

I hereby give notice that an Audit and Risk Committee Meeting will be held on:

Date: Monday, 8 April 2024
Time: 5.30 p.m.
Location: Council Chamber
Civic Centre
10 Watson Terrace
Mount Gambier

AGENDA

Audit and Risk Committee Meeting 8 April 2024



Sarah Philpott
Chief Executive Officer
4 April 2024

Order Of Business

1	Acknowledgement of Country	3
2	Apology(ies)	3
3	Confirmation of Minutes	3
4	Questions without Notice	3
5	Reports	4
5.1	Lease and Licence Update – Report No. AR24/5611	4
5.2	Council Policy Update – Report No. AR24/19583.....	11
5.3	Financing Arrangements – Report No. AR24/18649.....	16
5.4	Review of Audit and Risk Committee Terms of Reference – Report No. AR23/76969	20
5.5	Audit and Risk Committee Meeting Report 26/02/24 – Report No. AR24/24108.....	38
6	Motions without notice	41
7	Meeting Close	41
	Attachments Item 3 Audit and Risk Committee Meeting - 26 February 2024	42



1 ACKNOWLEDGEMENT OF COUNTRY

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.

2 APOLOGY(IES)

Nil

3 CONFIRMATION OF MINUTES

[Audit and Risk Committee Meeting - 26 February 2024](#)

RECOMMENDATION

That the minutes of the Audit and Risk Committee meeting held on 26 February 2024 be confirmed as an accurate record of the proceedings of the meeting.

4 QUESTIONS WITHOUT NOTICE



5 REPORTS

5.1 LEASE AND LICENCE UPDATE – REPORT NO. AR24/5611

Committee:	Audit and Risk Committee
Meeting Date:	25 March 2024
Report No.:	AR24/5611
CM9 Reference:	AF11/863
Author:	Michael McCarthy, Manager Governance and Property
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	This report provides an update on leasing and licensing of Council properties.
Strategic Plan Reference:	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage
	Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR24/5611 titled 'Lease and Licence Update' as presented on 25 March 2024 be noted.
2. That Council's resolved position of '*a strategic approach to property management issues guided by a Sport, Recreation and Open Space Plan and associated site/precinct/property category master plans including Tourism Assets Master Plan and Blue Lake Sports Park Master Plan*', be noted.
3. That the renewal of 'holding over' leases and licences occur, following Council's prioritisation of strategic site/precinct master planning to be conducted over the coming years, and taking into account other relevant factors.



TYPE OF REPORT

Corporate

BACKGROUND

At the June 2023 Audit and Risk Committee Meeting, the Committee requested that a progress report regarding leases/licences and mandatory policies be brought back every 6 months.

Council has a suite of tenanted properties, occupied primarily by community and sporting tenants, and several tourism and commercial tenants.

In accordance with the provisions in the Local Government Act 1999 and Regulation, details of leases and licences granted over community land are published on the Council website [here](#).

In September 2019 in consideration of Economic and Environment Committee Report No. AR19/36020 Council adopted a *'strategic approach to property management issues'*, resolving:

"That Council commit to a strategic approach to property management issues, guided by a Sport, Recreation and Open Space Plan and associated site/precinct/property category master plans including Tourism Assets Master Plan and Blue Lake Sports Park Master Plan."

The accompanying report noted that:

*"[t]he Council's current approach to property management is relatively passive and reactionary, maintaining a *status quo* with third party tenants managing sporting and community facilities for their own purpose and benefit, whilst responding in an *ad hoc* or piecemeal manner to opportunities that arise, but with limited consideration of such matters in a broad strategic context."*

and

"[t]he development and implementation of a property strategy is intended to provide a more planned approach to property management moving forward, with the steps toward this including the development of a Sport, Recreation and Open Space Plan as an overarching ('Umbrella') strategy, supported by site, precinct and category Master Plans, and further supported by various operational (including legislative) documentation as relevant."

Council re-affirmed its strategic approach to property management issues in September 2020 and has since prepared, consulted upon and in April 2022 adopted a Strategic Recreation and Open Space Strategy ("SROSS"), and in accordance with that strategy is progressing the development of master plans and guiding principles for various precincts, including Blue Lake Sports Park for which a master plan was adopted in July 2023.

In response to the external audit management report the Audit and Risk Committee has requested a six-monthly report on leases/licences.

This report provides an update on the proposed methodology for the renewal of leases and licences.

PROPOSAL

As set out in the background, the 'holding over' of various leases and licences has occurred while strategic site/precinct planning is being conducted on the community's intended future uses and operating/governance models for a range of open space and facilities/sites/precincts.

These separate bodies of work may confirm the continuation of existing uses or other uses/amendments to the way in which the community use Council land. The outcomes may lead to alternate operating/governance models or lease/licence arrangements for buildings and grounds, and with clarity in direction may also warrant the granting of longer tenure arrangements of up to 21+21 years.

Together with these strategic process, is the preparation and implementation of a Strategic Property Management Project Plan to address a range of cross-organisational matters that intercept with the management of Council's property holdings, whether tenanted, occupied by Council or otherwise for general public use.



As well as the identification of issues, the implementation of changes will necessarily involve engagement, particularly in the instance of tenant stakeholders who may be accustomed and committed to existing arrangements that have been in place for a considerable amount of time.

Accordingly, the preparation and implementation of a Strategic Property Management Project Plan will need to be well considered, as it goes to the heart of the community and sporting groups. It should also be noted however that Council has an interest in supporting not only its current/historical community/sporting tenants, but also other non-tenants whether they be existing or emerging community or sporting groups that for whatever reason have not had the benefit of using Council property on a 'community' or 'peppercorn' rental basis.

It is therefore necessary to strike a balance between maintaining tenants 'status quo' whilst strategic planning exercises are underway, and the ability to be ready to implement any changes that might arise as strategic direction becomes clearer.

In April 2024 the Council, through proposed Elected Member Workshop and presentation of a formal report for consideration, will consider the prioritisation of strategic site/precinct master planning, to identify those sites/precincts that are to be subject to strategic master planning in the coming year, and subsequent years, to guide the administration in allocating resources toward these.

Community/Sporting sites identified in the SROSS as high priority for master planning/guiding principles are:

- *Hastings Cunningham Reserve*
- *Corriedale Park*
- *Vansittart Park*
- *Olympic Park (including Reidy Park Centre and Reidy Park School oval)*
- *Blue Lake Sports Park (Implementation Plan)*

It is proposed that, once an order of priority has been endorsed by Council, considering some of these and other relevant sites, the renewal of leases/licences in the short-medium term will be guided by this as follows:

- *Sites identified as priority for master planning Yr1/Yr2 – renewal deferred until complete*
- *Sites identified for master planning in Yrs3-4 – renewal prioritised for granting 3-5year terms*

A further update may be provided to the Audit and Risk Committee to identify the number of leases/licences identified for short-term renewal based on the prioritisation adopted by Council.

In the meantime, the administration will continue managing commercial leases and community/sporting tenancy arrangements at other sites not identified for master planning, and prioritise the renewal of community/sporting leases/licences to support grant funding applications.

