

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 1: Definition of Roles and Powers

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
1.1 There should be clear identification of the powers, roles, responsibilities and accountabilities between the Minister, Executive Council and CEO.	<p>The roles of the Executive Council (ExCo) and CEO are defined within a document titled 'NLC Full Council Members Induction Book 2011-2013' (NLC Induction Book). All key roles are included within the Induction document and provide a breakdown of specific duties and responsibilities for each position.</p> <p>However there is no linkage of key roles to the specific parts of the legislation. This appears particularly relevant, considering the recent issue of appropriate use and understanding of delegated powers.</p> <p>For example, in the case of the dismissal of LDC directors by way of Executive Council's resolution, we were advised by the NLC PLO that there is no power under Section 250D (1) (c) of the Corporations Act for the Full Council to delegate or appoint a group of individuals, such as the Executive Council, to act on behalf of a shareholder. I.e. the Full Council had never delegated any power to the Executive Council to appoint or dismiss directors of corporation owned by the NLC.</p> <p>There is also no clear connection to Full Council and Regional Council Members and how the groups represent the communities.</p> <p>There is no document that outlines the relationship between the NLC, the Minister and Department of Families, Housing, Community and Indigenous Affairs (FaHCSIA).</p>	<p>NLC to consider developing an Executive Council Charter that clearly defines the following:</p> <ul style="list-style-type: none"> The responsibilities and obligations of the Chairperson and the Executive Council Members The responsibilities of all Council Members and NLC to the community and its members/stakeholders Relevant legislation that is linked to the defined roles and responsibilities of key personnel The role of the Executive Council, Full Council and Regional Council Members and how they interact with each other and the NLC The relationship between NLC, the Minister and FaHCSIA. <p>NLC may also want to reconsider developing a Statement of Expectations. This would come from the Minister and outline a number of required outcomes expected of NLC to successfully achieve the Statement. This could include the following:</p> <ul style="list-style-type: none"> Continuing to operate in accordance with the legislation Maintaining best practice standards of Corporate Governance Outlining NLC's strategic objectives. <p>NLC may want to consider communicating this Identified Gap – Action required to achieve better practice throughout the business, through platforms such as the internet, intranet, posters and any other appropriate channels.</p> <p>NLC may also want to consider developing an official document that</p>	<p>There is no ExCo Charter. The ExCo has delegated powers that are set out in the instrument of delegation. The Chair also has delegated powers that are set out in the instrument of delegation. Plus s.31 (convene council meetings)</p> <p>With respect to ExCo & Regional Councils there should be a set of "written rules providing for and in relation to the convening of meetings, and the procedure for the conduct of meetings, of a committee appointed under this section" as required by ALRA 29(4).</p> <p>Dotpoint 4 There is an established practice of reporting at Council meetings.</p> <p>Dotpoint 5 The relationship does not need to be documented in this context. The Statement of Expectations is set out in 23AA</p> <p>All delegations are fully documented by instruments of</p>	<p>Review Induction Book & update</p> <p>No action required on Council.</p> <p>The 2nd dot point is relevant if 'the community' is the Aboriginal community:</p> <p>Review the rules.</p> <p>Document this practice.</p> <p>No action required.</p> <p>Complete Strategic Plan</p>	<p>The NLC Document, Council Handbook incorporates:</p> <ul style="list-style-type: none"> The code of conduct Meeting requirements Behavioural and other expectations Roles and Responsibilities <p>The NLC has commenced work on editing the draft Council Handbook, which will be a revised document to be considered by the Executive Council at their next meeting.</p> <p>All delegations are fully documented by Instruments of</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

		clearly outlines delegated powers under the ALR Act, or incorporating it into the above.	delegation.		Delegation.
1.2 The terms of the relationships between the key participants, including those with Parliament and/or Government, should be formally recorded.	<p>The role of key participants is outlined in the NLC Induction Book, and also explained in the 'Our Council' section of the NLC 2011 Annual Report.</p> <p>There is however limited information on the relationships between key NLC participants, the Minister and FaHCSIA.</p>	As outlined in section 1.1 NLC may want to consider developing an Executive Council Charter that more clearly defines the relationships between the Minister, FaHCSIA and key NLC participants.	This repeats the previous recommendation.	See above	Noted.
1.3 The respective lines of responsibility and accountability between the major participants should be 'mapped' to promote mutual understanding of rights and obligations.	<p>NLC's 2011 Annual Report includes a section titled 'Governance' which stipulates that the management of risk is everyone's business, and work has been undertaken to instil a risk management culture at all levels of the organisation.</p> <p>The NLC Induction Booklet also outlines the governance principals that Council Members should adhere to.</p> <p>There is no 'mapping' of responsibilities and accountabilities across the broader structure of the NLC and its Council participants.</p>	In the development of the Executive Council Charter consideration should be given to clearly defining the responsibilities and accountabilities the NLC and the Executive Council have to themselves and also the Full Council and Regional Council Members and management. The Charter should incorporate the governance requirements and obligations and 'map' these to illustrate the direct connections and accountabilities across all parties/stakeholders.	This basically repeats the first recommendation.		Noted.
1.4 The role of the Executive Council should be clearly documented in an Executive Council Charter.	The role of the Executive Council is defined within the NLC Induction Booklet. It outlines their roles and responsibilities. This document could be enhanced by providing guidance in respect of the purpose and objectives of the NLC Executive Council.	Refer previous recommendations 1.1 – 1.3. To ensure that Executive Council Members remember their obligations and actively participate in meetings, their purpose and objective should be outlined at the commencement of each meeting		Adopt as a matter of practice.	This recommendation has been adopted and is now a matter of practice as outlined within the revised Council Handbook.
1.5 The Executive Council should have the legislative power to achieve NLC's objectives.	The Executive Council has the legislative powers to discharge its duties under the ALR Act.	This approach is appropriate.		Not required	Noted.
1.6 The Executive Council should select the CEO.	We note that the former CEO was hired at the direction of the Executive Council and that FaHCSIA was also involved in the selection process.	This approach is appropriate.		Not required	Noted.

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 2: Board Skills

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
<p>2.1 The Executive Council collectively should have a mix of the following skills, knowledge and experience:</p> <ul style="list-style-type: none"> • Operational or technical expertise relevant to the operation of the CAC Act • Financial • Legal • Knowledge of government and regulatory requirements. 	<p>The 83 member Full Council is a unique group, in that it represents the communities of the regions covered by the NLC, as does the nine member Executive Council. However the legislation means that these same people have the role and powers similar to a board.</p> <p>The Executive Council members have the appropriate knowledge of land council rights and experience of the traditional owners cultural needs, often being traditional owners themselves.</p> <p>The Executive Council members do not have the collective mix of legal, financial and regulatory skills. Instead they rely on the senior management team or external experts for advice and support to make appropriate decisions for NLC. This approach is reasonable and provides the appropriate mix of technical and management support required.</p> <p>Comments were made by Executive Council Members to indicate they would appreciate some form of external training to assist them perform their roles with greater understanding of financial, governance and strategic responsibilities.</p>	<p>To assist the Executive Council fulfil their role the NLC may want to consider training for Executive Council Members through courses facilitated by bodies such as the AICD's Indigenous Governance Program that provides a three day course designed specifically for the directors, senior executives and leaders of Indigenous organisations. Whilst this course is structured to satisfy the responsibilities of directors and boards, the content may be of value to the NLC in that the approach to good governance should draw on these concepts and requirements.</p> <p>The course can provide training on the following:</p> <ul style="list-style-type: none"> • Procedures and processes that help achieve good governance • Learn how to read and interpret financial statements • Understand how a board contributes to strategic planning • Know your own personal risk appetite and how this relates to your role as a director • Identify exactly what directors do and how they add value to the organisation • Legal roles and responsibilities as a director. <p>Another organisation that provides training to Directors of indigenous corporations is the Office of Registrar of Indigenous Corporations (ORIC). NLC may also want to consider using this program.</p> <p>Where possible the objective of this training should take account of traditional and cultural traits of Executive Council members and how these may be in direct conflict with the principles of independence and conflicts of interest i.e. 'kinship'.</p>	<p>Not yet actioned</p>	<p>Incorporate such training as part of the induction each time ExCo is elected.</p>	<p>The NLC will incorporate such training as part of the induction each time an Executive Council is elected.</p> <p>Specific targeted areas identified by the NLC or the Executive Council will be addressed as required.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

