

AUDIT COMMITTEE
Minutes of meeting held on Tuesday, 25th March, 2014 at 5.30 p.m.
in the Committee Room, Civic Centre, 10 Watson Terrace, Mount Gambier

PRESENT: Donald Currie (Presiding Member) arrived at 5.41 p.m.
Jeroen Zwijnenburg
Cr Andrew Lee

In the absence of the Presiding Member Cr Lee nominated Jeroen Zwijnenburg as acting Presiding Member for the meeting

APOLOGY/IES: Nil

COUNCIL MEMBERS/
OTHERS AS
OBSERVERS: Cr M White
Cr I Von Stanke

GUESTS: Mr Simon Smith, Auditor, Galpins

COUNCIL EMPLOYEES
IN ATTENDANCE: Mr Grant Humphries, Director - Corporate Services
Mr Mark McShane, Chief Executive Officer
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: Cr Lee moved the minutes of the previous meeting held on Thursday, 10th October, 2013 be taken as read and confirmed.

Jeroen Zwijnenburg seconded

Carried

QUESTIONS:

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

Mr Currie attended the meeting at 5.41 p.m.

1. REPORTS FOR INFORMATION

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

- 1.1 CCS Report No. 44/2013 - SA Grants Commission "Database" Reports
- 1.2 CCS Report No. 62/2013 - CCS Policy Review
- 1.3 CCS Report No. 67/2013 - Budget Update - 30th September, 2013
- 1.4 CCS Report No. 76/2013 - Delegation of Powers of Council
- 1.5 CCS Report No. 78/2013 - Council Appointments Register
- 1.6 CCS Report No. 80/2013 and 13/2014 - CCS Policy Review
- 1.7 CCS Report No. 01/2014 - Budget Update as at 30th November, 2013

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1.8 CCS Report No. 4/2014 - Delegation of Powers of Council

RECOMMENDATION NO. 1

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

Donald Currie seconded

Carried

2. EXTERNAL AUDITOR - AUDIT RECOMMENDATIONS

The Director - Corporate Services reported:

- (a) that previous resolutions of Council had referred the implementation and ongoing monitoring responsibility for both End of Year Audits and Interim Audits to the Audit Committee;
- (b) these recommendations remain permanent Audit Committee Agenda Items and are consolidated as follows:

Interim Audits	Recommendation	Status
2012/2013	1. Risk Management Policy	Ongoing Review Process

End of Year	Recommendation	Status
2012/2013	1. Annual Leave Balances	Monitor/Noted Significant Improvement
	2. Accounts Held in Trust	Review Reconciliation Processes

RECOMMENDATION NO. 2

Donald Currie moved it be recommended:

- (a) the report be received;
- (b) the identified Audit recommendations continued to be monitored by the Audit Committee.

Cr Lee 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 2013;
- (c) the following activities and associated timelines (extracted from the Audit Work Program) are highlighted in abbreviated form, for the Committees review:

- FEBRUARY 2013
 - Work Plan
 - Treasury Management Reviews
 - Asset Reviews

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- Policy reviews incorporating;
 - Internal Controls
 - Fraud and Corruption Framework
 - Whistleblowing
 - Risk Management
 - Budget Performance

- MAY 2013
 - Interim External Audit
 - Work Plan
 - Business Continuity
 - Business Plan and Budget

- AUGUST 2013
 - Work Plan
 - Annual Report to Council incorporating;
 - Self Assessment
 - Review of Work Plan
 - Review of Terms of Reference

- NOVEMBER 2013
 - Work Plan
 - Statutory External Audit
 - AFS authorisation by Presiding Member
 - Council Annual Report Compliance

RECOMMENDATION NO. 3

Cr Lee moved it be recommended;

(a) the report be received;

Donald Currie seconded

Carried

4. RISK MANAGEMENT POLICY REVIEW

The Director - Corporate Services advised:

- (a) previous Audit Management letters have recommended regular review of Councils Risk Management Policy;
- (b) Council is in the process of a major overhaul for its overall Risk Management Framework principally driven by requirements of Work Cover in respect of self insurer Licences.
- (c) a further report on the progress to date is provided.