Notwithstanding the above, it should also be noted that other contributing factors can also delay the renewal of certain leases/licences such as, and in some cases combinations of, the following:

- *pending Crown Land dedication*
- *pending review/adoption of Community Land Management Plan (inc. leasing/licencing, use)*
- *adoption/direction in other guiding documents/plans (e.g. Crater Lakes Activation Plan/Tourism Assets Master Plan/Visitor Servicing Model)*
- *review of tenants operating/governance model/constitution*
- *status of unsolicited proposal/s*
- *other site/precinct/asset and tenant activities/matters*

Accordingly, whilst renewal of a particular lease/licence or category can be planned/prioritised, lease/licence renewal is not a matter that can be executed unilaterally, requiring the tenant to also



agree and sign-off on relevant terms and conditions in formal documentation, with external (to Council) and/or other resourcing factors potentially hindering the renewal of any given lease/licence.

The following table provides a summary of the No. of leases/licences to which the abovementioned factors currently apply, and where they are anticipated to apply in relation to leases/licenses expiring during the remainder of the 2024 calendar year:

Contributing Factor	No. of leases/licences affected	Other Comments
pending Crown Land dedication	1	Lake Terrace West Cemetery
pending adoption/update of community land management plan(s)	13	Includes CLMP's for the following: <ul style="list-style-type: none"> - Crater Lakes (inc. Marist Park) - Olympic Park - Frew Park - Corriedale Park
pending adoption/direction in other guiding documents/plans: <ul style="list-style-type: none"> - Crater Lakes Activation Plan - 3 - Tourism / Visitor Servicing - 2 - Umpherston Sinkhole - 1 - Hastings Cunningham Reserve - 14 - Corriedale Park - 2 - Vansittart Park - 1 - Olympic Park (inc Reidy Park Centre / School, Naval Cadets) - 7 - Blue Lake Sports Park (Implementation Plan) - 4 		<ul style="list-style-type: none"> - affects all HCR tenants - affects all Olympic Park tenants - affects all BLSP tenants
Other tenancy related matters	10+	Includes: <ul style="list-style-type: none"> - Wehl St Theatre & Reidy Park Centre review of constitution and governance/operating models - Status of unsolicited proposals - Consolidation of multiple licences into single licence (Cricket ass'n) - Council grounds maintenance, works and/or \$ contributions toward tenant obligations
Not Council tenant (sub-tenant)	5	Sub-tenancies granted by tenant

Notes: The number of leases/licences affected includes numerous affected by two (2) or more contributing factors. The no. of lease/licences affected excludes a further dozen likely instances where expiry date is beyond 31 December 2024. Council may only influence renewal of sub-tenancy arrangements under breach conditions of relevant head-lease. Centrestage (Wehl St Theatre) and Reidy Park Centre review of governance models/Constitutions is by Council resolution. Grounds maintenance and other Council (fee for) service provisions form part of the policy considerations of a 'Strategic Property Management' approach, for which a project plan is being developed to identify and plan transitional arrangements. The above does not include 'potential' lease/licence or other arrangements affected by the identified contributing factors.

LEGAL IMPLICATIONS

Leasing and licensing of community land must be conducted in accordance with the relevant provisions in the Local Government Act 1999 (and other relevant legislation relating to leasing and licensing, e.g. Retail and Commercial Leases Act).

Community land leasing/licensing arrangements must be in accordance with the provisions of relevant Community Land Management Plans, guided by and consistent with the master planning of



open spaces and precincts that help give effect to Council's Objects, Role, Functions and Principles set out in sections 3, 6, 7 & 8 of the Act.

STRATEGIC PLAN

Council's strategic approach to property management and other planning activities are consistent with and contribute to the goals in Council's Strategic Plan 2020-202, including:

Our People

1.1.4 Improve our accommodation offering for community groups, whilst reducing total number of Council managed facilities, including investigations into a community group hub (complementary to the Community and Recreation Hub), the co-location of community groups and future sharing of facilities [Service Provider (Direct)].

1.2.2 Helping community groups to help themselves by providing support for effective networks to develop and grow [Partnership].

Our Location

2.1.1 Working with the community to ensure our CBD, health and education precincts, our streets and our public spaces are safe, inviting and support a positive image of the City of Mount Gambier [Owner / Custodian, Information Provider / Promoter and Partnership].

2.1.3 Consolidating, upgrading and seeking funding for a number of walking and cycling trails throughout the city, including the Rail Trail and the Crater Lakes precinct [Owner / Custodian, Advocate, Partnership].

2.1.4 Regularly reviewing and updating Council's Asset Management Plans for each asset category [Owner / Custodian].

2.1.5 Providing efficient visitor services by making tourism information access easier and more relevant [Service Provider (Direct) and (Indirect)].

2.3.1 Understand our role in tourism and develop an aspirational masterplan for the Crater Lakes area enabling us to share a vision with the community and other key stakeholders [Initiator / Facilitator, Advocate, Owner / Custodian].

2.4.4 Work in partnership with our sporting clubs to improve their sporting and clubhouse facilities and to help them take advantage of accommodation opportunities for groups [Partnership, Advocate, Owner / Custodian].

4.2.1 Prepare a Sport, Recreation and Open Space Strategy and masterplans for our key reserves enabling effective and efficient multiple uses and the improvement of facilities [Service Provider (Direct), Owner / Custodian].

Council's Sport, Recreation and Open Space Strategy identifies priorities and principles to which a strategic approach to property management contributes:

- Our open spaces will be well distributed, safe and accessible by everyone in our community, regardless of where they reside or frequent within the city.
 - Develop multipurpose facilities at each open space site that cater for a range of activities.
 - Develop Master Plans for key recreation and sporting sites across the City such as Hastings Cunningham Reserve, Olympic Park, Malseed Park, Vansittart Park, Don McDonnell Reserve, Frew Park, McDonald Park and the Rail Lands and Rail Trail.
- Our sport and recreation facilities will be nonexclusive, fit for purpose and share resources to reduce the burden on our volunteers.
 - Increase the diversity of sport and recreation opportunities in parks and reserves especially for those sports that currently do not have a home ground.
 - Co-locate active recreation facilities with existing recreation opportunities such as playspaces and playing fields.
 - Identify opportunities to incorporate unique facility components into multipurpose design.
 - Partner with peak bodies, clubs, community organisations and private operators to deliver sport and recreation opportunities targeting new participants in parks and reserves.



- We will strive for our spaces to reflect the principles of universal design by promoting physical access for all abilities and genders.
 - Address gaps in female friendly change facilities in our sporting open spaces in partnership with the local sporting clubs and State Sporting Organisations.
- Local stories, heritage and culture are considered and interpreted through design, strengthening our identity and fostering community ownership and pride of place.
 - Reflect the diverse community of Mount Gambier in the naming or renaming of open space and recreation facilities (for example, new facilities named for local persons or reflecting local cultures and languages).
- Provide unique play experiences including youth spaces that are attractive to a range of ages.
- Responsive and sustainable management practices of open space across the City.
 - Review and establish new service standards to better reflect use, profile and hierarchy of open space.
 - Deliver a best practice design manual for new and existing open space to advocate for the delivery of high quality spaces.
 - Seek funding opportunities for sport, recreation and open space developments from new and existing sources.

COUNCIL POLICY

Council's [R200 – Community Land \(Reserves\) Lease/Licence/Rental Arrangements Policy](#) relates to leases and licences (and in some cases grounds maintenance) of community land, subject to the Council resolution committing to a strategic approach to property management issues, and other relevant legislative and regulatory provisions including those relating to fees and charges.

ECONOMIC IMPLICATIONS

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

SOCIAL IMPLICATIONS

Whilst Council's community/sporting leases and licences have social implications, there are no recommendations or actions arising from this update report that have any social implications, with community/sporting tenants 'holding over' on the same terms and conditions.

