



# **AGENDA**

## **Risk Management & Audit Committee Meeting**

### **Friday, 25 February 2022**

**I hereby give notice that a Risk Management & Audit Committee Meeting will be held on:**

**Date: Friday, 25 February 2022**

**Time: 9.00am**

**Location: Council Chambers Darrandirra  
Level 1, Civic Centre  
Harry Chan Avenue, Darwin**

**Simone Saunders  
Acting Chief Executive Officer**

## **RISK MANAGEMENT & AUDIT COMMITTEE MEMBERS**

Chair Roland Chin

Councillor Jimmy Bouhoris

Councillor Brian O'Gallagher

Councillor Morgan Rickard

Member Shane Smith

Member Sanja Hill

Member Ninad Sinkar

## **OFFICERS**

A/Chief Executive Officer, Simone Saunders

A/General Manager Innovation, Drosso Lelekis

A/General Manager Corporate, Chris Kelly

Executive Manager Infrastructure, Nik Kleine

Executive Manager Environment, Climate & Waste Services, Dr Emma Young

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**1 MEETING DECLARED OPEN****2 APOLOGIES AND LEAVE OF ABSENCE****2.1 Apologies****2.2 Leave of Absence Granted****2.3 Leave of Absence Requested****3 ELECTRONIC MEETING ATTENDANCE****3.1 Electronic Meeting Attendance Granted**

THAT the Committee note that pursuant to Section 98 (3) of the Local Government Act, the following member(s) was granted permission for Electronic Meeting Attendance at this Risk Management and Audit Committee Meeting, 25 February 2022:

- Member Ninad Sinkar

**3.2 Electronic Meeting Attendance Requested****4 DECLARATION OF INTEREST OF MEMBERS AND STAFF**

- A. Mr Shane Smith – in his role as Commercial Manager of Gold Medal Services, a Director of Territory Tarmac Rally and an Executive Director of Assurance Advisory (23/10/20)
- B. Mr Shane Smith Director of Territory Tarmac Rally, an event which will require engagement and support from City of Darwin. (27/11/20)
- C. Mr Shane Smith advised that he is no longer an Executive Director of Assurance Advisory. (27/11/20).

Member Roland Chin made the following Declarations:

- A. Treasurer of St John Ambulance Australia(NT) Inc.; Trustee Director of St John Ambulance NT Endowment Trust; Director of St John Ambulance Australia NT Holdings Pty Ltd; St John Ambulance Australia Ltd – Finance, Audit & Risk subcommittee.
- B. President of Chung Wah Society Inc.
- C. Northern Territory General Practice Education Ltd – Finance and Audit Committee
- D. Chair of Audit and Risk Committee of Venture Housing Company Limited

- E. Chair of Audit, Finance & Risk Committee of Larrakia National Aboriginal Corporation.

Alderman Jimmy Bouhoris made the following Declarations (25/06/21):

- A. Any items relating to PowerWater.

Member Sanja Hill advised of the following representations (29/10/21):

- A. currently providing Tourism Top End (TTE) with some governance advisory services
- B. currently providing advisory services to NTG and MACC.

## **5 CONFIRMATION OF PREVIOUS MINUTES**

Risk Management & Audit Committee Meeting - 29 October 2021

**6 ACTION REPORTS****6.1 DISASTER MANAGEMENT UPDATE / CYCLONE PREPAREDNESS - FEBRUARY 2022**

**Author:** Manager Emergency Planning and Response

**Authoriser:** Chief Financial Officer

**Attachments:** Nil

**RECOMMENDATIONS**

1. THAT the report entitled Disaster Management Update / Cyclone Preparedness be received and noted.

**PURPOSE**

The purpose of this report is to provide an update on City of Darwin's (CoD) disaster management activities.

**KEY ISSUES**

- The last three months has been a very busy period for emergency management for CoD.
- CoD responded well to the NT COVID Lockout in November 2021, but it did highlight some policy changes that needed to be made.
- CoD response to a potential cyclone in December 2021 was very well handled, with all staff and managers understanding and implementing the required actions in the Cyclone Response Plan.
- CoD conducted effective planning and preparation in December 2021 for the anticipated outbreak of Omicron in the NT.
- Since early January 2022, the Crisis Response Team has led the CoD response to the current Omicron outbreak and has stood up a dedicated COVID Response Cell.
- CoD has been very successful in dealing with this current Omicron outbreak, with services being maintained and no transmission of the virus in the workplace.
- Overall CoD policies, procedures and response have been very effective in dealing with the series of challenges we have faced from early November 2021.

## DISCUSSION

### Introduction

From early November 2021, the Manager Emergency Planning and Response has been very busy planning, preparing for, and then dealing with a series of COVID events that have impacted the NT and CoD. This period also included the first cyclone event of the season, with a tropical cyclone over the Christmas period requiring CoD to enact its Cyclone Response Plan.

The CoD response to this series of events has been very good, and in particular the Crisis Response Team has proven to be an effective mechanism to direct and coordinate the CoD response to each of these events.

### COVID Lockout 5-20 November 21

The NT Government enacted a COVID Lockout in the period 5-9 November due to a local outbreak of COVID. This was the first Lockout for the NT and meant that anyone not fully vaccinated was not allowed to enter CoD facilities. At the conclusion of the Lockout, Restrictions were imposed on the NT for a further week (use of masks) up until 20 Nov 21. To support the Lockout, the CoD implemented the following:

1. **Daily Crisis Response Team Meeting.** The CRT met daily during the Lockout to review the situation and to confirm CoD response requirements.
2. **Concierge Service.** To ensure CoD complied with the Lockout Direction, a concierge service at all CoD public facing facilities. This ensured that all public entering CoD facilities complied with the CHO Direction and were fully vaccinated.
3. **Vaccine Encouragement.** The CEO (again) urged staff to get vaccinated in accordance with the CHO Direction.
4. **CEO Updates to Staff and Elected Members.** The CEO released several updates on the situation to staff and elected members to update them on the situation.

The Lockout was well handled by CoD, and although this was the first 'Lockout' for the COVID pandemic, the CHO Direction was quickly implemented through the concierge service. As a result of this Lockout, the COVID Response Plan was updated to version 3.0 (to include the new Lockout stage), and CoD developed guidelines for *Support for Staff Impacted by COVID*.

### Tropical Low 24-26 December 21

A Tropical Low developed late in December 2021 and threatened to develop into a Tropical Cyclone and impact Darwin on about Boxing Day. The City of Darwin enacted the Cyclone Response Plan in anticipation of this cyclone as follows:

1. **0830 hrs 23 December – Crisis Response Team meeting.** A CRT meeting was held on 23 December to review Christmas emergency preparedness for both cyclone and COVID. The updated *COVID Response Plan v3.0* and *Support for Staff Impacted by COVID* were confirmed and released. Emergency take-home bags for CRT members were updated and issued for the Christmas period. The tropical low was discussed, and preparations for Stage 1 of the Cyclone Plan were confirmed.
2. **1430 hrs 24 December – Crisis Response Team Meeting.** BOM advised CoD that a Cyclone warning was likely to be declared late on 24 Dec. A CRT meeting was held to review preparations for Stage 1, and to ensure that CoD could conduct further preparations up to Stage 3 without recalling staff from leave. All required Stage 1 cyclone preparations were confirmed by CRT.
3. **1530 hrs 24 December – Cyclone Watch Declared.** BOM declared Cyclone Watch at 1530 hrs. CRT were advised, and CoD subsequently notified all staff via SMS and email that Stage 1 of Cyclone Plan was now in effect. All other Cyclone preparations were confirmed to have been completed.
4. **1700 hrs 25 December – Cyclone Warning Declared.** BOM declared Cyclone Warning at 1700 hrs. CRT were advised, and CoD subsequently notified all staff via



SMS that Stage 2 of Cyclone Plan was now in effect. All other Cyclone preparations were confirmed to have been completed.

5. **0800 hrs 26 December – Cyclone Warning Cancelled.** BOM declared Cyclone Warning cancelled at 0800 hrs. CRT were advised, and CoD subsequently notified all staff via SMS.

The CoD response to this tropical low was very well handled, with all staff and managers understanding and implementing the required actions in the Cyclone Response Plan.

### **Preparing for Omicron – December 2021**

The NT had some warning of the likely impact of the Omicron variant, as it began impacting the Eastern states in December 2021. In anticipation of the likely impact of Omicron, CoD commenced detailed preparations as follows:

1. **16 Dec 21 – Contract for COVID Response Clean.** On 16 Dec 21, Ops commenced negotiations with the contracted cleaning service to provide a 'COVID Response Clean' in the workplace, if a staff member tested positive to COVID. The contracted cleaning was based on the Victorian Health department guidelines for COVID cleaning, because at that stage there was no NT Government advice for COVID Cleaning. This contracted cleaning service has now been used a number of times across CoD sites, and has proven to be very responsive (usually within 60 minutes) and very effective.
2. **17 Dec 21 – Purchase Order of Rapid Antigen Test Kits for CoD.** On 17 Dec 21, CoD placed its first order for RAT kits with suppliers. There have now been several additional orders placed, and in all cases our orders have been delayed. Thankfully, CoD has suffered no shortages, and had sufficient RAT stocks to deal with staff requirements from the start of the Omicron outbreak. RAT stock levels are monitored closely by the CRT.
3. **23 Dec 21 – COVID Response Plan Updated.** Based on lessons learned from the Lockout in Nov 21, a rewrite of the COVID Response Plan was conducted. This included changes to the stages (to include the new Lockout stage), and well as the inclusion of a new section for actions on COVID in the workplace. This last section has proven to be very useful, with the aim to minimise the chance of infection in the workplace. To date these measures have proven to be very effective, as CoD has recorded no instances of COVID infection in the workplace.
4. **23 Dec 21 – Guidelines for Support for Staff Impacted by COVID released.** This documented what staff would do if they were a Close Contact or tested positive for COVID, and also outlined the policy for using CoD RAT kits in the workplace.

