tender process followed. He said that he already held a meeting with the Minister and informed him that this deal is a charm and council will no longer continue with it.

Karen Hayward further questioned why council had to pay \$3 million in monetary, yet this was meant to be in kind.

The ACEO in reply said the deal was a mess that is what I can tell you in simple terms – and if I was the CEO then, I would not have signed this deal. But what we are doing now is to ensure that we do not continue in the same mess.

The ACEO said in addition to that \$3 million, in all community projects, council is given direction to pay such money to third party organizations that council had no contract, no council footprint or any tendering process followed. Therefore, no control or legal connection to enforce performance in case there is breach or no delivery of service.

Example, in Carteen Creek, we do not have council footprint there yet we were instructed to give money to the organisation there.

Council was directed to pay for tractors, and delivery of this tractors have not been delivered by T&J and we do not have a way to enforce the delivery.

Official Manager said, they make BRC act as a middleman. There is a lot of governance issue at the moment of how money was spent yet council has no control over those organizations.

Karen Hayward said it was the first financial report she received and its horrifying and as a committee, we need to be aware of this situation around the BRD projects.

The Official Manager, informed the ARC that he was concerned why, for example purchase of trucks had to be given through T&J which is not even a tractor supplying company. If they want council to be part of this projects, then they need to allow council to source providers through the required tender process as per the Act. Otherwise, council will need to pull out of this deal issues.

The Official Manager further appreciated the ACEO for the work he has so done in following up the mess around the projects and trying to resolve them in the short time he has been ACEO.

The Committee recommended a letter of demand be sent to T&J for delivery of the tractors.

On the Regional Plan, the Official Manager informed the ARC that it will be presented next week in the special council meeting.

RESOLVED

Moved: Gareth Muchinguri

Seconded: Karan Hayward

CARRIED UNANIMOUSLY

6 GENERAL BUSINESS

General Business

6.1 Updates Regarding Finance and Risk.

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MOTION

That the ARC receives and notes information and updates regarding Finance and Risk.

Official Manager informed the ARC that Council had requested a review of procurement processes and not policy which is why the policy review was deferred to 2025.

ACEO further added and said the policy was fit-for-purpose and no need for review at this stage. The problem found was that people were just not following the policy when doing the procurement. The real problem is that the procurement policy was not followed which led to the issues around the failure to find approval for the variations of the 5 projects including the Ali Curung Youth Centre.

The ARC requested update on the two legal matters previously reported.

The ACEO informed the committee that Elliot land issue with the developer (Northern Interest) has been resolved properly and so this have been removed off the table.

The developer has indicated that they will first develop their land which they own in the same location of Elliot town.

This land which they had interest in will wait until council returns or the new council, then we will go back to Elliot LA and ask them to decide if the empty block should be developed into commercial or what do they want done.

On the issue of Harvey Development, the ACEO informed the committee that council and Harvey went through conciliation process and only today, this morning council received information that the decision did came out on the wrong side.

As such, council intends to seek further legal advice with the intention of directing the legal team to appeal the decision as council believe the decision was reached without understanding most of the facts and circumstances right.

The CFO further informed the ARC that the decision has a cost implication to council as it would lead to \$430,000, plus legal cost of \$32,000. The ACEO added that the council is speaking with council's legal team and insurers to agree on certain terms.

The ARC requested to know if the auditor issued any issues of the concerns in their recent audit. In response, the CFO responded saying the common practice is normally the auditor would issue a report to management after the completion of the final audit for management comments not after the interim audit.

The ARC requested they be made aware of those issues of concerns found by the auditors, if any. The ARC further said that last year there was a great delay on receiving the financial from the Auditor and asked what plans the CFO had put in plan to ensure that the committee receive the financials early enough this time round.

The ACEO advised that he has spoken to the finance team and asked them to provide him with a report on all the council grant fundings as soon as practicable after year end. The Official Manager further agreed with the ARC and said to allow the committee sufficient time to go through the financials, it should be made available early before submission time.

Gareth Muchinguri requested that the ARC be provided rough details of the areas where management thinks there will be some issues of contention so that the ARC can go through it early enough even before the auditor's report comes.

ACEO further advised the ARC that he had asked the auditors to do a separate report on all Regional deal Fund projects such as the project in Ali Curung Youth Centre as BRC has to send our final aquittal as we were holding up finalization of the BBRF reporting with the delay.

Income and expenditure issue - the ARC requested to know what council hopes the final deficit situation will be compared to the year-to-date deficit situation reflected in the report.

The CFO responded saying the council expects the final deficit to be within the budget deficit position considering most of the items which were causing deficit had already been incurred and the deficit is not a cash deficit.

Karen Hayward further requested to know whether the said four tractors are insured and registered under the council and if not, whether there are signed agreement that these assets are not belonging to the council.

In response, ACEO informed the ARC that the council just acted as middleman who receives these tractors and hands it over to the third party organization. What council had done is making sure the organisation signs delivery document for the tractors so that its clear asset has gone and no longer with council.

Noel asked whether they are recorded in council balance sheet or BRC asset register. In reply, the ACEO further informed the committee that the asset are not registered in council asset register. They are taken to have been gifted to the homeland by the GT so they belong to the homelands and are maintained by the supplier T&J not council. That is the only better side that maintenance is not on council.

The ARC asked whether they will be given the opportunity to go through areas of the investigator's report especially on financial matters of the council.

The Official Manager in reply said that the understanding is that the report was already given to the Minister and we are still waiting for the Ministers decision. There was allegation of the report being leaked to the media before it was officially released but that lays with the Minister to see what to do.

The Official Manager further advised the ARC that council's financial matters were not part of the investigator's terms of reference.

In terms of whether the ARC will see the report, Official Manager said that they had asked to be given a redacted report outlining governance issues that may have implications on council finances so council can address those issues as soon as practicable.

Regarding whether investigator's report may warrant further investigation on council is a matter of time that we will know when the report is released. ACEO informed the committee that while the report is not yet out, he had been making several changes already and he is sure there will be a number of items in that report that we have already been working on and improved tremendously.

Actions required.

CFO to make sure contingent liability is included in the draft financials.

Account for grant income as standard

Organize A &R committee meeting on 8th August 2024 to discuss draft unaudited financials plus any issues that may be raised in the investigators report if in relates to financials.

Hold another meeting in October to discuss audited financials. The date of the meeting to be confirmed.

The CFO advised the ARC that first week of August is too early for the auditor's report to be ready. The ARC said that even if the auditor's report is not yet ready, draft financials will suffice for ARC to gain insight especially around grant reporting and contingent liabilities.

The ARC asked to know what preparation has in place to mitigate risks as investigators report gets released and who know if it ends up leading to further investigations.

The Official Manager informed the committee that in terms of risk management, the understanding is that the operation of council will remain strong and efficient as well as that official management will continue for some time until we hear from the Minister.

As Official Manager, I am still going to be here to support whoever is here as the CEO and Jeff has agreed to keep acting until when Chris starts in July.

Even if the councillors are reinstated or not, we will ensure that council runs effectively even if election is called around October or November.

The Official Manager said his focus is to ensure that service delivery to the community is not affected through out this process and to handle issues of the councillors is in the Minister's office.

The ACEO informed the ARC that he had restructured the organisation and it aims at accountability and effective service delivery. He said he had created a Risk Officer and will report to CFO. He said the new organisation chart will be effective 1st July.

RESOLVED

Moved: Noel Clifford

Seconded: Gareth Muchinguri

CARRIED UNANIMOUSLY

7 CLOSE OF MEETING