CULTURAL IMPLICATIONS

N/A

RESOURCE IMPLICATIONS

The main direct resourcing issues associated with the proposal in this report is that of lease/licence preparation and negotiation, which can be managed over time within current resourcing.

This does not address any resulting resources that may arise from tenant expectations in the process of renewing a lease/licence. However, the standard terms and conditions of Council's community/sporting leases and licences place primary responsibility for leased/licensed premises upon the tenant in recognition of/exchange for the 'community' or 'peppercorn' nature of the rent.

VALUE FOR MONEY

As above for Resource Implications

RISK IMPLICATIONS

The use of 'holding over' provisions as contained in standard lease and licence agreements manages the legal risk of leases/licences 'expiring' with no continuing contractual arrangements, with the resulting 'monthly tenancies' being on the same terms and conditions as the original lease, in the same manner as a renewal term.



The community and political risk associated with 'holding over' provisions lies in the security of tenure for sporting/community tenants.

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

An engagement/communication strategy may be prepared to address the prioritisation of master planning and lease/licence renewal directly with affected tenants/stakeholders.

IMPLEMENTATION STRATEGY

As set out in the proposal, implementation of lease/licence renewals is proposed on a priority basis inversely aligned with the Council's priorities for strategic master planning of sites/precincts.

CONCLUSION AND RECOMMENDATION

Having provided background information on Council's '*strategic approach to property management*' this report proposes that the renewal of Council's leases and licences be prioritised, aligned to Council's adopted priorities for strategic site/precinct master planning as proposed for consideration in the coming months.

A further update will be provided to the Audit and Risk Committee on a six-monthly basis as requested.

ATTACHMENTS

Nil



5.2 COUNCIL POLICY UPDATE – REPORT NO. AR24/19583

Committee:	Audit and Risk Committee
Meeting Date:	25 March 2024
Report No.:	AR24/19583
CM9 Reference:	AF11/863
Author:	Michael McCarthy, Manager Governance and Property
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	This report provides an update on the review of Council Policies.
Strategic Plan Reference:	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage
	Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR24/19583 titled 'Council Policy Update' as presented on 25 March 2024 be noted.
2. That the Council Administration conduct periodical reviews of Council policies to ensure compliance with legislative requirements, with the aim of presenting for consideration any other policies to Council at least once during the Council term.



TYPE OF REPORT

Other

BACKGROUND

In response to an external audit management report that as at May 2023 35 of Council's 74 formal policies were required to be reviewed and updated the Audit and Risk Committee requested a six-monthly report on the review of mandatory policies.

An update presented to the November 2023 Audit and Risk Committee meeting reported that in the period from June 2023 to November 2023:

- 35 Council policies had been reviewed
- 2 Council policies temporarily suspended
- 1 Council policy revoked
- 2 new Council policies adopted

and as at 27 November 2023 30 of Council's 79 formal policies required reviewing and updating.

This report provides a further update on mandatory policies and the review of other Council policies.

PROPOSAL

The Audit and Risk Committee request for a six-monthly policy report specifically referenced 'mandatory' policies.

At the time of earlier reports to the Audit and Risk Committee the Local Government Association listing of 'mandatory' policies had not been updated since well prior to the 2021 local government reform changes, but an updated listing of mandatory policies under the Local Government Act 1999 has subsequently been issued, as follows:

Mandatory Policy	Section of Local Government Act 1999	Council Policy Adopted / Last Reviewed
Prudential Management	section 48(aa1)	September 2023
Procurement	section 49(a1)	December 2023
Contracts and Tenders	section 49(1)	(included in s49(a1) policy)
Public consultation	section 50	April 2020 (pending State Govt adoption of Community Engagement Charter arising from 2021 LG Reform)
Member Training and Development	section 80A	November 2022
Rating Policies	section 150	June 2023
Internal Controls	section 125(1)	September 2023
Risk Management	section 125(3)	November 2020
Road and Place Naming	section 219(5)	March 2024
Order Making	section 259	September 2019
Behaviour Management	section 262B	September 2023
Internal Review of Council Actions and Complaint Handling	section 270(a1)	March 2017 (pending updated LGA Template following 2021 LG Reform)
Caretaker	section 91A (Elections Act)	January 2022

As may be seen from the above table, Council has in place all mandatory policies required by the Local Government Act 1999, noting that the above list does not include any policies as may be required under other legislation, nor does the list include other 'policy like' documents such as Codes,



Charters, Plans, Registers etc as are required to be maintained under the Local Government Act 1999 and other legislation.

A number of policies are pending review, with the Risk Management and Order Making policies scheduled in the coming months, and the Public Consultation and Internal Review policies pending the completion of a Community Engagement Charter by the State Government and the update of a Template/Model policy by the Local Government Association, necessitated by local government reform changes in 2021.

Since November 2023 further policy reviews have been conducted as follows:

December 2023

- *P910 Provision of Loans or Guarantees to Community Groups (suspended)*
- *E200 Employees – Service Awards – Gifts at Resignation/Retirement (suspended)*
- *F225 Fraud, Corruption, Misconduct and Maladministration Prevention*
- *Internal Audit*
- *P420 Procurement and Disposal of Land and Assets (revoked)*
- *Disposal of Land and Assets (replacement policy)*
- *Procurement (replacement policy)*
- *C320 Council Chamber and Reception Area – Use of*
- *P900 Public Interest Disclosure*
- *V140 Visits by Parliamentary Governmental Representatives (revoked)*

January 2024

- *M205 Members – Mayor – Anniversary Messages*
- *M225 Members – Service Recognition (deferred for further discussion)*
- *E115 Elections – Council Entitlement to Vote*
- *F140 Flag Protocol*
- *S92 Code of Practice for Access to Meetings and Documents*
- *Council Determined Meeting Procedures Policy (interim policy)*
- *Information Security Policy (new)*

February 2024

- *nil*

March 2024

- *Citizen of the Year Awards (re-titled from ‘A270 Australia Day Awards’)*
- *Riddoch Arts and Cultural Centre – Hire (retitled from ‘Main Corner Complex Hire’)*
- *S135 Streets – Naming Of*
- *M130 – Media Statements on behalf of Council*

Notwithstanding these significant bodies of work since May 2023, as at March 2024 25 of Council’s 84 policies require review and updating, including 4 identified as mandatory policies.

A further 6 policies will fall due for review between now and the 1 July 2024, including Council’s Rating policies which are reviewed annually as part of the Annual Business Plan and Budget and rating adoption processes.

It is important to note that, whilst good practice to review policies on a periodic basis, particularly where they have been identified with a ‘review date’, the passing of such arbitrary dates is not fatal to the application of a policy unless specifically designated as a ‘sunset date’ or the policy lapsing in accordance with some legislative provision such as is the case with the Member Benefits Policy



LEGAL IMPLICATIONS

The Local Government Act and other Acts require Council to adopt certain 'mandatory' policies. Except where prescribed it is not a legislative requirement to review policies with any particular frequency, however it is good practice and Council aims to review each policy during a Council Term.

STRATEGIC PLAN

N/A

COUNCIL POLICY

N/A

ECONOMIC IMPLICATIONS

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

SOCIAL IMPLICATIONS

N/A

CULTURAL IMPLICATIONS

N/A

RESOURCE IMPLICATIONS

N/A

VALUE FOR MONEY

N/A

RISK IMPLICATIONS

The review of policies does not of itself manage risk, except where there is a requirement to review within a certain timeframe.