<p>2.2 Where the small size of a CAC body precludes the above outcome, the Executive Council should make arrangements for ready access to such skills where they are not available.</p>	<p>The day to day function of the Executive Council is heavily reliant on the skills of either Branch Managers or external experts in providing the appropriate advice to enable them to make informed decisions. This function has, in the past, not operated as appropriately as might be expected. On one particular occasion the Principal Legal Officer was not advised or invited to an NLC Executive Council meeting that resolved to dismiss the members of LDC. This breakdown highlighted significant risk in matters where the Executive Council have a need to rely heavily on internal expertise and advice, but overlooked the same.</p>	<p>To complement this current structure it would be of benefit to the NLC to identify training opportunities that can assist in raising the knowledge of Executive Council members on key areas such as finance, governance, leadership and management.</p> <p>Refer recommendation in 2.1 in relation to training</p>		<p>It may be more appropriate to raise their awareness of the need to take advice on matters beyond their collective expertise – finance, legal, management – and make sure that they are aware of the role & availability of qualified staff to advise.</p>	<p>Where particular expertise is required, such as legal, finance or management, NLC management will ensure that NLC staff are available, as well as suitably qualified external experts.</p>
<p>2.3 The Executive Council should be given regular updates of the prevailing circumstances impacting on organisations to ensure they are familiar with related industry developments and issues as well as changes in government policy and legislation.</p>	<p>The Executive Council relies on the management and individual Executive Council members to keep abreast of any relevant developments, including legislative or other industry matters. From memoranda reviewed, we identified evidence of media reports and legislative updates being provided to the Executive Council.</p>	<p>The approach appears consistent with better practice.</p>		<p>Not required</p>	<p>Status: Complete</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 3: Board Appointments

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
<p>3.1 Appointment processes should ensure that all statutory and administrative requirements are met and a wide range of people are considered. Decisions should be adequately documented.</p>	<p>The appointment of Council Members falls under section 29 of The ALR Act. The Minister approves the number of NLC members and methods by which they are chosen. The appointment of the Executive Council is determined by the Full Council at the first meeting of the new Full Council.</p> <p>The appointment of the Chairperson and the Deputy Chairperson of the Executive Council falls under section 30 of The ALR Act. Both are elected every three years by the new Full Council.</p> <p>Under the ALR Act members are Aboriginals living in, or traditional owners of, the NLC's area who are chosen by their local communities.</p> <p>We also sighted an 'NLC Elections 2004-2007' document evidencing the formal process NLC follows for Council Member appointments. This process appears in line with how a 'Committee' is elected under the legislation.</p> <p>The current Executive Council is comprised of regional leaders who have a mix of experience representing this, and other Councils or Boards. November 2013 is scheduled to be when Full Council and Executive Council representatives are nominated and/or elected to these positions.</p> <p>As already outlined in this report, the NLC Executive Council is meeting its representative that obligations according to the ALR Act, however that does not ensure the presence of attributes such as independence, skills, experience and qualifications which are required to ensure good governance which are required to ensure good governance in an</p>	<p>NLC may want to consider reviewing the NLC Nominations 2004-2007 document, and incorporating some of the key components into the proposed Executive Council Charter document.</p> <p>It would be beneficial to the NLC to have a broad representation of individuals, male and female, across all regions with an interest in being members of the Full Council and potentially the Executive Council.</p> <p>In preparation for the Council elections and nominations for 2013, the NLC should ensure that information and education is provided to NLC members. This should outline the opportunities to contribute to the strategy and objectives of NLC by nominating for Full Council representation.</p> <p>This process, including the information and education provided to all community members, should be appropriately monitored or overseen by representatives of the Australian Electoral Commission (AEC), FaHCSIA and/or an independent firm.</p>	<p>The procedures for election of council members are submitted to the Minister for approval - s29(1).</p>	<p>No action on selection procedures.</p> <p>Oversight by AEC or other body of local elections of members in accordance with the method approved by the Minister would not be practical or affordable – there are over 80 members.</p>	<p>The NLC will provide information and publicity in advance of election of new Council, to inform and attract candidates.</p> <p>The NLC is currently in discussions with the Australian Electoral Commission about potential AEC oversight of NLC Election processes.</p> <p>Background meetings were held with the Northern Territory Electoral Commission ahead of proposed more targeted engagement with the Australian Electoral Commission in the 2015/2016 Financial year.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

	<p>organisation that performs professional functions. Those attributes, particularly professional advice, must be obtained from the managerial staff (who are also subject to the CAC Act) as well as qualified consultants.</p>				
<p>3.2 Consideration should be given to the skill requirements of the Executive Council, and appointments made accordingly. The Executive Council should be consulted on the skills and experience it needs when new members are being considered for appointment.</p>	<p>The ALR Act states that to qualify as a Council Member, you have to be an Aboriginal resident living in the area of the Land Council or on the register of traditional Aboriginal owners of Aboriginal land within the Land Council.</p> <p>Each Executive Council member at NLC represents a different region of the Land Council. The process for considering an appropriate appointment involves the following:</p> <ul style="list-style-type: none"> • That all people in their communities have an opportunity to have their say over who the member should be • That the nominated member can represent all parts of the community • - That the member has a good knowledge of community and Land Rights matters. 	<p>This approach appears appropriate to the unique nature of Land Councils. As previously outlined in this report Executive Council Members identified a lack of training delivered by NLC in the preceding three years.</p> <p>We would recommend the NLC identify appropriate training courses (AICD) that may be delivered to Executive Council Members on matters relating to finance, governance, conflict of interests, management and leadership.</p>		<p>No action required</p> <p>Identify training courses as noted earlier</p>	<p>No action required, noting the NLC will identify training courses as noted earlier.</p>
<p>3.3 Executive Council Members should be subject to regular renomination, say every three years.</p>	<p>As outlined in section 30 of the ALR Act, the Land Council's Chairperson and Deputy Chairperson are subject to renomination, at least every three years. The NLC Induction Book also stipulates that Council Members are subject to renomination every three years. November 2013 is to be the next round of nominations and elections to Full and Executive Council.</p>	<p>As outlined previously in Section 3.1, we would recommend that the delivery of information and education to NLC Regional Members relating to the election be provided in advance. This will help identify all people who wish to participate and contribute to the future objectives of the NLC.</p>		<p>No action required</p>	<p>Noted</p>
<p>3.4 All new Executive Council Members should be provided with a letter of appointment setting out their duties and responsibilities.</p>	<p>Executive Council Members are not provided with a letter of appointment. The NLC Induction Book outlines Executive Councilmembers'</p>	<p>This approach appears appropriate to the unique nature of Land Councils. Note however the need to consider training for Executive Council</p>		<p>Prepare letters for next triennial Council election</p>	<p>The NLC will provide letters at the next Triennial election in 2016.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

	<p>duties and responsibilities, and is provided to all Council Members on appointment. Management also commented that the process for nomination is conducted in an open and transparent process through Full Council meetings. Therefore there is not a need to further document this through an official letter of appointment.</p>	<p>Members which would be of particular importance to newly elected Members of the Executive Council.</p>			
<p>3.5 Re-election should follow an agreed process to review the performance of Executive Council Members.</p>	<p>Based on our discussions with the Executive Council and Management, the process for reappointment of existing Council Members is similar to newly appointed members, done through Full Council meetings every three years.</p> <p>The legislation also stipulates that changes can be made at any time through a Special Full Council meeting.</p> <p>We understand that previous elections have been observed by FaHCSIA officers.</p>	<p>There is currently no formal process that provides a review of the current Executive Council Members. Whilst this report has identified some areas for improvement on the Executive Council it has not sought to review or assess the performance of each individual Executive Council member.</p> <p>We recommend a form of review, inviting confidential feedback and comment from regional members on the performance of the CEO, Chair and positions held by non-Aboriginal persons.</p> <p>This could be provided by representatives of each NLC Branch and Regional representatives on the individual performance of NLC Executive Council.</p> <p>This would provide valuable learning for the Executive Council on their performance and possible areas for improvement whilst also showing the regions that the NLC and its Executive Council value the input that they can provide.</p> <p>As outlined in this report the process of 2013 elections should be appropriately monitored by FaHCSIA or The AEC with a focus on the process leading to these being one of education and awareness that provides opportunity for others to contribute to NLC Councils.</p>	<p>A number of Council members may not be sufficiently literate to understand and complete an assessment without assistance (and the loss of confidentiality).</p>	<p>Devise a straightforward questionnaire of the short answer kind that can be filled out on a voluntary basis. Circulate it with meeting material.</p>	<p>An anonymous survey was developed within NLC and circulated at the 171st Executive Meeting in Katherine for discussion regarding Executive Council's performance. It was also discussed at the Full Council meeting by the CEO and Chairman in late June 2015 as a mechanism to achieve better governance deliverables from the Executive Council.</p> <p>Confidential Information gained from the completed surveys will be analysed by the Senior Policy Advisor and provided to the Chief Executive Officer and the Executive Council.</p> <p>Future directions, informed by the survey findings, will be workshopped at the next available opportunity.</p>

NORTHERN LAND COUNCIL’S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 4: Council Induction Training