The completion of all the above preparations before the Christmas stand down period meant that CoD was well postured to respond to any Omicron outbreak in 2022.

### **Responding to the 2022 Omicron Outbreak**

From late December 2021 it became apparent that Omicron had arrived in the NT. CoD responded to the Omicron outbreak as follows:

1. **28 Dec 21 – First CRT Update.** On 28 December, the CRT was updated for the first time on the initial impact of this Omicron outbreak. ***Updates have since been provided to the CRT on almost daily basis, and sometimes several times per day.***
2. **31 Dec 21 – Implementation of NT Wide Indoor Mask Mandate.** The CRT was advised that an indoor mask mandate has been implemented in the NT. This was then passed the COVID Safety Supervisors for implementation in CoD Sites.
3. **Wed 5 Jan 22 – Meeting of Crisis Response Team.** The CRT met to review CoD response to the emerging Omicron outbreak in the NT. Three CoD staff were impacted by COVID on 4 Jan 22, which highlighted the fact that this outbreak would potentially impact CoD staff more. ***The CRT now meets weekly (every Monday) to review the situation, and update CoD policies and procedures if required.***

4. **6 Jan 22 – COVID Lockout Imposed on NT.** The CRT was advised, and the COVID Safety Supervisors implemented the concierge service in all CoD public facing sites to comply with the CHO Direction.
5. **6 Jan 22 – CEO Update 1.** CEO released update 1 to staff and elected members to update them on the CoD response to the Omicron outbreak. ***The CEO has subsequently released updates every week after the weekly CRT meeting.***
6. **Fri 7 Jan 22 – CRT Planning Session.** The CRT conducted a detailed COVID planning session to review preparations for a major COVID outbreak.
7. **18 Jan 21 – COVID Response Cell.** The CRT agreed to establish a COVID Response Cell in Civic Centre, to provide a one stop service to staff and managers for dealing with all CoD COVID issues. The cell will be active for at least the next 4-6 weeks to deal with this current Omicron outbreak.
8. **Sat 29 Jan 22 – Outdoor Mask Mandate.** The CRT was advised that an outdoor mask mandate has been implemented in the NT. This was then passed the COVID Safety Supervisors for implementation in CoD Sites.
9. **1 Feb 22 - Additional Measures to Reduce Transmission in the Workplace.** The CRT agreed to implement a series of additional short-term measures to reduce transmission of COVID in the workplace. These included reducing physical meetings, as well as implementing limited work from home for high-risk areas.
10. **5 Feb 22 – End of Outdoor Mask mandate.** The CRT was advised that the outdoor mask mandate has ended. This was then passed the COVID Safety Supervisors for implementation in CoD Sites.

The CoD response to this current Omicron outbreak has proven to be highly effective. CoD was well prepared for this Omicron outbreak, particularly through the work that was done through December 2021 to ensure we were ready. The CRT has proven to be very effective in directing and coordinating the CoD response to this outbreak. There has been no transmission of COVID in the workplace, and feedback from staff has been generally very positive about CoD handling of the pandemic. The move to limited work from home (WFH) that was implemented in early February has been particularly successful in reducing the density of workers in high-risk areas in the workplace (high staff density areas). The series of measures to support WFH introduced last year (including Microsoft 365, Team and Azure) has meant that WFH has not resulted in a drop in services or productivity.

### **Conclusion**

The last three months has been a very busy period for emergency management for CoD. Overall CoD policies, procedures and response have been very effective in dealing with the series of challenges we have faced from early November 2021.

### **PREVIOUS COUNCIL RESOLUTION**

Nil

<b>STRATEGIC PLAN ALIGNMENT</b>	2 A Safe, Liveable and Healthy City 2.1 By 2030, Darwin will be a safer place to live and visit
<b>BUDGET / FINANCIAL / RESOURCE IMPLICATIONS</b>	N/A
<b>LEGISLATION / POLICY CONTROLS OR IMPACTS</b>	This report does not provide recommendations to RMAC or Council and as such does not have implications for existing endorsed policies at the time of writing the report.

<b>CONSULTATION, ENGAGEMENT &amp; COMMUNICATION</b>	N/A
<b>DECLARATION OF INTEREST</b>	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>

**6.2 RISK REVIEW AND ASSESSMENT - FEBRUARY 2022**

**Author:** Senior Risk and Assurance Advisor  
Executive Manager Corporate & Customer Services

**Authoriser:** Chief Financial Officer

**Attachments:** Nil

**RECOMMENDATIONS**

1. THAT the report entitled Risk Review and Assessment be received and noted.

**PURPOSE**

The purpose of this report is to provide an update to the Risk Management and Audit Committee (RMAC) on Council's Risk Management environment, including progress on the implementation of the Camms system.

**KEY ISSUES**

- Four Camms modules within the risk environment are now live, with a further two remaining.
- Camms Incident went live in November 2021.
- A training program on the use of Camms for Council officers is under development. The Risk Training has been released to the leadership group, with other levels to follow.
- City of Darwin's Operational Risk Register will undergo redevelopment over the third quarter of the financial year to help build risk maturity across the organisation with workshops for specific groups being scheduled for March 2022.

**DISCUSSION**

At the previous RMAC meeting held on 29 October 2021, the Committee was provided an update on the implementation of the Camms Enterprise Risk Management System, encompassing modules for the management of Council's risk register, audit programs, incidents, and compliance requirements.

Since the previous meeting, City of Darwin officers have completed the go-live for the Incident module. Work is currently on hold for the Inspection and Induction modules whilst resources are made available within the WHS team to advance this task. At the previous meeting, Inspection and Induction were planned as a single rollout, this has since been split into two separate projects.

The progress on each of these modules is per the below table:

Module	Scoping	Config. Review	Admin. Training	UAT Start	UAT Sign-Off	Go-Live
<b>Risk</b>	✓	✓	✓	✓	✓	✓
<b>Audit</b>	✓	✓	✓	✓	✓	✓
<b>Incident</b>	✓	✓	✓	✓	✓	✓
<b>Compliance</b>	✓	✓	✓	✓	✓	✓
<b>Inspection</b>	✓	✓	✓	TBC	TBC	TBC
<b>Induction</b>	✓	TBC	TBC	TBC	TBC	TBC

**Camms Risk**

The Risk module has been developed with consideration for Council's three main risk categories of: Strategic Risk, Operational Risk, and Project Risk.

Since the go-live for Camms Risk in June 2021 Council's Strategic Risk Register has been transferred into Camms, with Council's 12 strategic risks entered into Camms. A training program has been rolled out to Council's Executive and management teams, with team leaders and operational staff to follow. A review of the Strategic Risk Register is underway, with an update expected to be presented at the next meeting of RMAC.

In the last quarter of the 2021 calendar year, COVID-19 postponed delivery of a planned operational risk workshop and risk training day which was to be presented by The Governance Institute. The external training program is due to be rescheduled for August or September 2022, and workshops will be progressed as a priority, independently of the facilitated risk training.

The first round of operational risk workshops have been scheduled to commence in March 2022, with Shoal Bay Waste Management Facility, Operations, and Corporate being identified as priority areas. A Camms report on these operational risks will be presented at the next RMAC meeting.

City of Darwin's Project Risk Register will be an ongoing piece of work, with resources being directed toward building the Strategic Risk and Operational Risk Registers as a primary concern.

**Camms Audit**

The Camms Audit module transitioned to the live environment in July 2021, and several audits

have subsequently been loaded into the system, including the recently finalised KPMG Fleet Audit, City of Darwin's most recent external audit, and the GWI IT reviews.

Training for the Camms Audit program is expected to be rolled out progressively to officers, and once this has been completed responses to audits, and all action items will be updated in the Camms system, with reports able to be presented to future RMAC meetings.

### Camms Incident

The Camms Incident module has been live since November 2021, and council officers have been working to enter approximately 5 years of historical data into the system, which will greatly benefit our ability to report on incident types, causes, and others, with officers being able to effectively see trends to assess and mitigate risk within the incident space.

Upon implementation of Camms Incident, officers will be able to electronically report on incidents, near misses, and hazards, and City of Darwin will hold a register of injuries, motor vehicle accidents, property damage, breaches of compliance and more.

With this information City of Darwin plans to use the detailed reporting to review trends in events from a risk management perspective, rate these events, create actions, allocate responsible officers, and increase accountability for a safety culture across the organisation.

Like the other Camms modules, Incident will also be rolled out progressively. Civic Centre staff will be the first to migrate from paper forms into electronic reporting, and the timeframes are still to be determined in collaboration with the Organisational Development Team with reference to training and change management plans for staff.

The Camms project team are also working on finalising the HR Integration piece with Camms, which will transfer a list of employees into Camms daily and will intuitively allocate reporting lines for individual employees. This piece of work is expected to be complete towards the end of February 2022.

### Camms Compliance

There is no further update to provide on Camms Compliance since the previous meeting of RMAC. The body of work to transfer internal and external documents into the relevant registers is underway. As part of this process, significant work is being undertaken to update the policies and procedures of each team into a new approved format.

Officers are currently prioritising the updates to documents and reporting on compliance activities will occur after this has been completed, and after training has been prepared for responsible officers.

### Camms Inspection & Induction

Since the previous RMAC meeting the Inspection and Induction products have been split from one another. The admin training and system configuration for Inspection was underway from the end of 2021, however, has since been placed on hold. This project should recommence once there are additional resources available within the HR & Safety team to provide support for this body of work.

The Induction module has had preliminary scoping and is expected to be picked back up over the coming months.

### Camms Strategy

The implementation of Camms Strategy is complete, and all Council strategies are now entered into the system with Responsible Officers providing updates directly into Camms on a quarterly or bi-annual basis. Policy, Procedure and Guidance documents are currently being formalised

which consider legislative requirements for reporting plus document reporting target timeframes and expectations.