However the continual review of policy provisions to ensure their currency assists with managing relevant risks.

Similarly, in circumstances where the risk of adopting policy that is at variance to legislative requirements, there is a risk in the premature review of policy ahead of other supporting resources, as is the case with the public consultation and internal review policies which are pending the release of the State Governments Community Engagement Charter and LGA Template/Model Policy.

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

N/A

IMPLEMENTATION STRATEGY

N/A

CONCLUSION AND RECOMMENDATION

This report provides a 6 monthly update to the Audit and Risk Committee on the status of mandatory policies.

ATTACHMENTS

Nil





5.3 FINANCING ARRANGEMENTS – REPORT NO. AR24/18649

Committee:	Audit and Risk Committee
Meeting Date:	25 March 2024
Report No.:	AR24/18649
CM9 Reference:	AF11/863
Author:	Kylie Harradine, Financial Accounting Coordinator
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	This report outlines current Financing Arrangements in relation to Council’s existing Corporate Card Facility and Westpac overdraft.
Strategic Plan Reference:	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage
	Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR24/18649 titled ‘Financing Arrangements’ as presented on 25 March 2024 be noted.
2. That having been reviewed by the Audit and Risk Committee on 25 March 2024:
 - The Council’s Westpac Corporate Card Facility limit of \$30,000 be noted.
 - Council approve the extension of the Westpac overdraft facility to \$400,000.



TYPE OF REPORT

Corporate

BACKGROUND

A review of Councils Financing Arrangements was undertaken in February 2024, in conjunction with a review of the Corporate Card Administrative Procedure. The purpose of reviewing the Corporate Card Administrative Procedure was to ensure the document aligned with current organisational requirements, Council's procurement policy and financial delegations.

PROPOSAL

1. **Purpose** - This report is presented to the Audit and Risk Committee to review Council financing arrangements.
2. **Administrative Procedure** - The revised administrative procedure provides clarity on roles and responsibilities. Following are some of the key changes made:
 - **Structure and Format** - Has been changed to provide clarity for the user.
 - **Financial Delegation** - The maximum card limit is limited to a person's financial delegations.
 - **Recurring Costs** - Recurring costs (e.g. direct debits) must be approved by the General Manager Corporate and Regulatory Services.
 - **Combined documents** - To ensure consistency, alignment and ease of use, the administrative procedure and approval/declaration documents have been combined.
 - **Training** - Training will be undertaken in the first instance with all new and current cardholders.
 - **Transaction Descriptions** - Taking on board feedback from previous Ombudsmen investigations and recommendations at other SA Councils, clear transaction details are required.
3. **Corporate Cards** - The review has identified that the existing Westpac Corporate Card Facility limit of \$30,000 is sufficient to meet current organisational requirements and should remain unchanged.
4. **Treasury Management** - Cash Advance Debentures (CADs) funded by the LGFA are held by Council's to manage their cash flow requirements. CADs are a cost effective, low interest variable loans which allow Council the ability to drawdown and repay as required. CAD facilities assist Council in managing the fluctuating nature of income and expenditure throughout the year.
5. **Overdraft** - The Westpac overdraft facility was introduced as a contingency to cover payroll in 2015 and has remained unchanged.
 - **Standard practice** - It is common practice for Councils to hold an overdraft to cover payroll (as advised by key stakeholder).
 - **Debt capacity** - An unutilised overdraft does not form part of Council debt capacity (as advised by key stakeholder).
 - **Cost** - There is no cost associated with an unutilised overdraft.
 - **Required capacity** - The overdraft of \$250,000 established in 2015 is no longer sufficient to cover a fortnightly payroll, currently c\$400,000.
 - **Contingency** - An overdraft provides Council with a cost-effective contingency against unforeseen events and protection for Councils payroll (and payment method of last resort).

LEGAL IMPLICATIONS

N/A



STRATEGIC PLAN

N/A

COUNCIL POLICY

[Procurement Policy](#)

[Internal Controls Policy](#)

[R180 Risk Management Policy](#)

[Internal Audit Policy](#)

ECONOMIC IMPLICATIONS

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

SOCIAL IMPLICATIONS

N/A

CULTURAL IMPLICATIONS

N/A

RESOURCE IMPLICATIONS

N/A

VALUE FOR MONEY

N/A

RISK IMPLICATIONS

An overdraft facility will protect Council payroll from any unexpected delay in funds transfer.

Controls are in place to limit who can transfer funds from the LGFA. In the unlikely event that all these staff are absent at the same time without notice, an overdraft will ensure Council payroll can be processed.

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

N/A

IMPLEMENTATION STRATEGY

Audit and Risk Committee to note Westpac Corporate Card Facility limit of \$30,000, with no further action required.

Following review by the Audit and Risk Committee, an approval of Council to extend the Westpac overdraft is required. Following Council's resolution, an application be obtained from Westpac and completed by Finance Team.

CONCLUSION AND RECOMMENDATION

It is recommended the Audit and Risk Committee note the current Westpac Corporate Card Facility limit is \$30,000. The Audit and Risk Committee support the extension of Council's Westpac overdraft to \$400,000, subject to approval of Council.



ATTACHMENTS

Nil



5.4 REVIEW OF AUDIT AND RISK COMMITTEE TERMS OF REFERENCE – REPORT NO. AR23/76969

Committee:	Audit and Risk Committee
Meeting Date:	8 April 2024
Report No.:	AR23/76969
CM9 Reference:	AF11/863
Author:	Julie Scoggins, Manager Finance
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	This report is presented to enable the Audit Committee to review the Draft Audit and Risk Committee Terms of Reference and provide a recommendation to Council to adopt at the next Council meeting.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR23/76969 titled 'Review of Audit and Risk Committee Terms of Reference' as presented on 08 April 2024 be noted.
2. That the Audit Committee:
 - (a) Authorises the General Manager Corporate and Regulatory Services in liaison with the Presiding Member to make any minor amendments to the draft Audit and Risk Committee Terms of Reference that the Committee identifies and to then finalise the document; and
 - (b) Recommend to Council that the draft Audit and Risk Committee Terms of Reference be adopted.



TYPE OF REPORT

Other

BACKGROUND

1. **Decision Making Structure** - Council adopted at its meeting held on 29 November 2022 a decision making structure that included the Audit and Risk Committee (a Committee established under s41 of the Local Government Act 1999).
2. **Current Terms of Reference** - The Audit Committee's Terms of Reference - (under 14.2) indicate that the Committee shall at least once every two years review its terms of reference. In addition to the requirement in the Terms of Reference, the Audit Committee works program suggests a yearly review of the Terms of Reference.
3. **Prior Formal Review** – One prior formal review by the Committee was on 12 April 2021 and the Terms of Reference were adopted at the Council meeting held on 20 April 2021.
4. **Initial Review** – It was recognised that the initial Draft Terms of Reference presented to the Audit Committee included significant changes for the committee's consideration, and therefore the document was provided as a first draft at the Audit Committee meeting on 20 September 2021.
5. **Legislative Changes** – It should be noted that these changes assisted the committee in the transition to an Audit and Risk Committee as prescribed in the new Local Government Act Statutes Amendment (Local Government Review) Act 2021.
6. **Initial Review** - An initial review of the Audit & Risk Committee Terms of Reference was undertaken at the Audit Committee meeting on 20 September 2021.
7. **Further Review/Benchmarking** – Following feedback and review of Terms of Reference for other South Australian Councils, further changes were made to the draft Audit & Risk Committee Terms of Reference.
8. **Terms of Reference Review and Adoption** – The Terms of Reference was reviewed by the Audit and Risk Committee on 8 November 2021 and adopted by Council at the meeting in November 2021.
9. **New Legislation** - The new Local Government Act Statutes Amendment (Local Government Review) Act 2021 recommended a number of changes that were incorporated as best practice in the Terms of Reference prior to the effective date of the legislative changes. This change as implemented from 30 November 2023 included the following: new functions for the Audit and Risk Committee, frequency of meetings, and reporting.
10. **Audit and Risk Committee Review** - A memo was sent members prior to a workshop held in February 2024 where members provided feedback.