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
4.1 Executive Council should undertake appropriate induction training on appointment.	An induction pack is currently in place to provide assistance to Executive Council Members upon election.	Refer to our recommendation at Part 2 of this report. NLC should consider updating and revising the induction material to address the particular roles, responsibilities, requirements and expectations of Executive Council Members. Executive Council Members should then be provided with appropriate training and awareness to enable them to carry out their duties in accordance with legislative and policy requirements. This could be partly in the form of a ‘buddy’ system to ensure that any new members are guided by more experienced members.	Mentioned earlier. This is in effect a repeat.	No separate action	No separate action required.
4.2 Continuing education and professional development programs should be made available to Executive Council Members as necessary.	The Executive Council commented in discussions that they had not received any form of induction, or ongoing training since the previous CEO commenced in his role at NLC in 2008.	Refer to our recommendation at Part 2.1 of this report. The Indigenous Governance Program facilitated by the AICD is an example of one training program that provides a three day course designed specifically for the directors, senior executives and leaders of Indigenous organisations. Whilst this course is structured to satisfy the responsibilities of directors and boards the content may be of value to the NLC in that the approach to good governance should draw on these concepts and requirements. The course can provide training on the following: <ul style="list-style-type: none"> • Procedures and processes that help achieve good governance • Learn how to read and interpret financial statements • Understand how a board contributes to strategic planning • Know your own personal risk appetite and how this relates to your role as a director • Identify exactly what directors do and how they add value to the organisation • Legal roles and responsibilities as a director. Where possible the objective of this training should take account of traditional and cultural traits of		Arrange for ExCo members to attend courses when available (within budget restrictions)	The NLC will arrange for Executive Council members to attend courses when available within budget restrictions.

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

		Executive Council Members and how these may be in direct conflict with the principles of independence and conflicts of interest i.e. 'kinship'.			
--	--	---	--	--	--

Element 5: Board Independence

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
5.1 The majority of the Executive Council Members should be independent of both the management team and any commercial dealings with NLC.	NLC is dealing with a relatively small community and each Executive Council member represents a different land region within NLC's boundaries. Due to the unique nature of Land Councils and their role in negotiating land rights on behalf of their members, there may be potential conflicts in dealings undertaken by NLC. We acknowledge that the concept of "kinship" may influence the approach taken by Executive Council members in seeking to address issues of independence and potential conflicts.	As outlined previously in this report, the NLC should put in place appropriate frameworks designed to improve issues of good governance, understanding and importance of independence and conflicts of interest. Components incorporating this will likely include an updated Executive Council Charter and training to Executive Council members on matters involving independence. Due to the unique nature of the NLC Executive Council it may benefit a person with the right skills, experience and an indigenous background to be involved in the delivery of the training. This process may also be enhanced by the trainer having a greater level of appreciation for the traditional and cultural traits.	Traditional interests in land are not to be included.	Institute the practice of declaration of interests at each Executive Meeting – regularly updated at subsequent meetings. Declarations to have high confidentiality. No action required – training is covered above.	The NLC is finalising and implementing a revised Council Handbook that includes: <ul style="list-style-type: none"> • A Conflict of Interest Register • A Council Member code of conduct • A Gifts and Benefits Register All documents feature embedded confidentiality provisions and reflect the unique nature of the role of the Full Council. Separately, the NLC has instituted the practice of declaration of interests at each Executive Council Meeting. The Principal Legal Officer is also be available at Executive and Full Council meetings to address any issues arising.
5.2 Where an Executive Council Member finds that there is a personal conflict, that member should formally declare the conflict and abstain from voting on the issue giving rise to the conflict. The Executive Council Charter should have clear procedures for dealing with these circumstances.	Current policy and process does not provide a clear details and instructions on how the Executive Council Members should address conflict of interest. Executive Council Members sit on a number of other boards, committees or independent bodies which may create conflict with the interests of NLC and its objectives e.g. Larakia Development Corporation has representation from the NLC Executive Council. The Members code of conduct outlined in the NLC Induction Book stipulates the words 'To avoid a conflict of interest (COI) you should speak up about your interests. You	A more defined process of how COI's are addressed should be considered by NLC. It should include the following: <ul style="list-style-type: none"> • Draft Executive Council agendas being circulated to Executive Councilmembers prior to meetings to allow members the opportunity to notify the Chairperson and the CEO of any material personal interest in matters to be discussed • NLC to have a standing Agenda item on material personal interests at the commencement of meetings during which the Executive Council decides whether a declared personal interest is material and whether 	Not practical. Agreed	See above. Incorporate into meeting practice if not already done.	As of February 2015, NLC forwards Executive Council meeting agendas 1 week in advance to allow Members to have input. This provision may be waived where meetings are <ul style="list-style-type: none"> • Urgent; or • Specific to a particular outcome or single issue • Confidential As of February 2015, Executive Council meetings feature a standing item on Conflict of Interest, recorded via register (refer 5.1).

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

	<p>may need to leave the meeting and not vote.'</p> <p>It appears in minutes reviewed that a potential COI was raised by an Executive Council Member in April 2012. Discussions took place without the Executive Council Member present. It was decided that no COI existed. No detail regarding what the potential COI entailed was provided in the minutes.</p> <p>Management also commented that Traditional Owners in a cultural sense don't normally 'speak for other people's land'. This therefore in theory reduces the risk of potential COI's. Although they accepted that there are still risks with other commercial interests that NLC undertakes.</p> <p>Management felt that any potential COI's should always be handled with a legal officer present.</p>	<p>the Executive Council Member should participate or vote on the matter</p> <ul style="list-style-type: none"> • The declaration of any personal interests, the detail and management of those interests are then recorded in the minutes of the meeting • To develop a register that records the other boards, committees and independent bodies that Executive Council members sit on • To ensure the PLO is present throughout the above process. 	<p>Retain declarations as a form of register.</p> <p>Identification of a potential conflict does not really require the PLO – a lawyer could be called in cases of difficulty- however it will be completed with the assistance of NLC secretariat branch senior staff.</p>	<p>No action see above</p> <p>See above</p> <p>Noted</p>	<p>The Principal Legal Officer regularly attends Executive Council meetings and can be consulted separately on matters relating to conflict of interest from time to time.</p>
<p>5.3 Executive Council should be actively involved in the development of the agenda for Board meetings, not just management and the CEO.</p>	<p>The Executive Council agenda is only seen and reviewed by the Executive Council Members on the day of the meeting. They have no involvement in the preparation of the document, and are not afforded an opportunity to view supporting documents before the meeting, to enable more informed decisions.</p> <p>E.g. In the case of the special Executive Council meeting where the LDC's directors were dismissed, the agenda pack was prepared by the manager for Commercial Project and Development and provided to the Executive Council Members at the meeting.</p>	<p>NLC management should consider developing an agenda and meeting pack and forwarding to Executive Council Members approximately seven days before each meeting for review and comment on the proposed agenda and also the completeness and accuracy of minutes taken from the preceding Executive or Full Council meeting.</p> <p>Information considered to be highly confidential or sensitive in nature should not be included where there is a risk that the delivery of this information could be compromised.</p>	<p>ExCo agendas should be circulated prior to each meeting and members invited to suggest matters for discussion</p> <p>Forwarding packs in advance can be at times impractical given their wide dispersal. Most of the information is confidential.</p>	<p>Provide opportunity for Exec Co members to raise agenda items</p>	<p>As of February 2015, the NLC forwards Executive Council meeting agendas 1 week in advance to allow Members to have input. This provision may be waived where meetings are</p> <ul style="list-style-type: none"> • Urgent; or • Specific to a particular outcome or single issue <p>Meeting materials are not provided in advance because of their confidential nature. However, members are able to seek background materials or briefs as desired.</p>
<p>5.4The Executive Council should meet separately of the CEO and Executive Directors periodically.</p>	<p>The Executive Council conducts informal discussions amongst themselves at every Executive Council meeting, and in between meetings. Members of NLC's management team are then invited to join the meeting by the Chair as per relevant items on the agenda.</p>	<p>This approach is appropriate. On track/in line</p>	<p>ExCo may exclude all staff from its meeting at any time.</p>	<p>No action</p>	<p>The Executive Council has the capacity to exclude any and all staff from its meetings as it deems appropriate.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 6 Board Meetings