The Planning Framework identifies strategies and plans within a Tier system:

Tier 1: There are two primary plans that guide City of Darwin and support other core and enabling plans within the business. These two documents both have differing timeline horizons, one short term and one longer term.

1. Strategic Plan 20230 – 10 year longer term plan
2. Municipal Plan – Annual plan with a short term outlook, contain annual budget and actions

Tier 2: City of Darwin had identified Strategies and Plans which are enabling plans to deliver key strategic objectives in the strategic plan and other City of Darwin plans. These strategies and plans can be identified by the following feature:

- Direct lineage to Strategic Plan actions or pillars
- Are approved by Council
- Are published externally and are on our website
- Contain delivery actions which need reporting back to the community

Tier 3: City of Darwin has identified plans which deliver actions and outcomes from City of Darwin's internal operational documents. These strategies and plans can be identified by the following features:

- Direct linkages to Strategic Plan actions or pillars
- Are not directly approved by Council
- Are published internally on our intranet or within departments
- Contain delivery actions which need to be reported internally or to committees

#### **PREVIOUS COUNCIL RESOLUTION**

N/A

<b>STRATEGIC PLAN ALIGNMENT</b>	6 Governance Framework 6.3 Decision Making and Management
<b>BUDGET / FINANCIAL / RESOURCE IMPLICATIONS</b>	N/A
<b>LEGISLATION / POLICY CONTROLS OR IMPACTS</b>	N/A
<b>CONSULTATION, ENGAGEMENT &amp; COMMUNICATION</b>	N/A
<b>DECLARATION OF INTEREST</b>	The report author does not have a conflict of interest in relation to this matter.  The report authoriser does not have a conflict of interest in relation to

	<p>this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>
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**6.3 UPDATE ON INTERNAL AUDIT PLAN - FEBRUARY 2022**

**Author:** Executive Manager Corporate & Customer Services  
**Authoriser:** Chief Financial Officer  
**Attachments:** Nil

**RECOMMENDATIONS**

1. THAT the report entitled Update on Internal Audit Plan be received and noted.

**PURPOSE**

The purpose of this report is to update the Risk Management and Audit Committee (RMAC) on delivery of the Internal Audit Program.

**KEY ISSUES**

- BDO has been appointed by City of Darwin to undertake an Internal Audit into Taxation Compliance and this will shortly be finalised.
- City of Darwin will also shortly call for submissions for an Internal Audit on Fringe Benefits Taxation compliance.
- An internal review of purchasing has occurred, resulting in training for staff on requisitions, invoicing and rationale of exemptions.
- A scope for the Procurement Audit has been developed and is contained within the report.

**DISCUSSION****Taxation Compliance**

As previously advised, City of Darwin has engaged BDO to undertake an Internal Audit into Taxation Compliance. A draft report has been prepared and has been provided to City of Darwin for review prior to finalisation.

**Fringe Benefits Taxation**

City of Darwin will be commencing two internal audits in the coming weeks. The first is for a review into City of Darwin's Fringe Benefits Tax (FBT) policies and procedures to ensure efficiency and compliance. The scope is currently being refined, however will likely achieve the following:

- determine the effectiveness of Council's internal control frameworks and processes, to mitigate the risks associated with FBT obligations and transactions
- identify sound and best practices in the administration, management and operation of systems for collecting, collating, calculating, reporting and remitting FBT
- review with an eye on identifying efficiencies in processing, application of best practice principals, and removal of obsolete practices due to changes in FBT legislation/interpretation
- review Council Policies and Procedures for compliance to current legislation and process application.

**Procurement**

Currently, the Procurement Team sets Procurement policy and procedures through the Procurement Manual and supporting documents, facilitates all tender processes, and supports purchasing below the tender threshold as required. The Procurement Team also undertake internal reviews of purchasing as this is mainly undertaken autonomously throughout the business.

In late 2021, a review of purchase orders and invoicing was undertaken by the Procurement Team. In response, training was delivered in January to achieve the following:

- improve the use of the requisitioning system
- provide further information on the application of exemptions
- ensure all relevant details are contained on invoices
- appropriate review of invoices occurs prior to payment.

Further reviews will be undertaken later this year and targeted follow up will occur with relevant program areas.

The Committee was advised at the last meeting of the intention to release a Procurement Audit to market. The Committee requested that the scope be provided at the February 2022 meeting prior to release.

The Procurement Audit is proposed to respond to the risk of sourcing activities not complying with legislation. The scope of the audit is currently proposed to include:

- review of the Procurement Manual, supporting procedures and Contract Management System to ensure compliance with Local Government Act, Regulations and other subordinate legislation
- sample testing to determine adherence to procurement thresholds
- sample testing of procurement exemptions for compliance, including appropriate record keeping
- sample testing of appropriate treatment of Conflict of Interest, including disclosure to CEO and maintenance of COI register
- sample testing of assessment activity to ensure probity, appropriate use of categories especially local content and benefit

Feedback is sought from the Committee on the scope of the Procurement Audit. It is also noted that the scope may be refined following input from the successful provider.

**PREVIOUS COUNCIL RESOLUTION**

N/A

<b>STRATEGIC PLAN ALIGNMENT</b>	6 Governance Framework 6.4 Accountability
<b>BUDGET / FINANCIAL / RESOURCE IMPLICATIONS</b>	N/A
<b>LEGISLATION / POLICY CONTROLS OR IMPACTS</b>	N/A

<b>CONSULTATION, ENGAGEMENT &amp; COMMUNICATION</b>	N/A
<b>DECLARATION OF INTEREST</b>	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>

**6.4 LOCAL GOVERNMENT ACT 2019 - FEBRUARY 2022 UPDATE**

**Author:** Executive Manager Corporate & Customer Services

**Authoriser:** Chief Financial Officer

**Attachments:** Nil

**RECOMMENDATIONS**

1. THAT the report entitled Local Government Act 2019 – February 2022 Update be received and noted.

**PURPOSE**

The purpose of this report is to provide RMAC with an update on progress on meeting financial and governance compliance requirements of the *Local Government Act 2019*.

**KEY ISSUES**

- The *Local Government Act 2019* commenced on 1 July 2021.
- The Regulations have been adopted and commenced on 1 July 2021.
- As part of the Policy Review Schedule, required policies are being developed to be adopted by 30 June 2022.
- Due to recent staff changes, responsibilities have been reallocated and progress is being reviewed to ensure timely adopted of other required materials by 30 June 2022.

**DISCUSSION**

The Local Government Act 2019 (the Act) was introduced into the Northern Territory Legislative Assembly on 18 September 2019 and assented to on 3 December 2019. At that time the Act was due to commence on 1 July 2020, however due to Coronavirus, the commencement of the Act was deferred to commence on 1 July 2021.

An update was provided to Council in July 2021. Since then the following has occurred:

- Regulations have been adopted, name the Local Government (Electoral) and Local Government (General) Regulations. These have been in effect since 1 July 2021.
- The following Ministerial Guidelines have been endorsed and City of Darwin is in compliance:
  - Guideline 1: Local Authorities
  - Guideline 2: Appointing a CEO
  - Guideline 3: Borrowing
  - Guideline 4: Assets

Under section 365(1) of the Act, the following policies are required to be adopted no later than 12 months after commencement (30 June 2022):

Policy	Section of Act	Progress
Casual Vacancies	s 54(3)	To be presented at 15/03/22 Council Meeting
Gifts and Benefits	s 112(1)	Not yet commenced.
Contravention of Code of Conduct	s 121	Adopted 13/07/21. Currently under review.
Human Resource Management Policies	s 172	Under review.
Allowances and Benefits	s 174	Adopted 27/10/20 and consistent with new Act. Due for review in 2024.
Code of Conduct for CEO	s 175	Adopted 28 September 2021.
Investment	s 194(3)	Adopted 30 November 2021.
Shared Services	s 216	Presented at 22/02/22 Council Meeting.
Assessment Record	s 230(5)	Not yet commenced.
Rates Concessions	s 247(2)	Adopted 26/05/20. Due for review in May 22.

In addition, under s 365(4) there are a number of policies that were adopted under the previous Act that meet the requirements of the new Act, including attending facilitating audio conferencing, caretaker and privacy policy. These policies will be reviewed in line with Council's adopted Policy Review Schedule. Administrative changes may also be made to update policies with new legislative references where intent has not changed, and where impacted by the recent City of Darwin restructure.

Three batches of sample documents have been provided to City of Darwin containing details and examples of other required policies, registers, disclosures and internal controls. Due to recent staff changes, responsibilities have been reallocated and progress is being reviewed to ensure timely adopted of required documents by 30 June 2022.

#### PREVIOUS COUNCIL RESOLUTION

N/A

<b>STRATEGIC PLAN ALIGNMENT</b>	6 Governance Framework 6.4 Accountability
<b>BUDGET / FINANCIAL / RESOURCE IMPLICATIONS</b>	N/A
<b>LEGISLATION / POLICY CONTROLS OR IMPACTS</b>	<b>Legislation:</b> <i>Local Government Act</i>

	<i>Local Government (General) Regulations</i> <b>Policy:</b> N/A
<b>CONSULTATION, ENGAGEMENT &amp; COMMUNICATION</b>	N/A
<b>DECLARATION OF INTEREST</b>	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>

**6.5 REVIEW OF INVESTMENT POLICY**

**Author:** Executive Manager Corporate & Customer Services

**Authoriser:** Chief Financial Officer

**Attachments:** 1. Policy 024 - Investment - tracked changes [↓](#)  
2. Policy 024 - Investment - revised version [↓](#)

**RECOMMENDATIONS**

1. THAT the report entitled Review of Investment Policy be received and noted.

**PURPOSE**

The purpose of this report is to provide the recently adopted Investment Policy to RMAC for review.