PROPOSAL

1. **Minor Changes** – A number of minor changes have been made to the Terms of Reference including the following items that have been changed (as shown in red in the Draft Terms of Reference attached):
 - **Purpose** - Including the purpose of the Audit and Risk Committee as per the legislation.
 - **Functions** - Updated to include all functions detailed in the legislation.
 - **Reporting** - New reporting brought in as a result of new legislation.
 - **Participation by electronic means** - Inclusion in the terms of reference for members to attend electronically.
 - **Advisors** - Role titles were changed.
2. **Further Changes** - Changes made further to initial Audit and Risk Committee Members review (shown in blue):



- **Advisors** - Role titles with the exception of the CEO were removed and referred instead to Council staff to incorporate all staff who may act as advisors.
- **Presiding Member** - All references to the Chairperson have been amended to state the Presiding Member.

LEGAL IMPLICATIONS

As outlined in this report, the Local Government Act Statutes Amendment (Local Government Review) Act 2021 has been considered in the development of these recommendations.

STRATEGIC PLAN

Nil

COUNCIL POLICY

[T150 Treasury Management Policy](#)

[B300 Budget Framework Policy](#)

[F225 Fraud and Corruption Prevention Policy](#)

[P415 Prudential Management](#)

[R105 Rating](#)

ECONOMIC IMPLICATIONS

Nil

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

CULTURAL IMPLICATIONS

Nil

RESOURCE IMPLICATIONS

Nil

VALUE FOR MONEY

Nil

RISK IMPLICATIONS

A high functioning Audit and Risk Committee is a valuable resource in Council's overall risk strategy and management.

EQUALITIES AND DIVERSITY IMPLICATIONS

Nil

ENGAGEMENT AND COMMUNICATION STRATEGY

Nil

IMPLEMENTATION STRATEGY

The terms of reference once adopted will be uploaded onto Council's website. Audit & Risk Committee reports will also include details of their alignment to the Terms of Reference.



CONCLUSION AND RECOMMENDATION

This report recommends that the Audit Committee consider its draft terms of reference with the intent of recommending that this draft is adopted at the next Council meeting.

ATTACHMENTS

1. DRAFT Audit and Risk Committee - Terms of Reference - March 2024 [↓](#)





Audit and Risk Committee

TERMS OF REFERENCE

A Committee of Council
established pursuant to the provisions of
Sections 41 and 126
of the Local Government Act 1999

Terms of Reference for the conduct of the business of the Audit and Risk Committee were approved and adopted by the City of Mount Gambier at its meeting held on ~~13 December 2022~~.



Audit and Risk Committee

CONTENTS

1	ESTABLISHMENT	3
2	INTERPRETATION	3
3	AUTHORITY	4
4	MEMBERSHIP / COMPOSITION	4
5	INDEPENDENT MEMBERS	5
6	COUNCIL MEMBERS	6
7	COMMITTEE PRESIDING MEMBER	6
8	NOTICE OF MEETINGS	6
9	MEETINGS AND DOCUMENTATION	6
10	MINUTES OF MEETINGS	7
11	MEETING PROCEDURE	8
12	ROLE OF THE AUDIT AND RISK COMMITTEE	8
13	OTHER MATTERS	11
14	REVIEW/REPORTING	11
15	ACCESS TO TERMS OF REFERENCE	12



1. ESTABLISHMENT:

- 1.1 Legislation** - Pursuant to Sections 41 and 126 of the Local Government Act 1999 the Council has established a Committee to be known as the City of Mount Gambier Audit & Risk Committee ("the Committee").
- 1.2 Purpose** – According to Section 126 (1a) The purpose of an audit and risk committee established by a council is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.
- 1.3 Functions** - The functions of the Audit and Risk Committee include, per the Local Government Act 1999, Division 2, Section 126 (4):
- (a) reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
 - (b) proposing and providing information relevant to, a review of the council's strategic management plans or annual business plan; and
 - (c) monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and
 - (d) proposing and reviewing, the exercise of powers under section 130A; and
 - (e) liaising with the council's auditor in accordance with any requirements prescribed by the regulations; and
 - (f) reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and
 - (g) —
 - (i) if the council has an internal audit function—
 - (A) providing oversight of planning and scoping of the internal audit work plan; and
 - (B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or
 - (ii) if the council does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and
 - (h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and
 - (i) reviewing any report obtained by the council under section 48(1); and
 - (j) performing any other function determined by the council or prescribed by the regulations.



- 1.4 **Delegation** - The Committee has no delegation to act, with all recommendations of the Committee (and of any Sub-Committees established by the Committee) to be considered by full Council for final decision and resolution.

2. INTERPRETATION:

- 2.1 For the purpose of these Terms of Reference, unless inconsistent with the subject matter or context:

Term	Interpretation
Act	The Local Government Act 1999 and includes all Regulations and Schedules.
Committee	The Committee of Council established pursuant to clause 3.
Committee Member	The persons appointed by the Council to the Committee pursuant to clause 4.
Commencement Date	The date on which the Committee is established and becomes operative pursuant to clause 3.
Council	The City of Mount Gambier that established the Committee and to which the Committee reports.
Presiding Member	The person appointed to that position pursuant to clause 5.
Observers	Those persons attending any meeting of the Committee of Council, but not having a vote on any matter to be determined by the Committee and not having been appointed as Committee Members.
Sub-Committee	A sub-committee established in accordance with the Act.

- 2.2 Any words, phrases or terms used in these Terms of Reference that are defined in the Act shall have the same meaning as are given in the Act.
- 2.3 A reference in these Terms of Reference to a "singular" includes a reference to the "plural" and a reference to a "plural" includes a reference to the "singular".
- 2.4 These Terms of Reference shall be interpreted in line with the provisions of the Act.
- 2.5 **Notices** - All communications to be given to the Committee shall be addressed to:

City of Mount Gambier Audit and Risk Committee
 PO Box 56
 MOUNT GAMBIER SA 5290
 Email: city@mountgambier.sa.gov.au

3. AUTHORITY:

- 3.1 **Overall Objective** - The Committee is created with the express objective of providing considered advice to Council within the scope of its purpose and reasons for establishment.
- 3.2 **Delegation Status** - The Committee does not have delegated powers or delegated financial responsibilities or authority to implement actions in areas over which management has responsibility.
- 3.3 **Management Function** - Therefore, the Committee does not have any



management function and is independent to management.