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
6.1 The Executive Council should meet regularly; say at least every two months.	The NLC Induction Book stipulates that the Executive Council meetings are held around six times per year.	From the minutes reviewed, we observed that the recommended frequency of Executive Council meetings is adhered to. This approach is appropriate. On	Noted	No action	Noted. Refer 5.2
6.2 Executive Council Members should be given adequate notice of meetings. The Executive Council are normally given adequate notice of meetings, although it was commented that they are normally ad-hoc.	In the case of the special Executive Council meeting where the LDC's directors were dismissed, the Executive Council Members were provided with a very short notice of the meeting. E.g. meeting invitation was circulated to the Executive Members less than two days from the scheduled meeting date.	In the event meeting is required to be rescheduled or special meeting is required to be held, NLC should provide the Executive Council members with a reasonable notice of meeting.	Noted	No action	Noted Refer 5.2
6.3 Agenda items, including availability of discussion material, should be provided prior to Executive Council meetings to enable informed discussion by Executive Council Members.	An agenda is developed, but is only seen by Executive Council Members on the day of the meeting. E.g. In the case of the special Executive Council meeting where the LDC's directors were dismissed, the agenda pack was provided to the Executive Council Members at the meeting. The agenda pack also includes a copy of previous minutes and relevant branch reports such as Legal, Anthropology and Human Resource.	As previously outlined at Section 5.3 of this report NLC management should consider developing an agenda and meeting pack and forwarding to Executive Council Members approximately seven days before each meeting for review and comment on the proposed agenda. This will also ensure completeness and accuracy of minutes taken from the preceding Executive or Full Council meeting. Information considered to be highly confidential or sensitive in nature should not be included where there is a risk that the delivery of this information could be compromised. The Executive Council Members should be made aware of expectations around confidentiality in relation to any sensitive information disclosed to them before the meeting.	Noted	No action	Noted Refer 5.2
6.4 Minutes of meetings should accurately record decisions taken by the Executive Council.	The Senior Policy Advisor is currently responsible for the recording of minutes. We reviewed minutes from both Full Council and Executive Council meetings, containing a record of agenda items discussed and decisions made.	NLC should ensure that all Executive Council meetings are recorded and transcribed with appropriate minutes documented from these recordings to ensure accuracy. The tapes from these meetings should be appropriately noted in a register and secured in a locked receptacle under the	The meeting at which the LDC Board was dismissed is mentioned several times in different contexts, which indicates how anomalous it was. Current practice is to tape and to make minutes per the recommendation.	No action.	The audio recording of Full Council Meetings is a long standing practice at the NLC. Confidential Minutes are subsequently produced from these recordings. Minutes are not verbatim. As of January 2015, all NLC Executive and Regional Council

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

	<p>The outcomes of the decisions are listed in a separate column, and the action officer is also listed.</p> <p>Some comments were made that questioned the accuracy and level of detail of previous minutes taken. E.g. Based on the statement prepared by Shelly Priori, PA to the Senior Policy Officer, on 19 February 2013, the minute for 148th Special Executive Council meeting in relation to the dismissal of LDC directors was prepared prior to the meeting by the former manager for Commercial Project and Development.</p> <p>Management also commented that on previous occasions some Executive Council and Full Council meetings had been taped and transcribed, but this process was inconsistently applied.</p>	<p>direct supervision of the Senior Policy Advisor.</p>			<p>meetings are recorded and minutes subsequently produced. These minutes are not verbatim.</p> <p>All digital and hard copies of recordings and minutes are kept physically secure by NLC Secretariat branch, at the direction of the Senior Policy Advisor.</p>
--	---	---	--	--	---

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 7: Board Resources

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
<p>7.1 Executive Council resources should include an Audit Committee (which is compulsory under CAC legislation) and a company secretary with the primary role of supporting the Executive Council and the Chair.</p>	<p>The NLC Audit Committee Charter (dated 21 September 2010) states the Audit Committee will hold at least three regular meetings per year. An Executive Council member also attends Audit Committee meetings.</p> <p>The GMCC attended all Audit Committee meetings and acted as 'company secretary' by providing agendas and transcribing minutes.</p> <p>The Audit Committee has representation from appropriately qualified people. Ms Archbold said that Audit Committee meetings were ad hoc and that the focus was generally of an external audit nature with little attention on risk management and internal controls. NLC external auditors often attended.</p> <p>Ms Webb said that the Audit Committee needed to be convened on a more regular basis, with more emphasis on risk management and internal audit.</p> <p>Ms Webb also acknowledged that she needed to attend Executive Council meetings, at least twice a year to improve connectivity between the two committees. The Audit Committee also had a responsibility to be more proactive in its approach with NLC, as they had become reliant on NLC staff raising important issues for consideration, which was not occurring.</p> <p>Galaminda said that he attended the meetings as a representative of the Executive Council but that he was unable to provide direct input into the function due to the communication and understanding of his role and that of the Audit Committee being unclear.</p>	<p>We comment in detail on the recommendations regarding the function of the Audit Committee in Section 13 of this report.</p> <p>The Audit Committee has appropriate representation but is lacking in organisation and appropriate focus to ensure it addresses matters of risk to the NLC.</p> <p>The representation of an NLC Executive Council Member on this committee requires further support to enable this position to better understand the role of the Audit Committee and that of NLC Executive Council.</p> <p>The NLC should review the position of 'company secretary' and ensure that the current position of General Manager of Corporate Compliance has the appropriate qualifications and experience to perform this role.</p>	<p>Independent Chair appointed. Schedule of meetings settled.</p>	<p>Further independent member appointed.</p>	<p>The NLC has undertaken significant effort to reform the role, function and operations of the NLC Audit Committee.</p> <p>As at 1 April, the NLC has developed a revised 'NLC Audit Committee Charter', based on the best practice model advocated by the 'ANAO Better Practice Guide 2015'.</p> <p>The NLC Audit Committee has also been invigorated with new membership including a new chair and the adoption of a new charter.</p> <p>Implemented</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

<p>7.2 A corporate governance committee may be appropriate in larger organisations.</p>	<p>From our review of documents and discussions with Management, there is currently no separate governance committee at NLC.</p> <p>Feedback received from people interviewed is that the size and composition of NLC does not require an additional committee to address corporate governance</p>	<p>We acknowledge that the size of NLC Executive Council does not require a corporate governance Committee however annual training and awareness on corporate governance to Executive Council Members is highly recommended.</p>	<p>Mentioned earlier</p>	<p>No separate action.</p>	<p>Complete</p> <p>Refer 2.1.</p>
<p>7.3 Executive Council Members should have reasonable access to independent consultants for investigation and advice. These resources should be provided to Executive Council Members at no cost to individual members.</p>	<p>Although not defined in any document, Executive Council Members may obtain independent professional advice if they believe it is necessary in fulfilling their due diligence responsibilities. We note that the Executive Council considered and endorsed the need to engage Deloitte for this independent review.</p>	<p>This approach is appropriate.</p>		<p>No action required.</p>	<p>Complete.</p> <p>Refer 2.2</p>
<p>7.4 The costs of supporting the Executive Council should be transparent and reported.</p>	<p>The NLC Induction Book outlines that Council Members are entitled to remuneration and travel allowance in accordance with a determination by the Remuneration Tribunal. Council members are also entitled to other out-of-pocket expenses.</p> <p>It was noted that the separate recording of expenses associated with the support of Executive Council was not clear and/ or transparent.</p>	<p>NLC to consider developing a standing agenda item at every Executive Council meeting. This could be incorporated into the Finance Report, but focused on a summary of travel, other allowances and expenditure. Could include the following:</p> <ul style="list-style-type: none"> • Summary of expenditure for the period • Comparison to previous period. 			<p>Projected Executive Council expenses for are factored into NLC Budget Bid submissions under Section 64(1).</p> <p>More streamlined financial reporting systems, including monthly budget reports and pre-identification of project funds are currently being put in place across the organisation.</p> <p>Both these initiatives will provide an accurate overview of Executive Council administrative costs at any given time.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 8: Code of Conduct

