



Agriculturally rich-Naturally beautiful

Minutes of the Audit Committee Meeting of the Yorke Peninsula Council

held on Tuesday 13th May 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 3.06pm.

PRESENT

Independent Members Peter Brass (via phone link) and David Hurley, Councillors Brenda Bowman (Deputy Mayor), Bob Nicholls and John Rich

IN ATTENDANCE

Mayor Ray Agnew	Chief Executive Officer
Andrew Cameron	Director Corporate and Community Services
David Harding	Director Assets and Infrastructure Services
Trevor Graham	Manager Financial Services
Karen Schulz	Business Improvement Officer
Amanda Parkes	Business Improvement Officer
Anne Hammond	Asset Manager
Michael McCauley	Financial Accountant
Chloe Brown	Risk Administrator
Brianna Wood	Independent Project Manager
Steve Walker	Deloitte
Pascal Marrot-Castellat	Minute Secretary
Kylie Gray	

MINUTES OF THE PREVIOUS MEETING

Cr Brenda Bowman moved **Mr David Hurley seconded**

That the minutes of the Audit Committee meeting held on Tuesday 11th March 2014 as circulated, be confirmed as a true record.

CARRIED 014/2014 (13/05/2014)

CONFLICT OF INTEREST

The Chairman 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

DIRECTOR CORPORATE AND COMMUNITY SERVICES

1. AUDIT COMMITTEE 2014 WORK PLAN REVISED

Mr Harding spoke to this report.

Change of dates as agreed at previous meeting Review of rates options for 2014-2015 will be moved to the next meeting as valuations from the Valuer-General have not yet been received.

Cr John Rich moved

Cr Brenda Bowman seconded

That the Audit Committee endorse the revised 2014 Audit Committee Work Plan.

CARRIED 015/2014 (13/05/2014)

2. MARCH 2014 BUDGET REVIEW

Mr Harding spoke to this report.

Cr Bob Nicholls moved

Mr David Hurley seconded

That the Audit Committee recommend that Council adopt the March 2014 Budget Review changes as presented in the March 2014 Budget Review – Summary of Changes and the attached financial reports. (Uniform Presentation of Finances, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Financial Ratios Report)

CARRIED 016/2014 (13/05/2014)

3. DRAFT 2014/2015 ANNUAL BUSINESS PLAN

Mr Harding spoke to this report.

The Draft ABP includes recommended borrowings of \$6m with \$3m committed to improvement and extension of Council's principle office at Maitland and \$3m for road infrastructure renewals with \$1m to be spent in 2014/2015 and \$2m in 2015/2016.

Addendum (brochure) for the office building extension and improvements to be provided to the Audit Committee as was not available at time of issue of the Agenda for this meeting.

Cr Brenda Bowman moved

Cr Bob Nicholls seconded

That the Audit Committee recommend to Council that the draft Annual Business Plan, including the draft budget for the financial year ending 30th June 2015, be endorsed for public consultation.

CARRIED 017/20104 (13/05/2014)

4. LONG TERM FINANCIAL PLAN REVIEW

Mr Harding spoke to this report.

Summary reports provided are based on the changes to the LTFP due to current ABP recommendation for \$6m borrowing and investments in office accommodation and road infrastructure renewals.

The changes to the ABP 2014-2015 will compromise the anticipated surplus in year ten of the LTFP with a \$327k deficit now expected. Council will consider surplus asset sales to balance the long term impact.

Cr Bob Nicholls moved

Mr David Hurley seconded

The Audit Committee receive the reviewed Long Term Financial Plan for discussion.

CARRIED 018/2014 (13/05/2014)

5. EXTERNAL AUDIT LETTER RE: APPLICATION OF AASB13, AASB116, AASB136

Mr Harding spoke to this report.

Cr Brenda Bowman moved

Cr John Rich seconded

That the external auditor's letter be received.

CARRIED 019/2014 (13/05/2014)

BUSINESS IMPROVEMENT OFFICER

6. INTERNAL AUDIT ACTIVITY REPORT FEB 14 - APR14

Ms Parkes spoke to this report.

