



Agriculturally rich-Naturally beautiful

Minutes of the Audit Committee Meeting of the Yorke Peninsula Council

held on Tuesday 16th September 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 3pm.

PRESENT

Independent Members Peter Brass and David Hurley, Councillors Bob Nicholls and John Rich

APOLOGIES

Cr Brenda Bowman (Deputy Mayor), Michael McCauley (Asset Manager)

IN ATTENDANCE

Mayor Ray Agnew	
Andrew Cameron	Chief Executive Officer
David Harding	Director Corporate and Community Services
Trevor Graham	Director Assets and Infrastructure Services
Karen Schulz	Manager Financial Services
Anne Hammond	Business Improvement Officer (Left at 3.55pm)
Chloe Brown	Financial Accountant
Brianna Wood	Risk Administrator
John Jovicevic	External Auditor – Dean Newbery and Associates (Left at 3.11pm)
Stewart Simpson	External Auditor – Dean Newbery and Associates (Left at 3.11pm)
Kylie Gray	Minute Secretary

MINUTES OF THE PREVIOUS MEETING

Cr Bob Nicholls moved Mr David Hurley seconded

That the minutes of the Audit Committee meeting held on Tuesday 24th June 2014 as circulated, be confirmed as a true record.

CARRIED 031/2014 (16/09/2014)

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

13. INTERIM EXTERNAL AUDIT REPORT

Item moved to first on the agenda as the external auditors were only available for a short time.

Mr John Jovicevic provided a verbal report on the progress of the balance date audit and draft financial statements and answered questions from members.

The team is currently in the second day of the site visit and are testing information. Review of the asset valuations in relation to buildings required under AASB13 has been a focus along with the revaluation of transportation infrastructure.

The external auditors have been in contact with Tonkin Consulting and Maloney's as part of the review process.

Significant improvements have been evident in the revaluation of assets however review was still underway with expectations that shortfalls in the 2012/2013 financial statements have been overcome.

The Finance Department and in particular the Manager Financial Services were congratulated on the quality of work produced.

External Auditors left at 3.11pm

1. AUDIT COMMITTEE WORK PROGRAM UPDATE

Mr Harding spoke to this report.

Date change suggested for the next meeting from the October 28th to the 27th to meet the external audit requirement to attend the meeting. A meeting request will be sent to Members seeking availability to attend on the new date.

Setting of next year's audit committee program and the first quarter Budget review is scheduled to be presented at the November Council meeting as the Council is currently in caretaker mode.

Cr Bob Nicholls moved

Cr David Hurley seconded

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

CARRIED 032/2014 (16/09/2014)

2. INTERNAL AUDIT FRAMEWORK

Ms Hammond spoke to this report.

Minor changes to the framework regarding how to report back to the Committee have been made.

Next review date to be adjusted to 2017 from 2019.

Cr John Rich moved

Cr Bob Nicholls seconded

That the Audit Committee endorse the Internal Audit Framework document to support the internal audit process.

CARRIED 033/2014 (16/09/2014)

3. INTERNAL AUDIT ACTIVITY REPORT

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

Bush camping review highlights a number of recommendations to improve processes. Discussion occurred around possible administrative actions that can be taken to restructure the collection of fees for bush camping.

Mr Harding advised that the internal audit team also conducted an audit of the caravan parks.

Payroll audit – leave balances were calculated by the system incorrectly and this is in the process of being addressed with Civica. In the meantime balances have been calculated manually to ensure correct balances have been reported.

Human resources have drafted an exit checklist and the master file changes for new staff have been implemented.

Mr David Hurley moved

Cr John Rich seconded

That the report be received.

CARRIED 034/2014 (16/09/2014)

4. REGIONAL PROCUREMENT ROADMAP PROGRAM

Ms Hammond spoke to this report.

Discussions occurred regarding allocation of approximately \$12K for this project from the 2014-15 Audit Committee budget and potential cost savings from participation in the Regional Procurement Roadmap Program.

Cr John Rich moved

Cr Bob Nicholls seconded

That the Audit Committee endorse Council's participation in the Regional Roadmap Program.

CARRIED 035/2014 (16/09/2014)

5. INTERNAL CONTROLS PROJECT

Ms Hammond spoke to this report.