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
<p>8.1 The Executive Council should approve a written Code of Conduct setting out ethical and behavioural expectations for both Council Members and employees.</p>	<p>It is critical that both the Executive Council and Senior Management team demonstrate, through their words and actions, an absolute commitment to the code. Only in this manner can a culture of good governance be established within the organisation.</p> <p>The NLC Induction Book outlines the Council Members Code of Conduct, Values and Behaviours which apply to all members of NLC.</p> <p>It also outlines a number of behaviours that Council Members must abide by. These include avoiding conflicts of interest, gifts and benefits and keeping council business confidential.</p> <p>Section 7 of the Human Resources Manual sets out the NLC employees Code of Conduct. This is similar in structure and content to the above.</p> <p>From discussions undertaken, we understand that there have been limited training and awareness initiatives provided to the Executive Council in recent years in relations to ethical and behavioural expectations.</p>	<p>In addition to the Code of Conduct the NLC should facilitate an appropriate annual awareness session to help promote the expected behaviours of NLC.</p> <p>This content should include the following:</p> <ul style="list-style-type: none"> • The roles and responsibilities and expected behaviour of Executive Council members and staff • Independence and conflict of interest • Awareness to Code of Conduct and other relevant policies • Reporting channels in place to raise concerns of ethical nature. 	<p>Code of Conduct has been approved.</p> <p>See previous recommendations</p>		<p>The revised, Council Handbook presented to the 101st Full Council in June 2015 incorporates:</p> <ul style="list-style-type: none"> • The code of conduct • Meeting requirements • Behavioural and other expectations <p>To understand the requirements of administrative and elected arms, the NLC leadership group received training in PGPA obligations from Prime Minister and Cabinet Staff on 1 April 2015.</p> <p>Further training and developmental opportunities for all employees and Council members will be scheduled.</p>
<p>8.2 Adherence to the code of conduct should be periodically evaluated and intermediate action taken where necessary.</p>	<p>The NLC Induction Book was developed in 2011. The Human Resources Manual was developed in September 2011 and includes a current Code of Conduct. We also reviewed the previous Code of Conduct that was developed initially in 2009.</p> <p>We conducted a benchmarking exercise against the Australian Standard Code of Conduct.</p> <p>We identified a number of appropriate operational elements that were incorporated into the existing employee Code of Conduct. These include gifts and benefits,</p>	<p>Incorporated into the NLC's governance initiatives should be an annual declaration of compliance completed by all staff and NLC Executive Council Members.</p> <p>Assessments of each staff member's performance throughout the year, as part of the PEP program could also include a self-management assessment of staff member's performance and adherence to a Code of Conduct and other policies reflecting ethics and good governance.</p> <p>The overall responsibility for this initiative should be within the remit of a</p>		<p>Record all instances of alleged breach of Code of Conduct.</p> <p>Institute annual declaration of compliance through on-line template.</p>	<p>Initiated but not yet complete.</p> <p>The revised Council Handbook incorporates:</p> <ul style="list-style-type: none"> • The code of conduct • Meeting requirements • Behavioural and other expectations • Standing agenda items for Full and Regional and Executive Councils <p>Staff conduct is governed by the NLC staff Code of Conduct, overseen by the HR Manager.</p> <p>The NLC Staff Code of Conduct is</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

	<p>conflicts of interests and proper use of confidential information. The Executive Council Code of Conduct in the NLC Induction Book does not appear to provide the same level of detail.</p> <p>We note that NLC does have a HR Coordinator although the responsibilities of this position do not include the responsibility for managing issues of ethics and compliance to a Code of Conduct.</p>	<p>Human Resources Officer or equivalent at an appropriately qualified and senior level. This position should have the ability to act on behalf of all staff and management and report directly to the CEO in addressing issues of an ethical or Code of Conduct nature.</p> <p>The structural elements of both codes could also be improved by creating a culture of increased familiarity by:</p> <ul style="list-style-type: none"> • Ensuring there is a Commitment from Executive Council of the code being adhered to • Having a management position responsible for ensuring the Code is a living document, is monitored and updated • Ongoing training provided to all individuals at all levels of the organisation. 			<p>consistent with Sections 25 – 29 of the PGPA Act guidelines relating to Commonwealth Officials.</p> <p>The NLC has established an external and internal complaint system. It is anticipated that this system will provide a clear and accountable process for complaints to be heard.</p> <p>A whistleblower policy is currently being developed.</p>
--	---	--	--	--	--

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 9: Strategy setting

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
<p>9.1 The objectives of NLC need to be clearly documented in a long term (three year minimum, updated annually) annual business plan together with achievable and measurable performance targets and milestones.</p>	<p>NLC's previous year strategic plan covered the period 2007-2011. For 2007/2008, there was also a corporate plan, and a number of group business plans. The NLC's business plan was not updated annually. A new draft five year strategic plan for the NLC was completed in September 2012 however this document did not incorporate consultation from all Branch Managers and relevant stakeholders including Regional Members.</p>	<p>NLC should review the draft five year Strategic Plan and ensure the following has been incorporated:</p> <ul style="list-style-type: none"> • Consultation with Regional Members to incorporate the fundamental concerns and requirements of the NLC into a strategic plan • Further consultation with all relevant sources, including Executive and Full Council Members, The Minister and staff/management attached to NLC • Whilst a 'vision' statement is important the plan should be a document that categorises the objectives of the NLC currently and into the foreseeable future • The objectives should align with the overall objective of the NLC as a Statutory Authority • The objectives of the NLC Business Plan should filter through to the PEP objectives of each Branch Manager and staff member of the NLC to ensure consistency in approach and measurability to the overall objectives. 	<p>Being completed</p>	<p>Finalise Strategic Plan Finalise Business Plan</p>	<p>The NLC Draft Strategic Plan 2015 - 2018 is now finalised and was endorsed by the 101st Full Council in June 2015.</p> <p>Consultation with the Commonwealth continues in regard to the finalisation of this plan.</p> <p>Corporate plans are an annual requirement for organisations bound by the PGPA Act.</p> <p>The NLC Draft Corporate Plan 2016 is now finalised and was endorsed at the 101st Full Council in June 2015.</p> <p>The NLC remain on track to meet the due date for submission of completed corporate plans to the Department of Prime Minister and Cabinet in August 2015.</p> <p>Branch level Business plans are also being finalised.</p>
<p>9.2 The Executive Council should be responsible for approving or rejecting the budget developed by management to achieve the agreed strategy.</p>	<p>The annual budget cycle is undertaken by Finance, with Executive Council approving the end process before submission to the Minister.</p>	<p>As previously outlined in this report the skills and experience of the NLC Executive Council in relation to financial reporting and budgeting are limited. Attendance at appropriately identified training will provide greater opportunity for the Executive Council to query, provide input and ultimately approve the budget in an informed manner.</p>	<p>The budget process is governed by complex relationships with PM&C. This recommendation fails to take adequate account of ALRA s.34</p>	<p>See above re training for ExCo</p>	<p>Section 34 of the ALRA prescribes the process of budget estimates and expenditure.</p> <p>Budget bid processes within the ALRA require long and complex negotiations with the Department of Prime Minister and Cabinet and the Minister and result in multiple iterations of the bid. Variations and supplementary bids can further complicate this process.</p> <p>Issues around financial training for the Executive Council are addressed in 2.1 of this document.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 10: Balancing Commercial Objectives and Community Service Obligations

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
10.1 Commercial objectives and community service obligations should be clearly documented and approved by both the Minister and the Executive Council.	<p>Both commercial and community service obligations are outlined in NLC's five year Draft Strategic Plan. It was noted that some of the objectives are inconsistent with NLC's legislative requirements as Commonwealth Statutory Authority e.g. The Vision Statement within The Draft Strategic Plan states:</p> <p>1) Funding sources will be largely or completely under the control, and a future fund will have been established.</p> <p>2) NLC will have a strong balance sheet having invested in sustainable investments and businesses to create an independent income stream</p> <p>These statements appear to suggest that organisations will be set-up, with the objective of making a profit. Those initiatives were to be put in place to establish organisations that were to make a profit. Legislation provides for the structure of commercial organisations but not those that would cause the NLC to incur financial liability or enable financial benefit.</p> <p>We are aware that the former CEO had registered a company, which he and other NLC Branch Managers were officeholders in. This was later deregistered without proper consultation. Interviews with the consultants that were engaged to develop the Strategic Plan indicate the objectives relating to sustainable investments related to a desire for the NLC to become financially independent.</p>	<p>NLC should review and consider carefully the content, objectives and implications of the NLC's five year Draft Strategic Plan and ensure that any imitative or objectives that are to be agreed before finalising are not in conflict with the NLC's requirements regarding commercialisation of entities.</p> <p>As previously outlined in this report the NLC should ensure that proper consultation with the regional NLC members is undertaken as part of the strategic and business planning process to ensure the community service obligations are properly considered.</p> <p>The contribution from Regional Members should form the fundamental platform upon which NLC objectives are developed. One of the core functions of NLC is to appropriately support the regions.</p>	<p>NLC is well aware of its statutory functions concerning commercial profit or loss</p> <p>Use of the phrase 'regional NLC members' is confusing. There are just 'NLC members'. And there are Regional Councils of members. Probably mean the latter.</p>	Draft Strategic Plan being finalised	<p>Complete.</p> <p>The NLC Draft Strategic Plan 2015 - 2018 is finalised and will be endorsed by the Executive council after consideration by the 101st Full Council in June 2015.</p> <p>Consultation with the Commonwealth continues in regard to the finalisation of this plan.</p> <p>Corporate plans are a requirement for organisations bound by the PGPA Act.</p> <p>The NLC Draft Corporate Plan 2016 is now finalised awaiting final approval from the Executive and was endorsed in principle at the 101st Full Council in June 2015.</p> <p>The NLC remains on track to meet the deadline for submission of completed corporate plans to the Department of Prime Minister and Cabinet in August 2015.</p>
10.2 All stakeholders need to be consulted and informed about strategies to overcome any tensions	Management, Council Members and consultants all agreed that communication and consultation with	NLC should consider and develop a number of formal and informal mechanisms to improve	There are regular and irregular meetings with Government officers – currently COAG, DME, Parks &		The NLC holds regular and irregular meetings with Government officers – currently COAG, DME, Parks &