**KEY ISSUES**

- On 30 November 2021, Council adopted the revised Investment Policy.
- It was requested that the Investment Policy and the supporting report be presented to RMAC for their consideration.

**DISCUSSION**

On 30 November 2021, Council adopted the revised Investment Policy. As part of the discussion, it was requested that the Investment Policy and the supporting report be presented to RMAC for their consideration.

Policy 024 - Investment outlines City of Darwin's principles and approach in relation to Investment of Funds.

Council is required to review the investment policy every twelve months. The presentation of the amended document addresses that requirement.

City of Darwin has a contract with Amicus Advisory to provide Treasury advice. This advice includes matters such as: Investment Strategy, Monthly Investment Market Comment, Economic Commentary, and the review of Council's Investment Policy.

Amicus manages its relationship with clients as a fiduciary, meaning they warrant to disclose all relevant information, serve as a client advocate and subjugate all other goals to the needs of the client. Amicus is not a broker, product manufacturer, promoter or distributor and does not derive fees related to the sale of securities or the provision of transactional services. Amicus has its own Australian Financial Services License (AFSL) and is not an Authorised Representative working on behalf of its licensor. Amicus is 100% owned by its employees and is not aligned with any product provider or parent organisation whose business interests may conflict with the provision of wholly independent advice.

City of Darwin's current policy and practice mainly consists of highly rated term deposits and is not considered complex.

As City of Darwin's risk appetite has not altered since the previous review, nor has there been any changes to investment legislation, the review is considered minor. The revised draft policy consists mainly minor wording changes and updates and does not alter any substantial matters.

within the policy.

City of Darwin maintains a short-term investment strategy. This strategy is based on a number of criteria including;

- Interest rates are at an all-time low. With the RBA yet to signal any increase, placing longer term deposits would be detrimental to Council when rates do begin to increase.
- Many of the funds held are for specific purposes, for example, capital expenditure projects such as the Civic Centre rebuild, Velodrome project, and Shoal Bay Waste Management Facility (SBWMF) which require a mix of funding streams. The cash Council has in Reserves is budgeted to provide the funds required.
- City of Darwin is reliant on around 70% of its funding from Rates. Whilst the economic climate remains uncertain there is some level of uncertainty on the timely collection of receipt of Rates. This together with any downturn in other revenues will place pressure on meeting its expenditure commitments.
- The short-term investment strategy was employed in discussion with City of Darwin's Treasury Advisors. A position they then promulgated to their client base.
- The funding agreements Council has with NAB provide for set-off accounts for some of the borrowings. Having the ability to off-set borrowings with cash, reduces the overall cost to City of Darwin, and requires the cash availability.

That said, City of Darwin is ever vigilant on looking for longer term investments that both meet policy guidance and provide flexibility and provide the best return available. The purchase of NT bonds is one such example currently being explored.

The Policy considers investment ratings, terms and allocates percentage limit ranges within these parameters. The Policy restricts investments to be rated BBB- or better, effectively under the Standard and Poor's.

Clause 3.3, of the Policy considers Environmental, Social & Governance (ESG) Investing and where investment is same or similar with regard, return, rating, assessed risk, then allows for preference to be given to placing funds with institutions identified as having the higher ESG standards. Which may include, but not limited to, investing with institutions not financing fossil fuel companies.

#### PREVIOUS COUNCIL RESOLUTION

At the 30 November 2021 meeting Council resolved [ORD456/21]:

1. THAT the report entitled Review of Policy 024 – Investment be received and noted.
2. THAT Council endorse the revised Policy 024 – Investment.

<b>STRATEGIC PLAN ALIGNMENT</b>	6 Governance Framework 6.4 Accountability
<b>BUDGET / FINANCIAL / RESOURCE IMPLICATIONS</b>	N/A
<b>LEGISLATION / POLICY CONTROLS OR IMPACTS</b>	<p>The <i>Local Government Act 2019</i>, section 194, sets out the requirements in relation to investments of money. The <i>Act</i> provides Council may, by resolution, adopt a policy for investing money that is consistent with the <i>Act</i> and <i>Guidelines</i>.</p> <p><i>Guideline 4 – Investments</i>, was repealed on 1 July 2021 and at this stage the Minister has not issued a new <i>Guideline</i>.</p>



<b>CONSULTATION, ENGAGEMENT &amp; COMMUNICATION</b>	N/A
<b>DECLARATION OF INTEREST</b>	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>



## 1 PURPOSE

The Investment Policy establishes the rules City of Darwin adopts in investing funds not required to meet immediate liquidity needs with the exception of trust funds.

This policy is supplemented by Investment Procedures, which are not required to be adopted by Council. The procedures form part of Council's internal controls.

## 2 SCOPE

To invest Council's funds with consideration of risk and at the most favourable rate of return available to it at the time for the investment type. While exercising the power to invest, consideration is to be given to preservation of capital, liquidity and the return on investment.

Primary objectives of the policy are to:

- ensure the investment portfolio is structured to provide sufficient liquidity to meet all reasonably anticipated cash flow requirements
- minimise risk of capital losses through prudent management of credit risk, diversification of investments and ensuring investments do not need to be sold in adverse market conditions incurring a capital loss on sale
- earn interest
- ensure that funds are invested in accordance with legislative requirements
- identify the range of approved and prohibited investments
- set boundaries for exposure to the risks associated with investments
- ensure that Council maintains adequate control of its investments
- establish a framework for monitoring investments
- meet, or exceed, an agreed benchmark return appropriate to the risk tolerance of Council on a long-term basis.

~~Council is required to ensure that there are proper policies and procedures in place to safeguard its assets in accordance with Regulation 10 of the Local Government (Accounting) Regulations. An investment policy is essential to these requirements.~~

~~In April 2012 the Minister for Local Government released Local Government Investment Guidelines pursuant to sections 121(2) and 258(1) of the Local Government Act.~~

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The 2012 guidelines provide guidance on:

- the legislative framework for the guidelines including Australian Accounting Standards and the Prudent Person Rule
- duties and responsibilities of councils and their staff including internal controls
- the requirements of a good investment policy including investment types, risks, returns and benchmarks
- governance including reporting and monitoring
- audits and external reviews

Section 194 of the *Local Government Act 2019* sets out the requirements of Council with respect to an Investments Policy. Specifically Council may, by resolution, adopt a policy for investing money that is consistent with this Act and the Minister's Guidelines.

### 3 POLICY STATEMENT

#### 3.1 Legislative Framework

##### 3.1.1 Local Government Act

Section 194(1) of the *Local Government Act* states that "a council may invest money not immediately required for the purposes of the Council".

##### 3.1.2 Local Government Investment Guidelines

Section 194(3) of the *Local Government Act* states that "a Council may, by resolution, adopt a policy that is consistent with this Act and the Ministers Guidelines". councils involved in investment activities must comply with the *Local Government Investment Guidelines*.

##### 3.1.3 Delegation of Authority

In accordance with Section 403(2) of the *Local Government Act* Council has delegated the authority for implementation of the Investment Policy to the Chief Executive Officer.

In accordance with Section 168(2) of the *Local Government Act* the Chief Executive Officer has delegated implementation and management of the Investment Policy, subject to financial limits, to the Chief Financial Officer.

This policy is however subject to any instrument of delegation or variation thereto issued from time to time by the Council or Chief Executive Officer.

##### 3.1.4 Prudent Person Rule

The Prudent Person Rule requires officers to exercise the same care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. Acting prudently applies to selecting investments and requires an individual to consider diversification, appropriateness of the product, risk and anticipated return, liquidity, independent financial advice and to have a clear understanding of the product. Under no circumstances, must an individual make an investment for speculative purposes.

##### 3.1.5 Ethics and Conflicts of Interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the Chief Executive Officer. **Authorised Investments**

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**3.2 Authorised Investments****3.2.1 Approved Investments**

Investments are limited to the NT Local Government legal and regulatory requirements including the Minister's Guidelines. If there is any conflict or contradiction between this policy and the legal requirements the legal requirements must prevail. The policy should be amended as soon as practicable after noting that a conflict or contradiction exists.

In addition to the legal requirements and without approval by specific resolution of Council investments are limited to:

- Local/State/Commonwealth Government Bonds, Debentures or Securities
- interest bearing securities issued by an Australian Prudential Regulation Authority, (APRA), regulated authorised deposit taking institution (ADI).

All investments are subject to the Investment Limits stated in this policy.

**3.2.2 Mandatory Conditions**

There are certain mandatory conditions that all investments must comply with:

- all investments must be in the name of City of Darwin. If using the services of an Investment Advisor or Broker, Council must ensure ownership is retained
- all investments must be denominated in Australian dollars
- all investments must be placed through a licensed financial services institution with a current Australian Financial Services Licence issued by the Australian Securities and Investment Commission, unless placed directly with the issuing entity whose interest-bearing securities must be compliant with the investment policy.

**3.2.3 Prohibited Investments**

This policy prohibits any investment carried out for speculative purposes including:

- subordinated bank debt; (all bank debt should be senior)
- derivative based instruments
- principal only investments
- standalone securities issued that have underlying futures, options, forward contracts and swaps of any kind
- shares of any kind
- investment denominated in foreign or cryptocurrencies.

**3.3 Environmental, Social and Governance (ESG) Investing**

Where financial institutions are offering equivalent investment returns with the same or similar credit rating and assessed financial risk and the investment fits within the provisions of this Investment Policy, preference will be given to placing funds with institutions identified as having the higher ESG standards which may include, but not limited to, investing with institutions not financing fossil fuel companies.

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**3.4 Risk Management Guidelines**

Council is risk averse; risk aversion is the reluctance to invest in a product with a higher risk compared with a product with lower risk, but possibly lower returns. Risk can never be completely mitigated and no investment is risk free.

This policy outlines the limits on investments that assist in mitigating risk within Council's control without unnecessary detrimental impact on investment returns.

