

AUDIT COMMITTEE

Minutes of Meeting held on Tuesday, 24th March, 2015 at 5.30 p.m.
in the Committee Room, Civic Centre, 10 Watson Terrace, Mount Gambier

PRESENT: Jeroen Zwijnenburg (Presiding Member)
Donald Currie
Mayor Andrew Lee

APOLOGY/IES: Mayor Lee moved that the apology from Cr Meziniec be received.

Donald Currie seconded Carried

COUNCIL MEMBERS/
OTHERS AS
OBSERVERS:

Cr Lovett

GUESTS: Nil

COUNCIL EMPLOYEES
IN ATTENDANCE:

Mr Grant Humphries, Director - Corporate Services
Mr Mark McShane, Chief Executive Officer (arrived at 6.15 p.m.)
Mr Gary Button, Finance Manager

OTHER APOLOGIES:

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

MINUTES: Donald Currie moved the minutes of the previous meeting held on Tuesday, 30th September, 2014 be taken as read and confirmed.

Mayor Lee seconded Carried

QUESTIONS:

- (a) With Notice – Nil received
- (b) Without Notice – Nil submitted

1. COMMITTEE APPOINTMENTS/PRESIDING MEMBER

The Director - Corporate Services reported that in accordance with the City of Mount Gambier Audit Committee Terms of Reference and following the recent November, 2014 Local Government General Elections, Council has made the following resolutions:

- Jeroen Zwijnenburg and Donald Currie be appointed as independent members of Councils Audit Committee until November 2018 (or until such other time as Council resolves), with Jeroen Zwijnenburg to be appointed as Audit Committee Presiding Member.
- Cr Meziniec be appointed as the one additional Audit Committee Member from the Elected Members of Council.

RECOMMENDATION NO. 1

Donald Currie moved it be recommended that the report be received.

Mayor Lee seconded

Carried

2. REPORTS FOR INFORMATION

The Director - Corporate Services reported that the following Council Reports were provided to the Audit Committee for information:

- 2.1 CCS Report No. 60/2014 – SA Grants Commission 'Database' Reports
- 2.2 CCS Report No. 61/2014 – Internal Review of Council Actions
- 2.3 CCS Report No. 64/2014 – Investment Review
- 2.4 CCS Report No. 68/2014 – Budget Update (as at 30/09/2014)
- 2.5 CCS Report No. 69/2014 – Strategic Plan KPI Report (as at 30/09/2014)
- 2.6 CCS Report No. 08/2015 – Council Fees and Charges Review 2015/2016
- 2.7 CCS Report No. 09/2015 – Strategic Plan KPI Report (as at 31/12/2014)
- 2.8 CCS Report No. 11/2015 – Budget Update (as at 31/12/2014)

RECOMMENDATION NO. 2

Mayor Lee moved it be recommended that the above reports be received.

Donald Currie seconded

Carried

3. AUDIT WORK PROGRAM 2007 - 2014

The Director - Corporate Services reported:

- (a) the Audit Committee should continually review the Audit Work Program to establish whether any adjustments are required to be introduced for the particular financial years activities;
- (b) the Audit Work Program 2007-2014 was last reviewed and adopted in August 2014;
- (c) the following activities and associated timelines (extracted from the Audit Work Program) are highlighted in abbreviated form, for the Committees review:

- | | |
|----------|---|
| FEBRUARY | <ul style="list-style-type: none">• Work Plan• Treasury Management Reviews• Asset Reviews• Policy reviews incorporating;<ul style="list-style-type: none">• Internal Controls• Fraud and Corruption Framework• Whistleblowing• Risk Management• Budget Performance |
| MAY | <ul style="list-style-type: none">• Interim External Audit• Work Plan• Business Continuity• Business Plan and Budget |

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- AUGUST
- Work Plan
 - Annual Report to Council incorporating;
 - Self Assessment
 - Review of Work Plan
 - Review of Terms of Reference

- NOVEMBER
- Work Plan
 - Statutory External Audit
 - AFS authorisation by Presiding Member
 - Council Annual Report Compliance

RECOMMENDATION NO. 3

Donald Currie moved it be recommended the report be received;

Mayor Lee seconded

Carried

4. CORPORATE AND COMMUNITY SERVICES REPORT NO. 21/2015 - Financial Sustainability - Key Financial Indicators

The Director – Corporate Services reported:

- (a) for information purposes, a Report has been prepared (to be repeated annually) on the subject of Financial Sustainability in local government and specifically on this Councils performance in that area.

RECOMMENDTION NO. 4

Donald Currie moved it be recommended Corporate and Community Services Report No. 21/2015 be received.

Mayor Lee seconded

Carried

5. OPERATIONAL SERVICES REPORT NO. 6/2015 - Long Term Infrastructure and Asset Management Program

The Director – Corporate Services reported:

- (a) The Infrastructure and Asset Management Plan 2014 has been completed;
- (b) the plan examines, in depth, Councils various assets (namely Infrastructure - roads, drains, footpaths, carparks, Plant and Equipment and Buildings and Structures);
- (c) the plan summarises valuations of all asset classes, establishes service standards to be maintained and provides estimates to maintain both the asset (in a fit for purpose state) and the designated service standards;
- (d) when Council is able to fund the annual 'consumption' of assets (i.e. depreciation) it is managing its assets in a sustainable manner;
- (e) the plan indicates that Council has achieved good results with infrastructure assets and plant and equipment, but buildings and structures still require further examination and investigation;
- (f) valuations for the asset classes of Infrastructure and Plant and Equipment are determined internally and Building and Structures by external consultants;

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(g) the Plan was adopted by Council in February, 2015.

RECOMMENDATION NO. 5

Donald Currie moved it be recommended the report be received.

Mayor Lee seconded

Carried

6. GOVERNANCE REPORT

The Director Corporate Services reported:

(a) Councils Governance Officers has provided the attached report on a range of 'Risk' or 'Compliance' matters that are currently in progress, some of which are referenced in the Audit Committee Work Plan;

(b) these progress reports are provided for information.

RECOMMENDATION NO. 6

Mayor Lee moved it be recommended the report be received.

Donald Currie seconded

Carried

7. FINANCIAL INTERNAL CONTROLS

The Director Corporate Services reported:

(a) As reported last meeting amendments made to the Local Government Act will have a significant impact on the scope and cost of annual audits;

(b) Commencing with the 2015/2016 financial year (for regional Councils) local government auditors will be required to carry out not one, but two audits and provide two separate formal opinions each year (which this Council has already done for a number of years);

(c) Previous reports and presentations have provided progress on the implementation process. The intention of the administration is to provide a final report to the May Audit Committee meeting for endorsement, including the review of Council's Internal Control Policy.

RECOMMENDATION NO. 7

Jeroen Zwijnenburg moved it be recommended the report be received.

Donald Currie seconded

Carried

8. POLICY REVIEW - B300 BUDGET REPORTING AND AMENDMENT POLICY

The Director - Corporate Services reported:

(a) the Policy last reviewed in April, 2014;

(b) minor amendments only to the existing Policy have been identified as being required.

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RECOMMENDATION NO. 8

Donald Currie moved it be recommended:

- (a) the report be received;**
- (b) that Council Policy B300 - Budget Reporting and Amendment be re-adopted with minor amendments as marked.**

Mayor Lee seconded

Carried

9. NEXT MEETINGS (for confirmation)

- Tuesday, 26th May, 2015
- Tuesday, 28th July, 2015
- Tuesday, 29th September, 2015

The meeting closed at 6.49 p.m.

25th March, 2015
MJT

CONFIRMED THIS DAY OF 2015.

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PRESIDING MEMBER