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

<p>that may arise between commercial objectives and government requirements, such as community service obligations.</p>	<p>NLC's stakeholders could be improved.</p> <p>A common observation was that NLC manages its core responsibility well i.e. securing development agreements and prosecuting land/native title claimants. A further observation was that the consultation process between NLC and its communities when conducting the above agreements has become disconnected in that the role and contribution of Regional Members had become less and less over time. This was further explained in comments received from some Ranger Coordinators who felt that Management had restricted their own ability to perform their day to day tasks for the community members by imposing unreasonable internal processes and restrictions e.g. authorisations required from GMCC for nominal expenditure and travel beyond 50 kms.</p> <p>We were advised in interviews that within the NLC Darwin office there was a lack of communication, consultation and coordination across branches and that this impacted the ability to service the needs of external stakeholders such as traditional land owners.</p>	<p>communication, consultation and coordination with key stakeholders.</p> <p>Whilst we acknowledge that the Full Council and Executive Council represent the regions and their members the NLC should increase the formal and informal lines of communication between the NLC and Regional Members to ensure their views and input are taken into account.</p> <p>The processes that provide guidance to regional NLC staff including Rangers should be reviewed to ensure that the function of these policies is balanced and ensures appropriate consideration of risk management whilst not unreasonably restricting the ability to engage with community members in the performance of their role.</p>	<p>Wildlife etc concerning activities, programs and developments on Aboriginal land.</p>		<p>Wildlife etc concerning activities, programs and developments on Aboriginal land.</p>
<p>10.3 The Executive Council should monitor the extent to which tensions are being managed using techniques such as independent surveys, feedback mechanisms and liaison with community or business groups.</p>	<p>The awareness to tensions or issues that may arise is currently being identified and addressed informally by way of traditional relationships and communication. The formalised structure of Regional, Full and Executive Council meetings provide opportunities for all members to raise concerns and have these properly addressed by the nine Executive Council Members should it requires particular intervention. Executive Council Members noted that communication between NLC staff, management and the regional</p>	<p>In addition to the mechanisms that are currently in place the NLC should consider the benefit of further measures to encourage the reporting of these matters including the following:</p> <p>Development and implementation of a survey that will provide opportunity for NLC Regional Members to provide independent feedback on the performance of the Full Council, Executive Council and NLC</p> <ul style="list-style-type: none"> • Consider the set-up of an 		<p>Develop and implement a survey</p>	<p>A survey was discussed at the 171st Executive Meeting in Katherine to gauge members' perceptions of their collective performance.</p> <p>Confidential Information gained from the surveys will be analysed by the Senior Policy Advisor and provided to the Chief Executive Officer and the Executive Council.</p> <p>Future directions, informed by the survey findings, will be workshopped at the next available opportunity.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

	<p>communities could be improved.</p> <p>The 2012 NLC Draft Strategic Plan noted that regional consultations undertaken revealed an overall feeling that the Darwin head office staff were somewhat 'removed' from regional concerns.</p> <p>We did not observe any regular business wide techniques aimed at obtaining independent feedback from NLC's community and business groups.</p>	<p>ongoing hotline that provides opportunity for Regional Members and NLC staff working in remote locations to raise concerns in a confidential environment</p> <ul style="list-style-type: none"> • If a hotline is set up, put in place a reporting framework that outlines how issues, complaints and/or concerns are addressed to provide assurance on how the issues will be responded to • Allocate responsibility of this initiative to a position within NLC with reporting responsibilities to Executive and Full Council on the frequency of calls, nature of issues and outcomes of action taken. 			<p>A similar approach is under consideration for the Full Council but was not ready in time for the 110th Full Council, in June.</p>
--	--	--	--	--	---

Element 11: Financial and Operational Reporting

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
<p>11.1 Appropriate and clearly defined performance measures, financial and non-financial, should be established which enable the efficiency and effectiveness of the organisation to be assessed.</p>	<p>Performance measures are not clearly articulated in NLC's 2012 Draft Strategic plan. The draft Strategic Plan states it is not a business plan, which is a formal statement of financial and operational goals derived from strategy, and the detailed actions to achieve the goals. While a strategic business plan is used by the CEO and the Board to direct the organisation, a business plan is used by management to implement that strategy and carry out that strategy and function to each level of the organisation.</p> <p>The consultants responsible for developing the 2012 Draft Strategic Plan stated that it was not designed to be a business plan and that it was the responsibility of management to use this document as a platform to develop one.</p> <p>We noted that the NLC had a staff and management PEP that includes key performance indicators and measurements, although we understand the application to this process was inconsistent across the different Branches.</p> <p>The NLC provides regular reports, as a Statutory Authority, to government on its performance in relation to Native Title Land Claims, negotiations and agreements finalised.</p>	<p>NLC should review the current performance plan framework (PEP) currently in place for staff and management and in particular the manner in which it is being applied across NLC.</p> <p>NLC should ensure that the current performance measurement process (PEP) is consistently applied across all Branches and is appropriately connected to the objectives of the NLC to ensure an 'as one' approach to objective setting and assessment.</p> <p>As outlined previously in this report the NLC should review the five year Draft Strategic Plan and ensure that any performance measures included are not in conflict with the NLC's objectives as a Statutory Authority and that the setting of financial and non-financial performance measures are developed in consultation with appropriately experienced NLC staff operating in remote locations to take account of the needs and objectives of Regional Members.</p>		<p>Review performance plan framework</p>	<p>Organisational performance measures for the NLC are embedded within:</p> <ul style="list-style-type: none"> • Draft NLC Strategic Plan 2015 -2018 • Draft NLC 2015 Corporate Plan • Draft NLC 2015 Branch Business Plans • Staff PEPs (Performance Enhancement Program)
<p>11.2 The reports must be sufficient to communicate the required information but not as extensive and detailed as to hamper comprehension of the key issues. Where possible, information should be provided in tabular form and/or graphical presentations to aid comprehension.</p>	<p>The internal reporting mechanisms within NLC and the way they are delivered to Executive Council are structured according to particular issues that require attention. At each Executive Council meeting there is a Finance Report although it was noted that this report was up to 80 pages in length and too detailed for some Executive Council Members to</p>	<p>NLC should consider revising the manner in which financial information is reported to the Executive Council to enable Executive Council Members to understand key financial metrics in a manner that is able to be clearly understood. E.g. one page dashboard. This should use illustrations and symbols to make the messaging as simple as possible.</p>		<p>Adopt user friendly methods of reporting financial information to ExCo and Full Council</p>	<p>The NLC will adopt user friendly methods of reporting financial information to the Full, Executive and Regional Councils.</p> <p>A report on staff matters is now included as standard.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

	<p>review and/or understand.</p> <p>Non-financial information is reported to Executive Council members via Branch Managers although it was noted that information relating to Human Resources (HR) and staffing was not reported in a manner that may provide sufficient information to understand trends or issues that require attention.</p> <p>As a result, they were unable to seek clarification or feedback on issues that they may need to have understood. In addition to internal reporting, we reviewed the 2010-2011 Annual Report. The NLC 2009-2010 Annual Report received a Gold Award at The Australasian Reporting Awards. This was for the following reasons:</p> <ul style="list-style-type: none"> • Providing high-quality coverage of most aspects of the ARA Criteria • Provide full disclosure of key aspects of its core business • Address current legislative and regulatory requirements • Be a model for other peer reports. 	<p>Non-financial matters should be more comprehensively addressed in reports to the Executive Council. A summary of 'people' issues could include such things as staff turnover, exit interview information, HR complaints, promotions, transfers and new appointments. The report could also include how these issues are being addressed.</p> <p>In support of this simplified reporting template, NLC should ensure that representatives from each Branch, including a HR representative, are in attendance at each Executive Council meeting to answer any questions to be raised by the Executive Council.</p>		<p>Include a report on staff matters as standard.</p> <p>Noted</p>	
<p>11.3 Financial information should be prepared using accrual accounting and should include year to date actual and budget, full year budget and full year forecast. Written explanation should be provided for material variances to budget.</p>	<p>Note 1 on page 176 of NLC's 2010-11 Annual Report outlines the basis of the preparation of the financial report as on an accrual basis in accordance with historical cost convention. The Finance team are responsible for the yearly budgeting process. They conduct a bottom up process by asking Branch Managers to submit a yearly project level budget. This is then collated into a consolidated NLC budget for submission to the Minister for funding. Some management noted there to be a lack of consultation involving finance department either through the year or as part of the full year budget process.</p>	<p>The annual budgeting process is consistent with accounting requirements. To monitor financial performance and budget allocation throughout the year, the Finance Manager should schedule quarterly meetings with Branch Managers or nominated representatives to discuss matters for each respective Branch including:</p> <ul style="list-style-type: none"> • Forecasts and budgets to date • Financial performance to date against budget • Adjustments or financial demands not previously factored into the budget. 		<p>Noted</p>	<p>Noted</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