Investments are to comply with the following key criteria:

- a) Credit Risk – limit overall credit exposure of the portfolio
- b) Counterparty Credit Risk – limit exposure to individual counterparties/ institutions' risk of default in repayment of interest and/or principal
- c) Diversification – setting limits to the amounts invested in a particular product (concentration risk), with a particular financial institution or government authority to reduce credit, liquidity and market risks
- d) Interest Rate Risk – the risk the fair market value of the investment fluctuates significantly due to changes in underlying interest rates
- e) Liquidity Risk – the risk council is unable to redeem the investment at a fair price within a timely period
- f) Market Risk – the risk the fair value or trading price of an investment will fluctuate due to changes in market conditions, including but not limited to credit, interest rate and maturity risk
- g) Maturity Risk – limiting of market and liquidity risk through managing individual investment maturities and timing of investment redemptions on a portfolio basis
- h) Grant Funding Conditions – conditions related to grant funding available to invest must be complied with.

**3.5 Investment Limits****3.5.1 Term to Maturity**

The portfolio is to be invested with the following term to maturity constraints:

<b>Maturity Band</b>	<b>Minimum Portfolio Exposure</b>	<b>Maximum Portfolio Exposure</b>
<1 year	30%	100%
>1 year	0%	<del>75</del> 0%
>3 years	0%	30%
>5 years	0%	10%

All investments greater than 5 years must be issued by a government entity or carry a long term rating of AA- or above from S&P (or an equivalent ratings agency) at the point of purchase or be issued by a Major Bank.

All investments rated BBB+ or below by S&P (or an equivalent ratings agency) must not have a maturity greater than 3 years at the point of purchase.

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**3.5.2 Liquidity Requirements**

The term of investments must also take into account Council's long term financial plan and liquidity requirements. The portfolio must be structured so that there are always sufficient funds available to meet weekly operational and capital cash requirements.

**3.5.3 Credit Ratings**

Credit ratings are a guide or standard for an investor, which indicate the ability of a debt issuer or debt issue to meet the obligations of repayment of interest and principal. Credit rating agencies such as Moody's, Standard and Poor's (S&P) and Fitch Rating make these independent assessments based on a certain set of quantitative and qualitative assessment criteria.

Ratings in no way guarantee the investment or protect Council against investment losses. The prescribed ratings should not be misinterpreted as an implicit guarantee of the credit worthiness of investments or entities that have such ratings. Even given this challenge, ratings provide the best independent information available as to the credit risk inherent in the investments.

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The following table provides a comparison of the rating equivalents between the different rating agencies: ~~Review~~

Rating Comparison Table Investment Grade (Credit Risk Level)	Moody's		Standard & Poor's		Fitch	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Highest (Minimum Credit Risk)	Aaa	P-1 (Prime-1)	AAA	A-1+	AAA	F1+
Very High (Very Low Credit Risk)	Aa1		AA+		AA+	
	Aa2		AA		AA	
	Aa3		AA-		AA-	
High (Low Credit Risk)	A1	P-2/P-1	A+	A-1	A+	F1/F1+
	A2		A		A	F1
	A3	P-2/P-1	A-	A-2	A-	F2/F1
Good (Moderate Credit Risk)	Baa1	P-2 (Prime-2)	BBB+		BBB+	F2
	Baa2	P-3/P-2	BBB		BBB+	F3/F2
	Baa3	P-3 (Prime-3)	BBB-	A-3	BBB-	F3

To limit overall credit exposure of the portfolio, Council has placed the following limits on portfolio credit ratings:

Credit Rating (S&P or equivalent)	Maximum Total Investments
AAA TO AA- (or Major Bank Senior Debt) and below	100%
A+ <del>TO</del> A- and below	45%
BBB+ <del>TO</del> BBB and below	30%

Major Banks for the purpose of this policy are defined as ANZ, CBA, NAB and Westpac ~~or and~~ their wholly owned and guaranteed subsidiaries. Council is not permitted to purchase an investment with a credit rating lower than "BBB". In the event an investment is rated by S&P and another ratings agency (either Fitch or Moody's) the S&P rating will apply in the first instance to prevent "ratings arbitrage" between ratings agencies.

### 3.5.4 Policy Breaches & "Grandfathering"

If any investment is made in breach ~~to of~~ this investment policy, that instrument will be divested as soon as it is practical (taking into account the costs and benefits of doing so). This will also apply to any investment that is downgraded and as a result no longer falls within the policy guidelines.

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Any investment purchased when compliant with the investment policy may be held to maturity or sold as Council believes best, dependent on the individual circumstances, so long as the risk management strategy for the investment is in accordance with the principles of the Investment Guidelines as above, the prevailing legislation and the prudent person principles.

Specifically, Grandfathering will apply to any investment that:

- Was made ineligible by a previous change to the external legislation if that change allows for grandfathering.
- Is made ineligible as a result of a change to this investment policy.
- Is in breach of the investment policy due to a change of circumstance. (e.g. because the investment has been downgraded or has had its credit rating withdrawn post purchase).
- ~~Due to a breach due~~ to a change of portfolio size or composition (e.g. because the overall portfolio size has decreased and as a result the percentage of total portfolio limit which applies to individual remaining investments increases and therefore causes a breach)".

### 3.5.5 Individual Counterparty Credit Framework (diversification)

The individual credit guidelines to be adopted will be based on the Standard and Poor's (S&P) ratings system criteria (or Moody's / Fitch equivalent if an S&P rating is not available). The maximum available limits in each rating category are as follows:

Credit Rating	Maximum Individual Limit
Federal Government	100%
AAA to AA- (or Major Bank Senior Debt <del>or</del> State or Territory Government)	50%
A+ to A-	30%
BBB+ to BBB	10%

## 3.6 Administration of Policy

### 3.6.1 Investment Register

Council must keep an up to date Investment Register supported by appropriate documentary evidence for each investment held.

For external audit purposes, certificates must be obtained from the financial institutions confirming the investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

### 3.6.2 Reporting

A monthly investment report will be provided to Council containing the following:

- List of investments by financial institution.
- Total cash and investments held.
- Percentage exposure to individual financial institutions.
- Adherence to the investment limits set in this policy.
- Investment portfolio performance against established benchmarks, including budget.

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**3.6.3 Benchmark**

The performance of the investment portfolio shall be compared to the Bloomberg Ausbond Bank Bill Index (Bank Bill Index) as quoted at the end of each month.

**3.6.4 Variations to Policy**

The Chief Executive Officer is authorised to approve temporary variations to the policy if required by legislative changes. All changes to the policy will be reported to Council within 30 days. All other variations to the policy are required to be authorised by Council.

**3.6.5 Investment Procedures**

The Investment Procedures supplement this policy and define the procedures that officers must adhere to when managing investments including, but not limited to, authorisation, placement, redemption and reinvestment.

**3.6.6 Quotation for Purchase and Sale of Investments**

The investing officer must satisfy themselves that they are obtaining a fair market price for all investments made at all times. This may be accomplished by obtaining three (3) independent quotes from reputable market makers where the investment is widely traded or where it is not widely traded by reference to other similar instruments that are traded in the market place.

If this is not possible or impractical, the investing officer can rely on representations made by an Independent Advisor with no conflicts of interest regarding the purchase or sale of the investment.

For the avoidance of doubt the investing officer must not rely on representations made by the buyer, seller or broker or any other person with a potential conflict of interest or pecuniary interest in the buying or selling transaction.

**3.6.7 Investment Strategy**

On a monthly basis and in conjunction with this Investment Policy, an Investment Strategy will be formulated and included in the monthly reports from the Investment Advisor, taking into consideration the following:

- council's cash flow requirements and implications for the portfolio liquidity profile.
- allocation of investment types, credit quality, counterparty exposure and term to maturity
- current and projected market conditions and any likely impacts on relative positioning in terms of the portfolio and any necessary policy implications
- relative return outlook; risk-reward considerations; assessment of the market cycle and hence constraints on risk
- appropriateness of overall investment types for Council's portfolio
- projected investment portfolio size for the forthcoming year.

**3.6.8 Safe Custody**

All investments must be settled and held directly in safe custody by a major bank or via Council's Austraclear account to be maintained by Council as an associate member of Austraclear and operated by Council's Austraclear proxy provider.

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**3.6.9 Investment Advisor**

Independent investment advice should be obtained on a regular basis in relation to Councils policy, strategy and tactics.

The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended and is free to choose the most appropriate product within the terms and conditions of the investment policy.

The independent advisor is required to provide written confirmation that they do not have any actual or potential conflicts of interest in relation to the investments they are recommending or reviewing, including that they are not receiving any commission or other benefits in relation to the investments being recommended or reviewed. Any commissions s\_ers or other fees available to the advisor and which the advisor receives must be rebated in full to Council.

**3.6.10 Investment Advisor Performance Assessment**

Investment Advisor performance may be measured annually by returns on the investment portfolio net of fees when compared with likely performance of the investment portfolio without external advice.

The Council can enter into a biennial contractual arrangement with the Investment Advisor with the Council having an option to renew for a further two years.

In renewing the contractual arrangement, the Council should also take into account the risks taken to achieve the returns and any other services the Investment Advisor may provide such as reporting, valuations, assistance with audit requirements, current market information and alerts all of which have an indirect benefit to Council in saving internal resources such as staff time.

**3.6.11 Trading Policy**

Council will make every effort and will undertake cash flow forecasting to match investment maturities to cash flow requirements to minimise liquidation of investments prior to scheduled maturities and any associated penalties either explicit in the form of break costs or implicit in terms of broker fees, market spreads and potential loss of capital caused by selling at a value less than the ultimate redemption price.

Investments will be acquired with the intention of holding them to maturity, and cash liquidity requirements will be managed to ensure that Council avoids a situation which will require a forced sale of these assets in normal circumstances.

