



Agriculturally rich-Naturally beautiful

Minutes of the Audit Committee Meeting of the Yorke Peninsula Council

held on Tuesday 11th December 2014,
in the Council Chambers
57 Main Street Minlaton commencing at 3.00pm
(Subject to confirmation)

ITEM 1 WELCOME

Mr Peter Brass welcomed everyone to the meeting and declared the meeting open at 3.01pm

Mr Peter Brass offered a welcome to the new members of the Committee and all in attendance.

PRESENT

Independent Members Peter Brass and David Hurley, Councillors John Rich, Tania Stock and Scott Hoyle

APOLOGIES

Andrew Cameron (CEO), Chloe Brown (Financial Accountant)

IN ATTENDANCE

Mayor Ray Agnew	
David Harding	Director Corporate and Community Services
Trevor Graham	Director Assets and Infrastructure Services
Michael McCauley	Asset Manager
Brianna Wood	Risk Management Officer
Karen Schulz	Manager Financial Services
Anne Hammond	Business Improvement Officer
Kylie Gray	Minute Secretary
Felicity Kemp	Future Minute Secretary

MINUTES OF THE PREVIOUS MEETING

Cr John Rich moved

Mr David Hurley seconded

That the minutes of the Audit Committee meeting held on 27th October 2014 as circulated, be confirmed as a true record.

CARRIED 044/2014 (11/12/2014)

CONFLICT OF INTEREST

The Chairperson reminded all members of their requirement to disclose any conflict of interest and provide full and accurate details of the relevant interest to the Audit Committee prior to consideration of that item on the Agenda.

ITEM 2 REPORTS

1. REVIEW AUDIT COMMITTEE WOK PLAN 2014

Mr David Harding spoke to the report.

Mr Harding welcomed Cr Stock and Cr Hoyle to the Committee.

Internal controls update and the final quarter budget review has been moved to this meeting from the last.

Cr John Rich moved

Cr Tania Stock seconded

That the Audit Committee endorses the updated 2014 Audit Committee Work Plan.

CARRIED 045/2014 (11/12/2014)

2. CONSIDER AUDIT COMMITTEE WORK PLAN 2015

Mr David Harding spoke to the report and answered questions from members.

The 2015 Work Plan has been based on previous year work plan with the Inclusion of Risk Administration and Asset Management reports.

Action: Mr Peter Brass to work with Mr David Harding on obtaining feedback from the previous members Brenda Bowman and Bob Nicholls regarding previous Audit Committee performance - to be presented at the February 2015 meeting.

Review of internal controls as part of interim internal audit visit – Update for the June meeting.

Mr David Hurley moved

Cr John Rich seconded

That the Audit Committee endorses the 2015 Audit Committee Work Plan.

CARRIED 046/2014 (11/12/2014)

3. FINAL FINANCIAL STATEMENT AND AUDITORS REPORT

Mr David Harding spoke to the report and answered questions from members.

External audit letter response to be included in the February Agenda

Cr Tania Stock moved

Cr John Rich seconded

That the Audit Committee receives the report incorporating Council's Audited Finance Statements and final Audit Report for the year ended 30 June 2014.

CARRIED 047/2014 (11/12/2014)

4. JUNE 2014 BUDGET REVIEW

Mr David Harding spoke to the report and answered questions from members.

The reports compares the 13/14 adopted budget to the year end result as required by the Financial Management Regulations.

Clinton road funding (\$653k) was withdrawn from State Government after the budget was adopted however the Council contribution of approx. \$300k was still allocated to Clinton Road.

Funding of \$53k for Clinton road has since been offered and accepted ensuring the project is as ongoing when considering future funding applications and therefore may enhance eligibility for additional funding.

Discussions occurred around the Roads to Recovery and Local Roads funding.

Revaluation of transportation infrastructure as well as land and buildings (AASB13) has impacted results with a significant decrease in depreciation resulting.

The actuals versus budget for utility costs and contractors was reviewed during budget review process however costs were still higher than anticipated. Council has partnered with LGA Procurement for the energy going forward however accurate costs are not usually available when budget is adopted.

The new asset management system will assist in the preparation of both operating and capital budgets going forward however all data is at an early stage of development and will be further refined as more reliable data is entered and tested.

Cr Tania Stock moved

Mr David Hurley seconded

That the explanations and the attached financial reports, comparing the adopted 2013/2014 budget with the audited financial statements, be received.

CARRIED 048/2014 (11/12/2014)

5. SEPTEMBER 2014 BUDGET REVIEW

Mr David Harding spoke to the report and answered questions from members.

Rollover of the Yorketown stormwater consultancy project of \$120k accounted mainly for the increase in borrowing for the first quarter of \$117k.