<p>11.4 Such reports should be provided for each Executive Council meeting and, at a minimum, quarterly.</p>	<p>The Executive Council sits at least six times per year. The GMCC also has a standing agenda item at each Executive Council meeting to present a monthly financial report in addition to the budget report that is provided in March each year.</p>	<p>This approach is appropriate</p>	<p>Noted</p>		<p>Noted</p>
<p>11.5 Reports should be available to Executive Council Members in sufficient time to allow informed decisions. Management reporting should be provided monthly.</p>	<p>An NLC Agenda pack is prepared for each Executive Council meeting and distributed to all Executive Council Members; however it is only distributed on the day of the meeting. This pack includes an agenda, minutes from the previous Executive Council meeting and all supporting material needed to help the Executive Council make decisions. Branch Managers also meet on a weekly basis. Executive Council Members commented that it would help if information was provided in advance to help them make more informed decisions.</p>	<p>As outlined previously in this report NLC should consider developing an agenda and meeting pack and forwarding to Executive Council Members approximately seven days before each meeting for review and comment. Information considered to be highly confidential or sensitive in nature should not be included where there is a risk that the delivery of this information could be compromised.</p>	<p>Noted earlier</p>		<p>Noted</p>
<p>11.6 In addition to the formal meeting reports, the Council should be briefed regularly by the Management team who should also be available for any questions that arise.</p>	<p>Both Executive Council Members and Management noted that regular and informal discussions and meetings occurred between the Executive Council and Management.</p>	<p>Although informal, the unique culture of NLC, and geographical location of Executive Council Members make this the most pragmatic outcome. This approach is appropriate</p>	<p>Noted</p>		<p>Noted</p>
<p>11.7 An environment of open communication in which good and bad news is readily shared with the Executive Council and Senior Management should be encouraged.</p>	<p>The common observation from Executive Council Members and Management was that communication within NLC could be improved. Council Members felt that divisions within the Branch Management team had impacted directly on the support required for them to perform their duties. Staff commented that fundamental differences had resulted in a division between Branch Managers which had led to the branches operating in silos. There also appeared to be a division between the former CEO and certain Branch Managers.</p>	<p>To encourage and promote an environment that is conducive to open and honest communication the NLC should consider a range of strategies and initiatives designed to establish a strong ethical framework including the following:</p> <ul style="list-style-type: none"> • Development and implementation of a framework that enables reporting of issues or concerns. This could include a hotline that is promoted throughout the NLC • The appointment of a person to the position of HR Manager or equivalent with the mandate of implementing and monitoring the matters to be reported to the Executive Council 			<p>Staff issues and concerns over workplace related matters overseen by the HR Manager who provides regular updates to the Executive Council.</p> <p>Additionally, an internal and external NLC complaint system is under development that will provide a process for professional and ethical issues to be heard.</p> <p>In addition there is a draft whistleblower policy.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

		<ul style="list-style-type: none"> The development and rollout of a series of awareness sessions aimed at promoting a strong ethical culture that encourages reporting of concerns via a structured process. This should be delivered to also promote policies and procedures that guide the ethical and transparent structure of the NLC. 			
11.8 Reporting should include implementation status reports to monitor the progress of all significant Executive Council approved initiatives and compliance with legislative requirements.	The Induction Book & the Audit Committee Charter defines whether the Executive Council or Audit Committee has responsibility for oversight of implementation of major initiatives. Key information on initiatives are provided in the minutes and decided by the Executive Council.	As outlined in this report there is a process that reports to the Executive Council on certain matters that may fall within the remit of the respective Branch Managers. This process could be enhanced with additional reporting requirements e.g. HR and improvements on enhancing current reporting requirements e.g. Financial.	Noted		Noted
11.9 As with the private sector, the person with strategic financial responsibility should be included in the top management team of the organisation and have a direct reporting line through to the Executive Council. This approach should ensure effective financial management practices, including the provision of high quality information and advice, to assist the Executive Council's decision making progress.	The GMCC is part of the Senior Management team and has a standing agenda item at Executive Council meetings where he provides a monthly financial report to the Executive Council. The GMCC has several business units under his control, including Payroll, HR and Finance. The Executive Council noted that the level of detail in the monthly report was excessive and not able to be readily understood. This was impacting their ability to question the information supplied and make decisions in relation to it.	NLC should review the structure and content of the monthly finance reports being produced to the Executive Council and consider revising the structure and layout to be in a manner that is able to be clearly understood by Executive Council members. E.g. one page dashboard. The Chair of the Audit Committee should attend Executive Council meetings quarterly to ensure that the financial and non-financial information reported is of a high quality and appropriate to addressing the risk profile of the NLC.	Noted		During 2014/15 the structure and content of the financial reports presented to Regional, Executive and Full Council meetings were reviewed by Senior Management and adjustments made. A simpler, more readily understandable traffic light graph system has been adopted by the NLC to better inform Executive Council deliberations.

Element 12: Monitoring the performance of the Executive Council

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
<p>12.1 The collective performance of the Executive Council and of individual directors where feasible, should be periodically assessed. This could be done using key performance indicators developed for this purpose but may also include Ministerial and/or peer reviews.</p>	<p>There is no formal mechanism in place for Executive Council Members to be periodically assessed. They are chosen by their regions every three years, ensuring that traditional owners of the Land have the final say in who represents them. It is also possible if under-performing, to be removed through a special Full Council Meeting.</p>	<p>As outlined previously in this report there is currently no formal process that provides a review of the current Executive Council Members. Whilst this report has identified some areas for improvement on the Executive Council it has not sought to review or assess the performance of each individual Executive Council Member.</p> <p>We recommend a form of review inviting confidential feedback and comment from regional members and, where appropriate, Ministerial representation, on the performance of the Executive Council. This could take the form of facilitated 360 degree feedback that may also involve representatives of each NLC Branch and Regional representatives on the individual performance of the NLC Executive Council.</p> <p>This would provide valuable learning for the Executive Council on their performance and possible areas for improvement whilst also showing the regions that the NLC and its Executive Council value the input that they can provide.</p>	<p>This is a repeat of previous.</p>		<p>A survey for Executive Council Members was discussed at the 171st Executive Meeting in Katherine to gauge perceptions of their collective performance.</p> <p>Confidential Information gained from the completed surveys will be analysed by the Senior Policy Advisor and provided to the Chief Executive Officer and the Executive Council.</p> <p>Future directions, informed by the survey findings, will be workshopped at the next available opportunity.</p>
<p>12.2 The Executive Council should establish an appropriate mechanism for reporting the results of Executive Council assessments.</p>	<p>As outlined previously there is no formal mechanism by which the performance of the Executive Council is assessed and results reported.</p>	<p>As outlined at 12.1 the appropriate mechanism should incorporate feedback and input from regional members, NLC management and, where appropriate, Ministerial representation. The format could be confidential in the form of 360 degree peer feedback with structured categories of comment that properly incorporate the objectives of the NLC and its Executive Council and how the performance is measured against these.</p>	<p>Noted earlier</p>		<p>Noted</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 13: Audit Committee

Better Practice	Observation	Recommendation	Status	Action	Branch Comments
<p>13.1 The Audit Committee should have a charter, approved by the Full Council, which sets out its responsibilities, including:</p> <ul style="list-style-type: none"> - Management and Financial Reporting - Compliance with laws and regulations - Maintenance of an effective audit function - A suitable risk management and internal control framework - Membership - Meeting frequency and core agenda - Committee authority and reporting obligations. 	<p>The NLC Audit Committee Charter was revised in September 2010, and sets out the following areas of responsibilities:</p> <ul style="list-style-type: none"> • Determining and reporting to the Full Council on NLC's financial information, the systems of internal controls and the audit process • Acting as a forum for communication between the Full Council, management and external auditors • To undertake compliance with other laws and regulations not stipulated in the charter • To meet at least three times per year. • From discussions held and documents reviewed, there appear to be limited formal communication between the Audit Committee, Executive Council and Full Council. <p>We note there have been only two occasions since October 2011 when the Audit Committee has met. These meetings addressed budget and end of year financial performance but did not address issues relating to internal controls, governance and risk management.</p>	<p>NLC should consider incorporating a risk and internal audit function throughout NLC that can address appropriate programs of risk management as discussed and agreed by the Audit Committee.</p> <p>This program should focus on prioritised areas of internal risk and financial reporting obligations and report results to the Audit Committee and the Executive Council.</p> <p>The NLC should nominate and/or appoint an internal audit or risk role within NLC as the point of connection and responsibility between the Audit Committee and the NLC. Considerations should be given to an initial operational risk assessment or controls review that will provide a report on the current status prior to any program being put in place.</p> <p>Audit Committee meetings should be scheduled four times a year with information packs outlining the status and results of programed pieces of work forwarded to Audit Committee Members at least fourteen days prior to the meeting.</p> <p>Representation from those people responsible for undertaking the agreed tasks should be in attendance at Audit Committee meetings to enable discussion and question on the results and risks identified and/or addressed.</p> <p>The NLC Audit Committee should meet quarterly and report to the Executive and Full Council on the status of the agreed program being undertaken</p> <p>The NLC should provide adequate training and education to the nominated Executive Council Member to enable this person to contribute to the function of the Audit Committee on behalf of the Executive and Full Council and Regional Members.</p>			<p>Administrative Support and Liaison will continue to be provided by the General Manager Corporate Compliance.</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