RECOMMENDATION NO. 4

Donald Currie moved it be recommended the report be received.

Cr Lee seconded

Carried

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5. 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) an update on the Finance Division's progress on this project is provided;
- (d) Council's Auditor, Mr Simon Smith, will also be in attendance and will provide a brief presentation on this matter.

RECOMMENDATION NO. 5

Donald Currie moved it be recommended the report be received.

Cr Lee seconded

Carried

6. LONG TERM FINANCIAL PLAN (LTFP)

The Director - Corporate Services reported:

- (a) that Council has completed the annual review of Councils LTFP, initially adopted in December, 2012 (copy provided).

RECOMMENDATION NO. 6

Cr Lee moved it be recommended the report be received.

Donald Currie seconded

Carried

7. POLICY REVIEW - B300 BUDGET REPORTING AND AMENDMENT POLICY

The Director - Corporate Services reported:

- (a) the Policy last reviewed in August 2012;
- (b) no change to the existing Policy has been identified.

RECOMMENDATION NO. 7

Cr Lee moved it be recommended:

- (a) the report be received;
- (b) that Council Policy B300 - Budget Reporting and Amendment be re-adopted with no change to Policy wording.

Donald Currie seconded

Carried

8. POLICY REVIEW - I105 INTERNAL CONTROLS

The Director - Corporate Services reported:

- (a) the Policy was last reviewed in May 2013;
- (b) due to the work currently underway on the new legislative provisions associated with Financial Internal Controls and the introduction of an online requisitioning software system it will be recommended that any review of this Policy be deferred.

RECOMMENDATION NO. 8

Donald Currie moved it be recommended:

- (a) the report be received;
- (b) the review of this Policy be deferred until later in 2014.

Cr Lee seconded

Carried

9. POLICY REVIEW - F225 FRAUD AND CORRUPTION PREVENTION POLICY

The Director - Corporate Services reported:

- (a) the Policy was last reviewed in August 2012;
- (b) although the introduction of ICAC will ultimately lead to an update of Councils overall Fraud and Corruption Framework, no directions in that regard have been developed.

RECOMMENDATION NO. 9

Donald Currie moved it be recommended:

- (a) the report be received;
- (b) that Council Policy F225 - Fraud and Corruption Prevention Policy be re-adopted with no change to Policy wording.

Cr Lee seconded

Carried

10. POLICY REVIEW - W150 WHISTLEBLOWERS PROTECTION POLICY

The Director - Corporate Services reported:

- (a) the Policy was last reviewed in August 2012;
- (b) although the introduction of ICAC will ultimately lead to an update of Councils overall Fraud and Corruption Framework, no directions in that regard have been developed.

RECOMMENDATION NO. 10

Donald Currie moved it be recommended:

- (a) the report be received;

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- (b) that Council Policy W150 - Whistleblowers Protection Policy be re-adopted with no change to Policy wording.**

Cr Lee seconded

Carried

11. TREASURY MANAGEMENT

The Director - Corporate Services reported:

- (a) following on from the annual review of Councils Treasury Management operations a further report on Councils loan strategy for 2014 was prepared and considered by Council;
- (b) a copy of the report and subsequent recommendation is presented for information/comment.

RECOMMENDATION NO. 11

Donald Currie moved it be recommended the report be received.

Cr Lee seconded

Carried

12. ASSETS REVIEW/REVALUATION STRATEGY

The Director - Corporate Services reported:

- (a) Council resolved in November 2013 to refer the proposed Asset Revaluation Strategy to both the Audit Committee and Council Auditor for review and approved;
- (b) the report entitled "Asset Revaluation Strategy" is provided for consideration of the Audit Committee.

RECOMMENDATION NO. 12

Cr Lee moved it be recommended:

- (a) the report be received;**
- (b) the Audit Committee endorse the Asset Revaluation Strategy detailed in Corporate and Community Services Report No. 73/2013.**

Donald Currie seconded

Carried

13. NEXT MEETINGS

- Tuesday, 27th May, 2014
- Tuesday, 5th August, 2014
- Tuesday, 4th November, 2014

The meeting closed at 7.25 p.m.