3.4 **Council Authorisation** - Within its scope of responsibility, Council authorises the Committee to:

- (a) perform activities within the scope of this Terms of Reference;
- (b) require the attendance of Senior Council Officers at meetings as required;
- (c) have access to members of Executive Leadership Team, employees and relevant information;
- (d) oversee the performance and meet with both the external auditor and the internal auditor;
- (e) request necessary financial resources to be provided to enable the Committee to receive any necessary legal, accounting or other professional advice.

4. **MEMBERSHIP/COMPOSITION:**

4.1 **Membership** - Members of the Audit & Risk Committee are appointed by Council. The size of the Committee be between three (3) and five (5) members (inclusive) consistent with any Regulations and shall consist of:

- At least one (1) Councillor;
- At least two (2) Independent members.

4.2 **Appointment to Committee** - Appointments to the Committee shall be for a period of at least two years, reviewed at a common appointment date every two years. The common appointment date for existing appointees is 31 December. Appointees may be reappointed by Council.

4.3 **Resignation** - Of the appointment must be in writing.

4.4 **Confidentiality** - Committee members shall not directly or indirectly release or make available to any person any information relating to the work or discussions of the Committee of which he or she is a member or was in his or her possession except in accordance with such terms and in such a manner as stipulated by City of Mount Gambier Council.

4.5 **Vacancies** – A vacancy in the membership of the committee will not invalidate any decisions of the committee, provided a quorum is maintained during meetings.

4.6 **Advisors** - The Chief Executive Officer (CEO) and delegates are not members of the Committee, but should attend meetings in an advisory capacity.

4.7 **Role of Mayor** - Is an ex officio member of the Committee.

4.8 **Council Members** - The Council members of the Committee shall be appointed by Council at its Statutory Meeting, unless otherwise determined by the [Presiding Member](#) of the Committee.

4.9 **External Auditors** - Council's external auditors shall be invited to attend a minimum of two (2) meetings of the Committee each financial year. Attendance is at the external auditor's discretion.

4.10 **Voting Rights** - Only members of the Committee are entitled to vote (move and second) in Committee meetings.

4.11 **Role of Council Staff** - Members of Council's staff may attend any meeting as observers and be responsible for preparing papers for the Committee.



4.12 **Committee Meeting Location** - In accordance with the principles of open, transparent and informed decision making, Committee meetings must be conducted in a place open to the public.

5 **INDEPENDENT MEMBERS**

Independent Members are external members who are neither Councillors or a member of Council staff, as outlined in section 126(2) of the Act.

- 5.1 **Required Skills & Experience** - Independent Members shall have senior business or financial management/reporting knowledge and expertise, and be conversant with the financial, risk management and governance issues, and have extensive accounting, auditing or legal skills and other reporting requirements of Local Government.
- 5.2 **Appointment** - The appointment of external independent members shall be made by Council resolution following public advertisement in the local newspaper **or appropriate website** and Council website.
- 5.3 **Tenure** - Independent members shall be appointed for a term of two years, after which time Council can choose to exercise an option to renew the appointment for another term. Independent members can only serve for two consecutive terms without public advertisement, however, members may re-apply at the end of their term(s) and be re-appointed for further terms through the public advertisement process.
- 5.4 **Remuneration** - Remuneration paid to independent members will be a set fee per meeting with an additional amount paid to the **Presiding Member**. Travelling costs will also be reimbursed.
- 5.5 **Resignation** - In the event of a resignation of an external independent member or statutory change, the Committee has the option to review unsuccessful applicants from the initial recruitment process and recommend to Council to appoint an applicant, if this occurs within the previous 12 month period.



6. **COUNCIL MEMBERS**

- 6.1 **Appointment** - The Council member(s) of the Committee shall be appointed by Council at its Statutory Meeting, unless otherwise determined by the **Presiding Member** of the Committee.
- 6.2 **Proxy Member** – May be appointed by members of Council. Only members of the Committee are entitled to vote in Committee meetings. If the member of Council who is a Committee member is unable to participate in a Committee meeting, then the appointed proxy member is able to participate in the Committee meeting and is entitled to vote.
- 6.3 **Tenure** – The tenure of the Council member on the Committee will be for the term of Council unless otherwise determined.

7 **COMMITTEE PRESIDING MEMBER:**

- 7.1 **Role** – The role of the **Presiding Member** is to:
- **Meeting Conduct** - Oversee the orderly conduct of meetings in accordance with the *Local Government Act 1999*, the *Local Government (Procedures at Meetings) Regulations 2013* and the Council's Code of Conduct for Meeting Procedures;
 - **Guiding Principles** - Ensure that the Guiding Principles in Regulation 4 are observed and that all Committee Members have an opportunity to participate in discussions in an open and responsible manner.
- 7.2 **Appointment** - The **Presiding Member** of the Committee must be appointed by Council resolution and be an independent member. The **Presiding Member** will be appointed for two years.
- 7.3 **Tenure** - After serving two years, the Committee may choose to appoint the **Presiding Member** for a further one year term or the Committee may choose to nominate another **Presiding Member** from the independent membership. The process will be dependent on the Committee seeking nominations from the current independent membership and providing a report to Council for endorsement.
- 7.4 **Acting Presiding Member** - In the absence of the appointed **Presiding Member** from a meeting, the meeting will appoint an acting **Presiding Member** from the Independent members present at the meeting.

8. **NOTICE OF MEETINGS:**

- 8.1 The Committee shall conduct its meetings at the Council **Chamber building**, 10 Watson Terrace, Mount Gambier.
- 8.2 In accordance with Section 87 of the Act a notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and observers, no later than three (3) clear days before the date of the meeting. Supporting papers shall be sent to Committee Members (and to other attendees as appropriate) at the same time.

9. **MEETINGS AND DOCUMENTATION:**

- 9.1 **Number of Meetings** - Aligned with legislation there must be at least 1 meeting of



~~an audit and risk committee in each quarter. The Committee have an ordinary meeting at least four times a year~~ at appropriate times in the reporting and audit cycle and otherwise as required.

- 9.1 **Additional Meetings** – Shall be convened at the discretion of the **Presiding Member** or at the written request of a Committee member, the CEO or the internal or external auditors.
- 9.2 **Quorum** - At all meetings of the Committee a quorum must be present, noting the following:
 - No business shall be transacted at any meeting of the Committee unless a quorum of Members is present.
 - A quorum will be determined by dividing by 2 the number of Members formally appointed to the Committee ignoring any fraction and adding 1. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any authorities, powers and discretions vested in or exercisable by the Committee.
- 9.3 **Role of Presiding Member** - The **Presiding Member**, when physically present, shall preside at all meetings of the Committee and at any other time the Committee shall appoint an Acting **Presiding Member** who shall preside at that meeting.
- 9.4 **Voting Rights** - Each Member of the Committee including the **Presiding Member** present at any meeting of the Committee must vote on any matter requiring determination and all decisions shall be decided on a simple majority of votes cast.
- 9.5 **Deliberate Vote** - Each Member of the Committee including the **Presiding Member** present at any meeting of the Committee shall have one deliberate vote only.
- 9.6 **Meeting Access** - In accordance with the principles of open, transparent and informed decision making, Committee meetings must be conducted in a place open to the public. The agenda and minutes of the Committee meetings, subject to any items that are discussed in confidence under Section 90 of the Local Government Act 1999 and subsequently retained as confidential under Section 91 of the Act, are also required to be made available to the public.
- 9.7 **Participation via electronic means** - A Committee Member may participate, and is considered as being present at a meeting if using telephone or other electronic means as long as the Committee Member has advised the Chief Executive Officer a minimum of 24 hours prior to the commencement of the meeting.
- 9.8 **Documents** - Members of the public shall have access to all documents related to the Committee unless prohibited by resolution of the Committee under the confidentiality provisions of Section 90 and 91 of the Local Government Act 1999.