However, if Investment Policy Limits have been breached due to a change in the overall size of the investment portfolio, external or internal changes to investment policy parameters or for any other reason, then investments may be sold prior to maturity. Under these situations Council has the authority to make the necessary arrangements to withdraw from the investment as soon as practicable.

Council may also sell assets prior to maturity in the following circumstances:

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If the asset is liquid, easily tradeable, can be sold without significant loss and was purchased as part of a "liquidity buffer" against the event of unforeseen and unexpected liquidity requirements. If Council judges the asset has deteriorated in credit quality and there is a material risk of further market price deterioration or ultimate default if it continues to held and Council, upon seeking external advice from a competent and reputable advisor, is advised that a sale of the asset is in the best interests of Council for risk management purposes to potentially minimise any future losses.

For the avoidance of doubt, Council will not adopt an active trading strategy buying and selling assets on broker recommendations for the purposes of enhancing returns through the accumulation of capital profits.

Council will not view maximum and minimum allocations in investment categories as "target" allocations. The portfolio should in normal circumstances be operated with a degree of margin around any policy restrictions."

## 3.6.12 Trust Funds

Trust funds are excluded from this policy, ~~as they must be kept in separate bank account as per the requirements of Section 120 of the Local Government Act (NT).~~

## 4 DEFINITIONS

**Counterparty** refers to the other individual or institution to an agreement or contract.

## 5 LEGISLATIVE REFERENCES

All investments are to be made in accordance with the following:

- Local Government Act – Part 10.2
- Local Government ([General Accounting](#)) Regulations – Regulation 178
- Guidelines pursuant to the Act and;
- Australian Accounting Standards

## 6 PROCEDURES AND RELATED DOCUMENTS

Procedure - FIN04.01 - Investments End of Month

Procedure - FIN04.05 - Investments Report to Council

Procedure – FIN04.07 - New Investments, Rollovers & Redemptions

## 7 RESPONSIBILITY AND APPLICATION

The Chief Financial Officer is responsible for ensuring that this policy is understood and adhered to by all Council staff.

This policy will be reviewed annually or more often as required.

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# INVESTMENT

## 1 PURPOSE

The Investment Policy establishes the rules City of Darwin adopts in investing funds not required to meet immediate liquidity needs with the exception of trust funds.

This policy is supplemented by Investment Procedures, which are not required to be adopted by Council. The procedures form part of Council's internal controls.

## 2 SCOPE

To invest Council's funds with consideration of risk and at the most favourable rate of return available to it at the time for the investment type. While exercising the power to invest, consideration is to be given to preservation of capital, liquidity and the return on investment.

Primary objectives of the policy are to:

- ensure the investment portfolio is structured to provide sufficient liquidity to meet all reasonably anticipated cash flow requirements
- minimise risk of capital losses through prudent management of credit risk, diversification of investments and ensuring investments do not need to be sold in adverse market conditions incurring a capital loss on sale
- earn interest
- ensure that funds are invested in accordance with legislative requirements
- identify the range of approved and prohibited investments
- set boundaries for exposure to the risks associated with investments
- ensure that Council maintains adequate control of its investments
- establish a framework for monitoring investments
- meet, or exceed, an agreed benchmark return appropriate to the risk tolerance of Council on a long-term basis.

Section 194 of the *Local Government Act 2019* sets out the requirements of Council with respect to an Investments Policy. Specifically Council may, by resolution, adopt a policy for investing money that is consistent with this Act and the Minister's Guidelines

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### 3 POLICY STATEMENT

#### 3.1 Legislative Framework

##### 3.1.1 Local Government Act

Section 194(1) of the *Local Government Act* states that “a council may invest money not immediately required for the purposes of the Council”.

##### 3.1.2 Local Government Investment Guidelines

Section 194(3) of the *Local Government Act* states that “a Council may, by resolution, adopt a policy that is consistent with this Act and the Ministers Guidelines”.

##### 3.1.3 Delegation of Authority

In accordance with Section 40(2) of the *Local Government Act* Council has delegated the authority for implementation of the Investment Policy to the Chief Executive Officer.

In accordance with Section 168 of the *Local Government Act* the Chief Executive Officer has delegated implementation and management of the Investment Policy, subject to financial limits, to the Chief Financial Officer.

This policy is however subject to any instrument of delegation or variation thereto issued from time to time by the Council or Chief Executive Officer.

##### 3.1.4 Prudent Person Rule

The Prudent Person Rule requires officers to exercise the same care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. Acting prudently applies to selecting investments and requires an individual to consider diversification, appropriateness of the product, risk and anticipated return, liquidity, independent financial advice and to have a clear understanding of the product. Under no circumstances, must an individual make an investment for speculative purposes.

##### 3.1.5 Ethics and Conflicts of Interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the Chief Executive Officer.

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### 3.2 Authorised Investments

#### 3.2.1 Approved Investments

Investments are limited to the NT Local Government legal and regulatory requirements including the Minister's Guidelines. If there is any conflict or contradiction between this policy and the legal requirements the legal requirements must prevail. The policy should be amended as soon as practicable after noting that a conflict or contradiction exists.

In addition to the legal requirements and without approval by specific resolution of Council investments are limited to:

- Local/State/Commonwealth Government Bonds, Debentures or Securities
- interest bearing securities issued by an Australian Prudential Regulation Authority, (APRA), regulated authorised deposit taking institution (ADI).

All investments are subject to the Investment Limits stated in this policy.

#### 3.2.2 Mandatory Conditions

There are certain mandatory conditions that all investments must comply with:

- all investments must be in the name of City of Darwin. If using the services of an Investment Advisor or Broker, Council must ensure ownership is retained
- all investments must be denominated in Australian dollars
- all investments must be placed through a licensed financial services institution with a current Australian Financial Services Licence issued by the Australian Securities and Investment Commission, unless placed directly with the issuing entity whose interest-bearing securities must be compliant with the investment policy.

#### 3.2.3 Prohibited Investments

This policy prohibits any investment carried out for speculative purposes including:

- subordinated bank debt (all bank debt should be senior)
- derivative based instruments
- principal only investments
- standalone securities issued that have underlying futures, options, forward contracts and swaps of any kind
- shares of any kind
- investment denominated in foreign or cryptocurrencies.

### 3.3 Environmental, Social and Governance (ESG) Investing

Where financial institutions are offering equivalent investment returns with the same or similar credit rating and assessed financial risk and the investment fits within the provisions of this Investment Policy, preference will be given to placing funds with institutions identified as having the higher ESG standards which may include, but not limited to, investing with institutions not financing fossil fuel companies.

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### 3.4 Risk Management Guidelines

Council is risk averse; risk aversion is the reluctance to invest in a product with a higher risk compared with a product with lower risk, but possibly lower returns. Risk can never be completely mitigated and no investment is risk free.

This policy outlines the limits on investments that assist in mitigating risk within Council's control without unnecessary detrimental impact on investment returns.

Investments are to comply with the following key criteria:

- a) Credit Risk – limit overall credit exposure of the portfolio
- b) Counterparty Credit Risk – limit exposure to individual counterparties/ institutions' risk of default in repayment of interest and/or principal
- c) Diversification – setting limits to the amounts invested in a particular product (concentration risk), with a particular financial institution or government authority to reduce credit, liquidity and market risks
- d) Interest Rate Risk – the risk the fair market value of the investment fluctuates significantly due to changes in underlying interest rates
- e) Liquidity Risk – the risk council is unable to redeem the investment at a fair price within a timely period
- f) Market Risk – the risk the fair value or trading price of an investment will fluctuate due to changes in market conditions, including but not limited to credit, interest rate and maturity risk
- g) Maturity Risk – limiting of market and liquidity risk through managing individual investment maturities and timing of investment redemptions on a portfolio basis
- h) Grant Funding Conditions – conditions related to grant funding available to invest must be complied with.

### 3.5 Investment Limits

#### 3.5.1 Term to Maturity

The portfolio is to be invested with the following term to maturity constraints:

<b>Maturity Band</b>	<b>Minimum Portfolio Exposure</b>	<b>Maximum Portfolio Exposure</b>
<1 year	30%	100%
>1 year	0%	70%
>3 years	0%	30%
>5 years	0%	10%

All investments greater than 5 years must be issued by a government entity or carry a long term rating of AA- or above from S&P (or an equivalent ratings agency) at the point of purchase or be issued by a Major Bank.

All investments rated BBB+ or below by S&P (or an equivalent ratings agency) must not have a maturity greater than 3 years at the point of purchase.

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### 3.5.2 Liquidity Requirements

The term of investments must also take into account Council's long term financial plan and liquidity requirements. The portfolio must be structured so that there are always sufficient funds available to meet weekly operational and capital cash requirements.

### 3.5.3 Credit Ratings

Credit ratings are a guide or standard for an investor, which indicate the ability of a debt issuer or debt issue to meet the obligations of repayment of interest and principal. Credit rating agencies such as Moody's, Standard and Poor's (S&P) and Fitch Rating make these independent assessments based on a certain set of quantitative and qualitative assessment criteria.

Ratings in no way guarantee the investment or protect Council against investment losses. The prescribed ratings should not be misinterpreted as an implicit guarantee of the credit worthiness of investments or entities that have such ratings. Even given this challenge, ratings provide the best independent information available as to the credit risk inherent in the investments.