Cr John Rich moved

Cr Tania Stock seconded

That the Audit Committee receive the September 2014 Budget Review changes as presented in the attached September 2014 Budget Review – Summary of Changes and the financial reports (Uniform Presentations of Finances, Statement of Comprehensive Income).

CARRIED 049/2014 (11/12/2014)

6. INVESTMENT REPORT 2013/2014 FINANCIAL YEAR

Mr David Harding spoke to the report and answered questions from members.

Cash flow pressure at the beginning of each financial year expected for the next few years as due dates for rates payments being Sept, Dec, March and June. Insurance bill is payable in July each year – approximately \$1m. Finance team will carefully manage cash flow to ensure minimum cost to Council.

LGA has overdraft options – CAD of \$3m at variable interest rate is available if required.

Discussion occurred around financial sustainability ratios to be included in reports to Audit Committee to provide clearer understanding. Currently ratios are reviewed at each quarterly budget review except the September review.

Cr Scott Hoyle moved

Cr Tania Stock seconded

That the report be received.

CARRIED 050/2014 (11/12/2014)

Mayor left the meeting at 3.56pm

7. LONG TERM FINANCIAL PLAN UPDATE

Mr David Harding spoke to the report and answered questions from members.

Funding cuts have had an impact on the LTFP.

Draft budgets to be presented one month prior to the LTFP so that the LTFP matches the adopted budget.

Workshops will be focussed on financial sustainability and review of services and service levels.

A report will be presented on January 14th at council workshop to demonstrate the forecast based on current assumptions and another version based on removing financial sustainability factors agreed by the previous Council. Object is to ensure understanding of financial position and sustainability ahead of 15/16 budget development.

Cr John Rich moved

Cr Scott Hoyle seconded

That the report be received.

CARRIED 051/2014 (11/12/2014)

8. ASSET MANAGMEENT REPORT

Mr Michael McCauley spoke to the report and answered questions from members.

Data collected on 700km of unsealed road network thus far with condition ratings expected to be completed on the entire network by June 2015.

Road hierarchy and level of service will be the Asset Management focus during workshops.

Revaluations of CWMS and Stormwater facilities at 1 July 2014 will be conducted as requested by Dean Newberry & Associates.

Discussions occurred around how the condition assessments are determined and the data stored in the Conquest system as well as the resources used to continue the recording of data.

Every 5 years revaluations are required under Financial Management Regulations. With good management of the process, the condition assessments will be carried out on rotation across the 5 year period.

Roads/Transport is the current focus of data for the Conquest system then moving to buildings, CWMS and stormwater.

Cr John Rich moved

Cr Tania Stock seconded

That the report be received.

CARRIED 052/2014 (11/12/2014)

9. RISK MANAGMEENT REPORT

Ms Brianna Wood spoke to the report and answered questions from members.

Four risks rated as extreme are currently under consideration in regards the controls currently in place to mitigate the risks.

It was suggested that the highest ratings on the matrix should be changed from "severe" to "catastrophic".

The Risk matrix has been endorsed by Council as part of the Risk Management Policy.

Discussions occurred around the key risks associated with Council decision making going forward including further breakdown of specific risks for departments ahead of decisions.

Cr John Rich moved

Cr Scott Hoyle seconded

That the Audit Committee considers the draft Strategic Risk Management Plan and provide feedback and comments, prior to employee consultation.

CARRIED 053/2014 (11/12/2014)

10. INTERNAL ACTIVITY REPORT

Ms Anne Hammond spoke to the report and answered questions from members.

July 2015 will be the start of the internal audit for conquest program and the WHS internal audit is currently underway.

Mr David Hurley moved

Cr Tania Stock seconded

That the report be received.

CARRIED 054/2014 (11/12/2014)

11. INTERNAL AUDIT PLAN 2015-2017

Ms Anne Hammond spoke to the report and answered questions from members.

It was suggested that the Internal Audit Plan be reviewed to have greater focus for the Strategic Risk Management risks and controls identified.

Mr David Hurley moved

Cr Tania Stock seconded

That the report be received.

CARRIED 055/2014 (11/12/2014)

12. INTERNAL CONTROLS PROJECT UPDATE

Ms Anne Hammond spoke to the report and answered questions from members.

Control Track Risk Module to be utilised to review controls.

It was recommended an induction to risk management, internal controls and internal audit be included in the 14th January 2015 Council workshop.

Cr Scott Hoyle moved

Cr Tania Stock seconded

That the report be received.

CARRIED 056/2014 (11/12/2014)

ITEM 3 GENERAL BUSINESS

Nil

ITEM 4 NEXT MEETING

Tuesday 24th February 2014 at 3pm – to be confirmed with Mr Peter Brass.

Minlaton Council Chamber

ITEM 5 CLOSURE

The Meeting Closed at 4.51pm

.....
Mr Peter Brass