10. MINUTES OF MEETINGS:

- 10.1 **Role of The CEO** - The CEO shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present are minuted and that the minutes otherwise comply with the requirements of the *Local Government (Procedure at Meetings) Regulations 2013*.
- 10.2 **Minutes Review** - The **Presiding Member** will review the minutes within one week of the meeting and these will be presented to the next practicable Council meeting. The minutes will then be formally approved at the subsequent meeting of the Committee.



- 10.3 **Minutes Availability** – Minutes shall be made available to all Members of the Committee, Council and the public section 90 of the Local Government Act applies.
- 10.4 **Minutes Confirmation** - Minutes of the Committee Meeting shall be submitted for confirmation at the next meeting of the Committee and if confirmed, shall be signed by the [Presiding Member](#) or other person presiding at the subsequent meeting.
- 10.5 **Submission To Council** - Minutes of the Committee Meeting and any recommendations (including the minutes and recommendations of any Sub-Committee established by the Committee) shall be submitted to Council and shall be of no effect until endorsed as a resolution of Council.

11. MEETING PROCEDURE:

- 11.1 **Legislation** - The Committee shall conduct meetings in accordance with the *Local Government Act 1999, Local Government (Procedures at Meetings) Regulations 2013* and Council Determined Meeting Procedures Policy.
- 11.2 **Conflict of Interest** - Conflict of Interest declarations pursuant to s73 - 75B of the Local Government Act 1999.

12. ROLE OF THE AUDIT AND RISK COMMITTEE:

12.1 Financial Reporting: The Committee shall:

- 12.1.1 **Financial Statements** - Monitor the integrity of the financial statements of the Council, including in its annual report, reviewing significant financial reporting issues and judgements which they contain.
- 12.1.2 **Review and challenge** - where necessary:
- The consistency of, and/or any changes to accounting policies.
 - The methods used to account for significant or unusual transactions where different approaches are possible.
 - The compliance with appropriate accounting standards and use of appropriate estimates and judgements, taking into account the views of the external auditor.
 - The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
 - All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

12.2 Internal Controls and Risk Management Systems

The Committee shall:

- 12.2.1 **Effectiveness** - Monitor the effectiveness of the Council's internal controls and risk management systems; and
- 12.2.2 **Review and recommend the approval** - Where appropriate, of statements to be included in the annual report concerning internal controls and risk management.
- 12.2.3 **Risk Profile** - Keep under review Council's overall risk profile and monitor risk exposure.
- 12.2.4 **Risk Management** - Monitor the risk exposure of Council by determining if management has appropriate risk management processes and adequate



management information systems.

12.2.5 **Risk Management Framework** - Review Council's Risk Management Policy and Framework and risk profile. Monitor the process of review of Council's risk profile to ensure that material risks are dealt with appropriately.

12.2.6 **Risk Register** - Receive status reports on a regular basis of the risk register and actions being taken to manage identified risks.

12.3 **Public Interest Disclosure Act**

The Committee shall:

12.3.1 **Council's Arrangements** - Review the Council's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

12.3.2 The Committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.

12.4 **Internal Audit** (where Council ~~does not have~~ **has** a separate internal audit function) The Committee shall:

12.4.1 **Monitor and Review** - The effectiveness of the Council's internal audit function in the context of the Council's overall risk management system.

12.4.2 **Program** - Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

12.4.3 **Reports** - Review all reports on the Council's operations from the internal auditors.

Aligned with **Section 126 (4)** of the Local Government Act one of the functions of the Audit and Risk Committee will be as follows:

(i) if the council has an internal audit function—

(A) providing oversight of planning and scoping of the internal audit work plan; and

(B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;

Aligned with **Section 125A** of the Local Government Act as follows:

(1) Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function –

(a) must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and

(b) may report any matters relating to the internal audit function directly to the audit and risk committee.



As such quarterly reporting will be provided to the Council Executive and the Audit and Risk Committee.

Aligned with **Section 99** of the Local Government Act the CEO will: *(ib) to report annually to the relevant audit and risk committee on the council's internal audit processes;*

12.4.4 **Findings and Recommendations** - Review and monitor management's responsiveness to the findings and recommendations of the Internal Auditor; and

12.4.5 **Direct Access** - Provide the internal Auditor with the right of direct access to the Mayor of the Council and to the **Presiding Member** of the Committee.

12.5 **External Audit:**

The Committee shall:

12.5.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor.

12.5.2 **Selection/Resignation Process** - The Committee shall oversee the selection process for a new external auditor and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.

12.5.3 **Relationship** - Oversee Council's relationship with the external auditors including, but not limited to:

- **Remuneration** - Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted.
- **Terms of Engagement** - Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit.
- **Independence & Objectivity** - Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the external auditors, including the provision of any non-audit services.
- **Relationships** - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business).
- **Assessment** - Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditors on the Committee's own internal quality procedures).
- **Follow up** - Action(s) to follow up on matters raised by the external auditors.

12.5.4 **Meeting** - Meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year to discuss the external



auditor's report and any issues arising from the audit.

12.5.5 **Annual Audit Plan** - Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement.

12.5.6 **Audit Findings** - Review the findings of the audit with the auditor. This shall include, but not be limited to, the following:

- A discussion of any major issues which arose during the external audit;
- Any accounting and audit judgements; and
- Levels of errors identified during the external audit.

12.5.7 **Effectiveness** - The Committee shall also review the overall effectiveness of the external auditor.

12.5.8 **Representation Letter(s)** - Review any representation letter(s) requested by the auditor before they are signed by management.

12.5.9 **Management Letter** - Review the management letter and management's response to the external auditor's findings and recommendations. Subsequent to the initial review the Committee will oversee action to follow up on matters raised by the external auditors.

12.6 **Review of Strategic Management and Business Plans:**

The Committee shall review and provide advice on Council's strategic management plans (at the time of their preparation and scheduled review), which include the following:

- Strategic Plan;
- Key principles and assumptions of the Long Term Financial Plan;
- Various Asset Management Plans; and
- Annual Business Plan.

12.7 **Prudential Reports:**

12.7.1 **Review** - The Committee shall provide advice on the management of any prudential reports prepared for Council and provide advice to Council.

13. **OTHER MATTERS:**

The Committee:

13.1 **Annual Work Program** - The Committee must adopt an annual work program.

13.2 **Oversee Investigations** - Shall oversee any investigation of activities that are within its Terms of Reference.

13.3 **Other Matters** - Shall give consideration to:

- **Relevant Audits** – Consider the findings and recommendations of relevant audits undertaken by the SA Auditor General's Office, the South Australian Ombudsmen, Independent Commissioner Against Corruption (ICAC) and other agencies to ensure Council considers the relevant recommendations.
- **Any Other Matters** - any other matters referred to it by Council meeting resolution or the CEO.

13.4 **Resources** - Shall have access to reasonable resources to carry out its duties.

13.5 **Training** - Be provided with appropriate and timely training, both in the form of



an induction program for new members and an ongoing basis for all members.

13.6 **Insurance** - Shall advise Council's insurers of any civil liability or risk management issue. It should also be noted that Members of the Committee will be covered by Council's insurance policies while engaged in the business of the Committee.