The following table provides a comparison of the rating equivalents between the different rating agencies:

Rating Comparison Table	Moody's		Standard & Poor's		Fitch	
Investment Grade (Credit Risk Level)	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Highest (Minimum Credit Risk)	Aaa	P-1 (Prime-1)	AAA	A-1+	AAA	F1+
Very High (Very Low Credit Risk)	Aa1		AA+		AA+	
	Aa2		AA		AA	
	Aa3		AA-		AA-	
High (Low Credit Risk)	A1	P-2/P-1	A+	A-1	A+	F1/F1+
	A2		A		A	F1
	A3	P-2/P-1	A-	A-2	A-	F2/F1
Good (Moderate Credit Risk)	Baa1	P-2 (Prime-2)	BBB+		BBB+	F2
	Baa2	P-3/P-2	BBB		BBB+	F3/F2
	Baa3	P-3 (Prime-3)	BBB-	A-3	BBB-	F3





To limit overall credit exposure of the portfolio, Council has placed the following limits on portfolio credit ratings:

Credit Rating (S&P or equivalent)	Maximum Total Investments
AAA TO AA- (or Major Bank Senior Debt) and below	100%
A+ to A- and below	45%
BBB+ to BBB and below	30%

Major Banks for the purpose of this policy are defined as ANZ, CBA, NAB and Westpac and their wholly owned and guaranteed subsidiaries. Council is not permitted to purchase an investment with a credit rating lower than “BBB”. In the event an investment is rated by S&P and another ratings agency (either Fitch or Moody’s) the S&P rating will apply in the first instance to prevent “ratings arbitrage” between ratings agencies.

### 3.5.4 Policy Breaches & “Grandfathering”

If any investment is made in breach to this investment policy, that instrument will be divested as soon as it is practical (taking into account the costs and benefits of doing so). This will also apply to any investment that is downgraded and as a result no longer falls within the policy guidelines.

Any investment purchased when compliant with the investment policy may be held to maturity or sold as Council believes best, dependent on the individual circumstances, so long as the risk management strategy for the investment is in accordance with the principles of the Investment Guidelines as above, the prevailing legislation and the prudent person principles.

Specifically, Grandfathering will apply to any investment that:

- Was made ineligible by a previous change to the external legislation if that change allows for grandfathering.
- Is made ineligible as a result of a change to this investment policy.
- Is in breach of the investment policy due to a change of circumstance. (e.g. because the investment has been downgraded or has had its credit rating withdrawn post purchase).
- Due to a change of portfolio size or composition (e.g. because the overall portfolio size has decreased and as a result the percentage of total portfolio limit which applies to individual remaining investments increases and therefore causes a breach).

### 3.5.5 Individual Counterparty Credit Framework (diversification)

The individual credit guidelines to be adopted will be based on the Standard and Poor’s (S&P) ratings system criteria (or Moody’s / Fitch equivalent if an S&P rating is not available). The maximum available limits in each rating category are as follows:

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Credit Rating	Maximum Individual Limit
Federal Government	100%
AAA to AA- (or Major Bank Senior Debt or State or Territory Government)	50%
A+ to A-	30%
BBB+ to BBB	10%

### 3.6 Administration of Policy

#### 3.6.1 Investment Register

Council must keep an up to date Investment Register supported by appropriate documentary evidence for each investment held.

For external audit purposes, certificates must be obtained from the financial institutions confirming the investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

#### 3.6.2 Reporting

A monthly investment report will be provided to Council containing the following:

- List of investments by financial institution.
- Total cash and investments held.
- Percentage exposure to individual financial institutions.
- Adherence to the investment limits set in this policy.
- Investment portfolio performance against established benchmarks, including budget.

#### 3.6.3 Benchmark

The performance of the investment portfolio shall be compared to the Bloomberg Ausbond Bank Bill Index (Bank Bill Index) as quoted at the end of each month.

#### 3.6.4 Variations to Policy

The Chief Executive Officer is authorised to approve temporary variations to the policy if required by legislative changes. All changes to the policy will be reported to Council within 30 days. All other variations to the policy are required to be authorised by Council.

#### 3.6.5 Investment Procedures

The Investment Procedures supplement this policy and define the procedures that officers must adhere to when managing investments including, but not limited to, authorisation, placement, redemption and reinvestment.

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### 3.6.6 Quotation for Purchase and Sale of Investments

The investing officer must satisfy themselves that they are obtaining a fair market price for all investments made at all times. This may be accomplished by obtaining three (3) independent quotes from reputable market makers where the investment is widely traded or where it is not widely traded by reference to other similar instruments that are traded in the market place.

If this is not possible or impractical, the investing officer can rely on representations made by an Independent Advisor with no conflicts of interest regarding the purchase or sale of the investment.

For the avoidance of doubt the investing officer must not rely on representations made by the buyer, seller or broker or any other person with a potential conflict of interest or pecuniary interest in the buying or selling transaction.

### 3.6.7 Investment Strategy

On a monthly basis and in conjunction with this Investment Policy, an Investment Strategy will be formulated and included in the monthly reports from the Investment Advisor, taking into consideration the following:

- council's cash flow requirements and implications for the portfolio liquidity profile.
- allocation of investment types, credit quality, counterparty exposure and term to maturity
- current and projected market conditions and any likely impacts on relative positioning in terms of the portfolio and any necessary policy implications
- relative return outlook; risk-reward considerations; assessment of the market cycle and hence constraints on risk
- appropriateness of overall investment types for Council's portfolio
- projected investment portfolio size for the forthcoming year.

### 3.6.8 Safe Custody

All investments must be settled and held directly in safe custody by a major bank or via Council's Austraclear account to be maintained by Council as an associate member of Austraclear and operated by Council's Austraclear proxy provider.

### 3.6.9 Investment Advisor

Independent investment advice should be obtained on a regular basis in relation to Council's policy, strategy and tactics.

The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended and is free to choose the most appropriate product within the terms and conditions of the investment policy.

The independent advisor is required to provide written confirmation that they do not have any actual or potential conflicts of interest in relation to the investments they are recommending or reviewing, including that they are not receiving any commission or other benefits in relation to the investments being recommended or reviewed. Any



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commissions or other fees available to the advisor and which the advisor receives must be rebated in full to Council.

### 3.6.10 Investment Advisor Performance Assessment

Investment Advisor performance may be measured annually by returns on the investment portfolio net of fees when compared with likely performance of the investment portfolio without external advice.

The Council can enter into a biennial contractual arrangement with the Investment Advisor with the Council having an option to renew for a further two years.

In renewing the contractual arrangement, the Council should also take into account the risks taken to achieve the returns and any other services the Investment Advisor may provide such as reporting, valuations, assistance with audit requirements, current market information and alerts all of which have an indirect benefit to Council in saving internal resources such as staff time.

### 3.6.11 Trading Policy

Council will make every effort and will undertake cash flow forecasting to match investment maturities to cash flow requirements to minimise liquidation of investments prior to scheduled maturities and any associated penalties either explicit in the form of break costs or implicit in terms of broker fees, market spreads and potential loss of capital caused by selling at a value less than the ultimate redemption price.

Investments will be acquired with the intention of holding them to maturity, and cash liquidity requirements will be managed to ensure that Council avoids a situation which will require a forced sale of these assets in normal circumstances.

However, if Investment Policy Limits have been breached due to a change in the overall size of the investment portfolio, external or internal changes to investment policy parameters or for any other reason, then investments may be sold prior to maturity. Under these situations Council has the authority to make the necessary arrangements to withdraw from the investment as soon as practicable.

Council may also sell assets prior to maturity in the following circumstances:

If the asset is liquid, easily tradeable, can be sold without significant loss and was purchased as part of a "liquidity buffer" against the event of unforeseen and unexpected liquidity requirements. If Council judges the asset has deteriorated in credit quality and there is a material risk of further market price deterioration or ultimate default if it continues to held and Council, upon seeking external advice from a competent and reputable advisor, is advised that a sale of the asset is in the best interests of Council for risk management purposes to potentially minimise any future losses.

For the avoidance of doubt, Council will not adopt an active trading strategy buying and selling assets on broker recommendations for the purposes of enhancing returns through the accumulation of capital profits.

Council will not view maximum and minimum allocations in investment categories as

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“target” allocations. The portfolio should in normal circumstances be operated with a degree of margin around any policy restrictions.”

### 3.6.12 Trust Funds

Trust funds are excluded from this policy.

## 4 DEFINITIONS

**Counterparty** refers to the other individual or institution to an agreement or contract.

## 5 LEGISLATIVE REFERENCES

All investments are to be made in accordance with the following:

- Local Government Act – Part 10.2
- Local Government (General) Regulations – Regulation 17
- Guidelines pursuant to the Act and;
- Australian Accounting Standards

## 6 PROCEDURES AND RELATED DOCUMENTS

Procedure - FIN04.01 - Investments End of Month

Procedure - FIN04.05 - Investments Report to Council

Procedure – FIN04.07 - New Investments, Rollovers & Redemptions

## 7 RESPONSIBILITY AND APPLICATION

The Chief Financial Officer is responsible for ensuring that this policy is understood and adhered to by all Council staff.

This policy will be reviewed annually or more often as required.

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**7 QUESTIONS BY MEMBERS**

**8 GENERAL BUSINESS**

**8.1**

Common No.

THAT

**9 CLOSURE OF MEETING TO THE PUBLIC**

THAT pursuant to Section 99 (2) of the Local Government Act and Regulation 51 of the Local Government (General) Regulations the meeting be closed to the public to consider the Confidential Items of the Agenda.

**RECOMMENDATIONS**

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 99(2) of the Local Government Act:

**12.1 Shoal Bay Waste Management Facility – Risk Assessment - February 2022 Update**

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

**12.2 Update On Asset Mangement - Including New Asset Management Information System, Asset Surveys and Service Levels**

This matter is considered to be confidential under Section 99(2) - 51(e) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with subject to subregulation 51(3) – information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest.

**12.3 Insurance Review**

This matter is considered to be confidential under Section 99(2) - 51(c)(i) and 51(d) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information that would, if publicly disclosed, be likely to cause commercial prejudice to, or confer an unfair commercial advantage on, any person and information subject to an obligation of confidentiality at law, or in equity.

**12.4 Work Health & Safety Report - November 2021 to January 2022**

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(c)(iv) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

**12.5 Corporate Services Report: November 2021 - January 2022**

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(c)(iv) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

**12.6 Notification Register - February 2022**

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(f) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and subject to subregulation 51(2) – information in relation to a complaint of a contravention of the code of conduct.