Ms Parkes provided the table missing from page 73 of the agenda and advised that the attractive asset review is soon to be commenced as well as the payroll review.

Mr Harding spoke regarding the inconsistency of caravan park agreements across the district and advised of Council's intentions to review all agreements as the leases become due with the aim of consistency across all caravan parks. Caravan Park Managers are not employees of Council but are on Management contracts based on retainers and a percentage of revenue..

Discussion occurred around the income and expenditure on page 74 and linked this to the inconsistencies in agreements.

Sharepoint was discussed as the new platform for lease renewals.

Deficiencies in processes for recording issuances and purchases of fuel were discussed in the context of recommendations made by the Internal Auditor.

CMT is to review options and perform a cost benefit analysis for automated system.

Assessment of WHS issues for Caravan Parks and fuel related tasks were discussed.

Mr Harding advised that there are currently WHS measures in place for all Caravan Parks

Mr Graham advised that Fuel storage facilities were assessed as compliant as by fuel suppliers and that these and surrounding areas form part of regular depot inspections.

Cr John Rich moved

Cr Bob Nicholls seconded

That the report be received.

CARRIED 020/2014 (13/05/2014)

ASSET MANAGER

7. ASSET MANAGEMENT UPDATE

Mr McCauley spoke to this report.

Condition assessment data collection for selected road infrastructure has been completed and is currently being collated.

CWMS information collection and collation for the asset registers has begun.

Cr Nicholls asked if tasks were to be completed in time to ensure that an audit qualification in regard to transport infrastructure valuations is not received this year.

Mr Graham advised that work completed to date meets criteria and dates as requested by the auditors.

Cr Bob Nicholls moved

Mr David Hurley seconded

That the report be received.

CARRIED 021/2014 (13/05/2014)

INDEPENDENT PROJECT MANAGER – STEVE WALKER

8. ROAD CONDITION ASSESSMENT PROJECT UPDATE

Mr Walker provided a verbal update (written report sent to the Committee via email).

Mr Walker outlined the reasons for the previous audit qualification based on the valuations data in the form a spreadsheet from 2005 which is considered out of date as it was completed longer than 5 years from valuation date.

A methodology to determine valuations and useful lives is required and involves much work and many aspects relating to asset types. Data is required for high and low use roads, currently not enough information is available for the low use roads.

The importance of linking this data to road renewal planning/maintenance over future decades was discussed.

Discussions occurred around the workload over the past 12 months to complete the condition assessments and impacts on future years, determination of renewal planning in to the future and validation of data for financial reporting.

Mr Graham confirmed that Council have committed resources for the first stage of the Asset Management System build and factored resourcing for the coming financial year.

Mr Walker advised the aim still remains to assess at 20% of unsealed roads and 100% of sealed roads and based on findings it may be appropriate to review the status of some roads with possible removal of some roads from the register if they are found to be formed rather than sheeted.

Mr Harding advised that he will discuss the current progress of in relation to the valuations qualification with the auditors in the next two weeks and report this information back to the Audit Committee.

Cr Brenda Bowman moved **Mr David Hurley seconded**

That the report be received.

CARRIED 022/2014 (13/05/2014)

RISK ADMINISTRATOR

9. RISK MANGEMENT UPDATE

Ms Brianna Wood provided Risk Management training prior to the commencement of the meeting.

Ms Wood will be meeting with CMT to discuss the organisational risks and prioritising the risks focusing on the top five risk initially and determining how and the frequency of reporting to the Audit Committee.

DELOITTES – PASCAL MARROT-CASTELLAT

10. CONTROL TRACK APPLICATION DEMONSTRATION

Mr Marrot-Castellat provided the Audit Committee with a demonstration of the tool to be used by Council to monitor Internal Controls and improvements thereof. This demonstration was completed prior to the commencement of the meeting.

ITEM 3 GENERAL BUSINESS

Nil

ITEM 4 NEXT MEETING

Tuesday 24th June 2014 at 3pm

Minlaton Council Chamber

ITEM 5 CLOSURE

The Meeting Closed at 4.03pm

.....

Mr Peter Brass