13.7 **Legislation** - Give due consideration to the *Local Government Act 1999* and regulations made under the Act.

14. **REVIEW/REPORTING:**

14.1 **Recommendations** - The Committee shall make whatever recommendations to Council it deems appropriate on any area within these Terms of Reference where in its view action or improvement is needed.

14.2 **Self-Assessment Reports** - The Committee will at least once a year, review its own performance and provide a Self-Assessment Report to the CEO for tabling at the next Council meeting.

14.3 **Terms of Reference** – The Committee shall at least once every two years review its terms of reference.

14.4 **Council Review** - Council may review and amend the Committee Terms of Reference at any time, providing that the Committee has an opportunity to provide Council with any concerns that arise.

14.5 **Regular Reporting** - *Section 126 of the Local Government Act effective from 30 November 2023 requires that the following report is prepared as shown below:*
(8) A council audit and risk committee must— (a) provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting;

(9) A council must ensure that the annual report of its audit and risk committee is included in its annual report



15. **ACCESS TO TERMS OF REFERENCE:**

- 15.1 The Audit and Risk Committee Terms of Reference is available for public inspection at the Customer Centre, 10 Watson Terrace, Mount Gambier, South Australia and on the Council's website www.mountgambier.sa.gov.au



5.5 AUDIT AND RISK COMMITTEE MEETING REPORT 26/02/24 – REPORT NO. AR24/24108

Committee:	Audit and Risk Committee
Meeting Date:	8 April 2024
Report No.:	AR24/24108
CM9 Reference:	AF11/863
Author:	Julie Scoggins, Manager Financial Services
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	Further to legislative changes this report provides a report to Council after the Audit and Risk Committee meeting, summarising the work of the committee preceding the meeting and the outcomes of the meeting.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR24/24108 titled 'Audit and Risk Committee Meeting Report 26/02/24' as presented on 08 April 2024 be noted.



TYPE OF REPORT

Legislative

BACKGROUND

1. **Legislation** – Section 126 of the Local Government Act effective from 30 November 2023 requires that the following report is prepared as shown below:

(8) A council audit and risk committee must— (a) provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting;

PROPOSAL

Period Preceding The Meeting:

2. **Audit and Risk Committee Workshop** - A workshop was held prior to the meeting that took the members through the status of the Budget, LTFP and IAMP processes.
3. **Council Member Briefing** - A meeting was held between the Council Member Audit and Risk Committee representative, the General Manager Corporate and Regulatory Services, Manager Financial Services and other report authors to provide a briefing on the reports included in the agenda prior to the meeting
4. **Presiding Member Pre-Meeting** - A meeting was held between the Manager Financial Services and the Presiding Member to discuss the agenda prior to the meeting.

Outcomes of The Meeting:

5. The outcomes of this meeting will be summarised in the minutes to be adopted by Council.

LEGAL IMPLICATIONS

Local Government Act Sections 125A, 126 and 41.

Local Government (Financial Management) Regulations 2011

Terms of Reference – Audit and Risk Committee

STRATEGIC PLAN

N/A

COUNCIL POLICY

N/A

ECONOMIC IMPLICATIONS

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

SOCIAL IMPLICATIONS

N/A

CULTURAL IMPLICATIONS

N/A

RESOURCE IMPLICATIONS

N/A

VALUE FOR MONEY

N/A



RISK IMPLICATIONS

N/A

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

N/A

IMPLEMENTATION STRATEGY

N/A

CONCLUSION AND RECOMMENDATION

The recommendation to Council is that they note the report as presented (in conjunction with the minutes of the meeting).

ATTACHMENTS

Nil



6 MOTIONS WITHOUT NOTICE

7 MEETING CLOSE



**MINUTES OF CITY OF MOUNT GAMBIER
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT
GAMBIER
ON MONDAY, 26 FEBRUARY 2024 AT 5.35 P.M.**

PRESENT: Mr Paul Duka, Mayor Lynette Martin (OAM), Cr Paul Jenner (via phone), Mr Alexander Brown (virtual), Ms Belinda Johnson (virtual)

OFFICERS IN ATTENDANCE:	Chief Executive Officer	- Mrs S Philpott
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh
	General Manager City Infrastructure	- Ms B Cernovskis
	Manager Financial Services	- Mrs J Scoggins
	Manager Organisational Development	- Ms L Little
	Executive Administrator	- Mrs A Pasquazzi

1 ACKNOWLEDGEMENT OF COUNTRY

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 FIRST NATIONS PEOPLES HAVE WITH THE LAND.

2 APOLOGY(IES)

Nil

3 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Alexander Brown

Seconded: Belinda Johnson

That the minutes of the Audit and Risk Committee meeting held on 29 January 2024 be confirmed as an accurate record of the proceedings of the meeting.

CARRIED

4 QUESTIONS WITHOUT NOTICE

Nil



5 REPORTS

5.1 PLANNING, DEVELOPMENT AND INFRASTRUCTURE ACT 2016 POST IMPLEMENTATION INTERNAL AUDIT

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR24/3285 titled 'Planning, Development and Infrastructure Act 2016 Post Implementation Internal Audit' as presented on 26 February 2024 be noted.

CARRIED

5.2 PAYROLL AND REMUNERATION INTERNAL AUDIT

COMMITTEE RESOLUTION

Moved: Alexander Brown

Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR24/3288 titled 'Payroll and Remuneration Internal Audit' as presented on 26 February 2024 be noted.

CARRIED

5.3 EXTERNAL AUDIT MANAGEMENT REPORT

COMMITTEE RESOLUTION

Moved: Mayor Lynette Martin

Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR24/12237 titled 'External Audit Management Report' as presented on 26 February 2024 be noted.

CARRIED

5.4 RISK MANAGEMENT REPORT OCTOBER - DECEMBER 2023

COMMITTEE RESOLUTION

Moved: Alexander Brown

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR24/12963 titled 'Risk Management Report October - December 2023' as presented on 26 February 2024 be noted.

CARRIED



5.5 WORK HEALTH SAFETY (WHS) AND WELLBEING QUARTERLY REPORT - OCTOBER - DECEMBER 2023

COMMITTEE RESOLUTION

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That Audit and Risk Committee Report No. AR24/13549 titled 'Work Health Safety (WHS) and Wellbeing Quarterly Report - October - December 2023' as presented on 26 February 2024 be noted.

CARRIED

Paul Duka declared an interest in item 5.6 and stepped down as Presiding Member for that item.

Mayor Lynette Martin took the chair for item 5.6.

5.6 PRESIDING MEMBER NOMINATION

COMMITTEE RESOLUTION

Moved: Cr Paul Jenner

Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR24/10396 titled 'Presiding Member Nomination' as presented on 26 February 2024 be noted.
2. That Paul Duka be appointed the Presiding Member of the Audit and Risk Committee from 16 March 2024.
3. That the term of office for the position of Audit and Risk Committee Presiding Member be 1 year expiring on 16 March 2025.

CARRIED

Paul Duka resumed the chair for the remainder of the meeting.

5.7 AUDIT AND RISK COMMITTEE MEETING REPORT 26/02/24

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR24/12549 titled 'Audit and Risk Committee Meeting Report 26/02/24' as presented on 26 February 2024 be noted.

CARRIED

6 MOTIONS WITHOUT NOTICE

Nil



7 MEETING CLOSE

The Meeting closed at 6:43 pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee held on 25 March 2024.

.....
PRESIDING MEMBER