# **MINUTES**

## **Risk Management & Audit Committee Meeting**

**Friday, 29 October 2021**

**MINUTES OF CITY OF DARWIN  
RISK MANAGEMENT & AUDIT COMMITTEE MEETING  
HELD AT THE MEETING ROOM 1, LEVEL 1, CIVIC CENTRE, HARRY CHAN AVENUE,  
DARWIN  
ON FRIDAY, 29 OCTOBER 2021 AT 9.00AM**

**PRESENT:** Chair Roland Chin, Alderman Jimmy Bouhoris, Alderman Brian O'Gallagher, Alderman Morgan Rickard, Member Shane Smith, Member Sanja Hill, Member Ninad Sinkar

**OFFICERS:** Chief Executive Officer, Scott Waters; Chief Financial Officer, Simone Saunders; Executive Manager Finance, Russell Holden; Executive Manager Corporate & Customer Service, Chris Kelly; Senior Risk and Assurance Advisor, Brooke Prince; Manager Emergency Planning and Response, James Ryan

**APOLOGY:**

**GUESTS:** From 9.00am MunLi Chee and Abraham Apit from Merit Partners will be in attendance to brief the Committee on the Audited Financial Statements for the Year Ended 30 June 2021 (**Confidential Agenda**)

**Order Of Business**

<b>1</b>	<b>Meeting Declared Open .....</b>	<b>3</b>
<b>2</b>	<b>Closure of Meeting to the Public .....</b>	<b>3</b>
<b>8</b>	<b>Resumption of Meeting .....</b>	<b>5</b>
<b>9</b>	<b>Apologies and Leave of Absence .....</b>	<b>5</b>
<b>10</b>	<b>Electronic Meeting Attendance.....</b>	<b>5</b>
<b>11</b>	<b>Declaration of Interest of Members and Staff .....</b>	<b>5</b>
<b>12</b>	<b>Confirmation of Previous Minutes.....</b>	<b>6</b>
<b>13</b>	<b>Action Reports .....</b>	<b>6</b>
13.1	RMAC 2021/22 Proposed Meeting Dates and Report Schedule.....	6
13.2	Risk Management and Audit Committee Assessment of Committee Performance and Terms of Reference Review .....	6
13.3	Update on Internal Audit Plan.....	7
13.4	Review of Panel Contracting .....	7
13.5	Risk Management Update October 2021.....	7
13.6	Disaster Management Update / Cyclone Preparedness .....	7
<b>14</b>	<b>Questions by Members .....</b>	<b>8</b>
<b>15</b>	<b>General Business.....</b>	<b>8</b>

**1 MEETING DECLARED OPEN****RECOMMENDATIONS**

The Chair declared the meeting open at 9.00 am

**2 CLOSURE OF MEETING TO THE PUBLIC****RECOMMENDATIONS**

THAT pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) Regulations the meeting be closed to the public to consider the Confidential Items of the Agenda.

**RECOMMENDATIONS**

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 65(2) of the Local Government Act:

**2.1 Audited Annual Financial Statements for Year Ended 30 June 2021**

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

**2.2 City of Darwin Draft Annual Report 2020/21**

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

**2.3 Risk Management and Audit Committee - Appointment of External Community Members**

This matter is considered to be confidential under Section 99(2) - 51(a) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual.

**2.4 Shoal Bay Waste Management Facility – Risk Assessment - October 2021 Update**

This matter is considered to be confidential under - of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with .

**2.5 Corporate Services Report - August and September 2021**

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(c)(iv) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

**2.6 Special Purpose Compliance Review**

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(c)(i) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and information that would, if publicly disclosed, be likely to cause commercial prejudice to, or confer an unfair commercial advantage on, any person.

**2.7 Notification Register**

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(f) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and subject to subregulation 51(2) – information in relation to a complaint of a contravention of the code of

conduct.

## **8 RESUMPTION OF MEETING**

Open Meeting resumed at 11.50am.

## **9 APOLOGIES AND LEAVE OF ABSENCE**

Member Shane Smith departed meeting 11.55am

## **10 ELECTRONIC MEETING ATTENDANCE**

### **10.1 ELECTRONIC MEETING ATTENDANCE GRANTED**

#### **RECOMMENDATIONS**

THAT the Committee note that pursuant to Section 98 (3) of the Local Government Act, the following member(s) was granted permission for Electronic Meeting Attendance at this Risk Management and Audit Committee Meeting, 29 October 2021:

- Member Ninad Sinkar

## **11 DECLARATION OF INTEREST OF MEMBERS AND STAFF**

### **11.1 Declaration of Interest by Members – Standing Declarations**

- Mr Shane Smith – in his role as Commercial Manager of Gold Medal Services, a Director of Territory Tarmac Rally and an Executive Director of Assurance Advisory (23/10/20)
- Mr Shane Smith Director of Territory Tarmac Rally, an event which will require engagement and support from City of Darwin. (27/11/20)
- Mr Shane Smith advised that he is no longer an Executive Director of Assurance Advisory. (27/11/20).

Member Roland Chin made the following Declarations (26/03/21):

- Treasurer of St John Ambulance Australia(NT) Inc.; Trustee Director of St John Ambulance NT Endowment Trust; Director of St John Ambulance Australia NT Holdings Pty Ltd; St John Ambulance Australia Ltd – Finance, Audit & Risk subcommittee.
- President of Chung Wah Society Inc.
- Northern Territory General Practice Education Ltd – Finance and Audit Committee
- Chair of Audit and Risk Committee of Venture Housing Company Limited
- Chair of Audit, Finance & Risk Committee of Larrakia Nation Aboriginal Corporation.

Alderman Jimmy Bouhoris made the following Declarations (25/06/21):

- A. Any items relating to PowerWater.

## 11.2 Declaration of Interest by Members – New Declarations

Member Sanja Hill advised of the following representations:

- A. currently providing Tourism Top End (TTE) with some governance advisory services
- B. currently providing advisory services to NTG and MACC.

## 12 CONFIRMATION OF PREVIOUS MINUTES

### COMMITTEE RESOLUTION RMAC035/21

Moved: Alderman Jimmy Bouhoris

Seconded: Chair Roland Chin

That the minutes of the Risk Management & Audit Committee Meeting held on 25 June 2021 be confirmed.

**CARRIED 6/0**

## 13 ACTION REPORTS

### 13.1 RMAC 2021/22 PROPOSED MEETING DATES AND REPORT SCHEDULE

#### COMMITTEE RESOLUTION RMAC036/21

Moved: Alderman Jimmy Bouhoris

Seconded: Member Ninad Sinkar

1. THAT the report entitled RMAC 2021/22 Proposed Meeting Dates and Report Schedule be received and noted.
2. THAT RMAC endorse the RMAC 2021/22 Proposed Meeting Dates and Report Schedule, noting that there may be additional reports added to the Report Schedule during 2021/22 as required.

**CARRIED 6/0**

### 13.2 RISK MANAGEMENT AND AUDIT COMMITTEE ASSESSMENT OF COMMITTEE PERFORMANCE AND TERMS OF REFERENCE REVIEW

#### COMMITTEE RESOLUTION RMAC037/21

Moved: Alderman Jimmy Bouhoris

Seconded: Member Sanja Hill

1. THAT the report entitled Risk Management and Audit Committee Assessment of Committee Performance and Terms of Reference be received and noted.

\*\*\*\*\*

AMENDED – in addition

2. THAT Shane Smith be appointed as Deputy Chair of the RMAC Committee.

**CARRIED 6/0**

### 13.3 UPDATE ON INTERNAL AUDIT PLAN

#### COMMITTEE RESOLUTION RMAC038/21

Moved: Chair Roland Chin

Seconded: Alderman Jimmy Bouhoris

1. THAT the report entitled Update on Internal Audit Plan be received and noted.

\*\*\*\*\*

AMENDED, in addition:

2. THAT the TOR for the Procurement Audit be provided to RMAC at the February 2022 meeting.

**CARRIED 6/0**

### 13.4 REVIEW OF PANEL CONTRACTING

#### COMMITTEE RESOLUTION RMAC039/21

Moved: Alderman Brian O'Gallagher

Seconded: Member Sanja Hill

1. THAT the report entitled Review of Panel Contracting be received and noted.

**CARRIED 6/0**

### 13.5 RISK MANAGEMENT UPDATE OCTOBER 2021

#### COMMITTEE RESOLUTION RMAC040/21

Moved: Member Ninad Sinkar

Seconded: Member Sanja Hill

1. THAT the report entitled Risk Management Update October 2021 be received and noted.

**CARRIED 6/0**

*Alderman Brian O'Gallagher departed the meeting at 12:28 pm.*

*Member Sanja Hill departed the meeting at 12:40 pm.*

### 13.6 DISASTER MANAGEMENT UPDATE / CYCLONE PREPAREDNESS

#### COMMITTEE RESOLUTION RMAC041/21

Moved: Alderman Jimmy Bouhoris

Seconded: Member Ninad Sinkar

1. THAT the report entitled Disaster Management Update / Cyclone Preparedness be received and noted.

**CARRIED 4/0**

**14 QUESTIONS BY MEMBERS****COMMITTEE RESOLUTION RMAC042/21**

Moved: Alderman Jimmy Bouhoris

Seconded: Chair Roland Chin

THAT the following Request by Members be received and noted.

**14.1** Alderman Rickard requested that as much as possible attachments to RMAC agendas are provided as separate files outside of InfoCouncil. ensuring that the documents are completely scaleable and text searchable.

**CARRIED 4/0**

**15 GENERAL BUSINESS**

Nil

The Meeting closed at 12.50pm.

The minutes of this meeting were confirmed at the Risk Management & Audit Committee held on 25 February 2022

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**CHAIR**