Staff training has taken place to ensure all staff are aware of the processes and expectations of the Internal Controls Project.

Mr Brass suggested a review on the processes implemented during 2014-15 from the external auditors prior to the internal control opinion commencing in 2015-16.

Cr Bob Nicholls moved

Cr John Rich seconded

That the report be received.

CARRIED 036/2014 (16/09/2014)

6. FINANCIAL POLICIES

Mr Harding spoke to this report.

Rates Relief Policy review is currently scheduled for the next Council Meeting.

Mr Harding provided a background on policies currently being reviewed and timelines expected.

Relevant policies will be presented to the Audit Committee as they are reviewed for endorsement to Council.

Timeframe for mandatory policies reviews discussed and determined that this be at management discretion as policies may be reviewed sooner where appropriate.

Mr David Hurley moved

Cr John Rich seconded

That the report be received.

CARRIED 037/2014 (16/09/2014)

7. PROCUREMENT POLICY

Mr Harding spoke to this report.

Discussion regarding major internal controls centred on the process for Standing Orders, parameters for requirement of multiple quotes, exceptions to these parameters and reporting. The make-up of all Tender Panels is also addressed to ensure transparency in future tender evaluations is strengthened.

Mr Brass suggested and agreed by the Committee that late tenders should not be accepted in any circumstances and the policy be updated accordingly.

Cr John Rich moved

Cr Bob Nicholls seconded

That the Audit Committee consider the draft Procurement Policy and provide feedback and comments, prior to further staff consultation.

8. EXTERNAL AUDIT MANAGEMENT LETTER AND DRAFT RESPONSE

Mr Harding spoke to this report and confirmed that answers to all of the Auditors questions have been updated.

Discussions centred around audit questions regarding the tender processes. Mr Harding discussed aspects of the Procurement Policy which apply to the tender processes going forward.

A suggestion was offered to modify the response and add details pertaining to responsibility for the actions and inclusion of completion dates to the responses as well as an amendment to the draft response to provide consistency in references to the Procurement Policy.

Cr Bob Nicholls moved **Cr John Rich seconded**

That the report be received and the Audit Committee endorse the updated responses.

CARRIED 039/2014 (16/09/2014)

9. EDRMS PROJECT UPDATE

Mr Harding provided a verbal update and advised that the project has been delayed until next financial year due to budget changes and staffing accommodation.

10. ASSET MANAGEMENT UPDATE

Mr Graham provided the verbal update.

Data collection is continuing on the unsealed road network in conjunction with a review of transport assets management plans.

Implementation of the conquest system and training is ongoing.

Mr Harding added that the Grants Commission Return now demands, as a compulsory response, that the optimal level of expenditure required for renewal and replacement of assets, as per the Infrastructure Asset Management Plan (IAMP) be included. Council has included estimates from existing IAMP's however a consolidated IAMP will not be available until completion of the implementation of the Conquest Asset management System. The indicative shortfall in current annual expenditure is approximately \$1.5m and this will need to be assessed in Council's long term financial strategies.

Mr Harding commented that the reason for the request was not revealed by the Grants Commission.

The Committee suggested that the LGA follow up the reason for these changes on behalf of all councils.

11. RISK MANAGEMENT UPDATE

Ms Wood provided the verbal update.

Strategic Risk Management Plan identified four strategic risks rated as extreme at the residual level and planning is underway to manage these risks.

The resultant work plan will be brought back to the Audit Committee for review as soon as it is completed.

12. INTERIM 2013/2014 FINANCIAL STATEMENTS

Ms Schulz spoke to this draft report.

Report provided under separate cover to the Committee.

Mr Harding offered his congratulations to Ms Karen Schulz on the work and quality of the financial statements provided.

Note number 7 – levels of hierarchy – minor changes expected due to AASB13.
Minor formatting changes also expected.

Final 2013/12014 financial statements to be reviewed by the Committee at the next meeting for endorsement and Council approval.

ITEM 3 GENERAL BUSINESS

Nil

ITEM 4 NEXT MEETING

27th of October 2014 at 2pm.

Minlaton Council Chamber

ITEM 5 CLOSURE

The Meeting Closed at 4.26pm

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Mr Peter Brass