<p>13.2 The Audit Committee should comprise of one Executive Council member (not including the Chairman), with the remainder and majority being independent of management.</p>	<p>The Audit Committee consists of three members, one being drawn from the Executive Council (not including the Chairman) and the others being external to NLC.</p>	<p>From our review of the current members of the Committee, all are independent and do not have management roles at NLC. This approach is appropriate.</p>			<p>Noted</p>
<p>13.3 Members of the Audit Committee should preferably have financial and accounting expertise.</p>	<p>The Audit Committee Charter stipulates that one member of the committee should have a background in financial reporting, accounting or auditing. Further, each member should be able to read and understand fundamental financial statements. It was confirmed through discussions with personnel on the committee that at least one person has a background in financial reporting, accounting or auditing. As previously outlined in this report we note that Executive Council representation on the Audit Committee does not have financial experience or training.</p>	<p>As outlined previously the Audit Committee has appropriate representation, externally and internally, with qualifications and experience to contribute to the function of the Audit Committee.</p> <p>Additional training should be afforded to the NLC Executive Council member representing the Audit Committee to enable this position to understand the roles and responsibilities and to make appropriate contribution to the function.</p>			<p>Noted</p>
<p>13.4 Members of the Audit Committee should have unlimited access to both internal and external auditors and to senior management and all employees.</p>	<p>The Audit Committee Charter stipulates that the CEO, GMCC, Finance Manager, external auditor and other management representatives as required will normally be expected to attend audit committee meetings. Based on discussions with Audit Committee members, there is no current internal audit process, due to funding constraints. There is also no barrier to seeking input from employees. The Audit Committee has access to external auditors who attend Audit Committee meetings. There is no internal audit function that can support an Audit Committee objective focusing on risk.</p>	<p>NLC should create a function that supports a proper internal audit role that can provide support to the Audit Committee on matters of identified risk and how they are being assessed and managed.</p>			<p>Under the revised Audit Committee Charter the General Manager Corporate Compliance will continue to provide a secretariat service to the NLC Audit Committee.</p>
<p>13.5 Meeting frequency should usually be quarterly but can be more frequent in some circumstances. The Audit Committee Charter stipulates that the Committee meet</p>	<p>From discussions and minutes reviewed, they have only met twice in the last thirteen months. Management commented that the committee should meet quarterly.</p>	<p>The Audit Committee should convene quarterly meetings and provide appropriate reporting to the Executive and Full Council and CEO on the results of the internal audit program.</p>			<p>Under the revised Audit Committee Charter, the General Manager Corporate Compliance will provide secretariat support to the audit committee and will ensure the</p>

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

<p>at least three times per year.</p>					<p>agenda for each meeting is approved by the Chair.</p>
<p>13.6 The Audit Committee should have direct access to the CEO, CFO, external audit and internal audit.</p>	<p>The AC Charter stipulates that the CEO, GMCC, Finance Manager, external audit and other management representatives as required will normally attend all Audit Committee meetings. We observed through minutes reviewed of this being adhered to.</p> <p>As outlined, the Audit Committee has access to external auditors who attend Audit Committee meetings. The GMCC has assumed the role of CFO and is a member of the Audit Committee. The CEO is also accessible to the Audit Committee.</p> <p>There is no internal audit function that can support an Audit Committee objective focusing also on risk.</p>	<p>As outlined previously NLC should create a function that supports a proper internal audit role that can provide support to the Audit Committee on matters of identified risk and how they are being assessed and managed.</p>			<p>Under the revised Audit Committee Charter, the NLC Audit Committee will:</p> <ul style="list-style-type: none"> • review and approve the internal audit charter • review the proposed internal audit coverage, ensure the coverage is aligned with key risks and approve the Internal Audit Plan and internal audit budget • review all audit reports and provide advice to the Accountable Authority on significant issues identified in audit reports and recommend action on issues raised, including identification and dissemination of good practice
<p>13.7 The committee should approve and monitor policies for reporting, risk management and internal controls.</p>	<p>The Audit Committee Charter stipulates that the Committee is to review and consider risk management with the management team. In relation to NLC's internal control framework, the Audit Committee Charter stipulates it should be considered with management, the external auditors and the risk management function.</p> <p>Whilst there are a number of policies in place that relate to risk function, it appears there is no internal audit or risk management program in place at NLC nor has the Audit Committee been involved in the approval or monitoring of these policies.</p>	<p>The current suite of policies focusing on risk in NLC should be reviewed by the Audit Committee and consider their appropriateness in their current form. These should include:</p> <ul style="list-style-type: none"> • Risk Management Policy • Record retention Policy • Credit Card Policy • Fraud Protection and Control Plan • Procurement Policy • Investment Policy • Travel Policy • Motor Vehicle Policy • Computer Policy • Ceremonial/Burial Grant Policy. 			<p>Under the revised Audit Committee Charter, the NLC Audit Committee will:</p> <ul style="list-style-type: none"> • assess whether management has in place a current and sound risk management framework, and associated procedures for effective identification and management of the NLC's business and financial risks, including fraud and approve the Risk Management Framework. • determine whether a sound and effective approach has been followed in managing major risks, including those associated with individual projects, program implementation and activities. • satisfy itself that management has assessed the impact of the

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

					<p>enterprise risk management framework on the NLC's control environment.</p> <ul style="list-style-type: none"> • monitor the adequacy of insurance cover. • monitor reports on fraud from management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk.
13.8 The Audit Committee should liaise with both internal and external auditors to ensure they obtain the widest possible coverage.	As outlined in this report the Audit Committee has access to and meets with the external auditors at Audit Committee meetings. No such process is in place regarding internal audit.	Refer previous recommendations regarding the need to have an internal audit function incorporated into the NLC. Note that this function could be managed internally, be outsourced or be co-sourced.			Noted – refer 13.6
13.9 The external auditor should attend at least one, preferably two, committee meetings each financial year.	The external auditor has attended two meetings in the last thirteen months.	This approach is appropriate			Noted
13.10 The Audit Committee should be provided with a status report for all recommendations provided by the internal and statutory auditors for which it is agreed action is required. These reports should include accountable officers and implementation dates.	The Audit Committee is provided with status reports from their external auditors, both before, after and during the audit process. There is no existing internal audit program. There is also regular communication with the ANAO.	The current framework appropriately addresses the reports received from external auditors but do not provide a similar report capability for internal audit. This functionality should be included in any internal audit framework that is implemented.			Noted – refer 13.6

NORTHERN LAND COUNCIL'S DELOITTE GOVERNANCE AND FINANCE PROGRESS REPORT

Element 14: Statutory accountability

Better Practice	Observation	Recommendation	Status	Branch Comments
14.1 A formal process is required to identify all of the legislation relevant to the CAC.	<p>Formal responsibility for identifying all relevant legislative requirements sits with NLC's PLO. As part of the role, The PLO and his team respond to day to day issues that involve key pieces of legislation affecting the NLC and provide advice to the Executive Council where required.</p> <p>There also appears to be significant experience across the group which reduces the regulatory, statutory and legal risks to NLC.</p>	This approach is appropriate.		Noted
14.2 There must also be a continuing process to ensure that any legislative and regulatory changes are identified and their impact assessed and communicated to the Board.	<p>Staff members attached to the Legal branch attends compulsory education seminars to ensure they remain abreast of changing legal and statutory requirements.</p> <p>When significant issues arise they are escalated by the PLO to the Executive Council and dealt with at Executive Council meetings if required.</p>	This approach is appropriate.		Noted
14.3 Critical legislative compliance obligations, including implementation, should form part of the Board monitoring and reporting requirements.	<p>NLC's PLO and the Legal Branch appear to have the required level of knowledge and experience in relation to the legislative compliance obligations.</p> <p>The PLO also attends Executive Council meetings to provide updates on the status of all legislative matters.</p>	This approach is appropriate.		Noted