



Agriculturally rich-Naturally beautiful

Minutes of the Audit Committee Meeting of the Yorke Peninsula Council

held on Wednesday 27th May 2015,
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 (teleconference) and David Hurley, Councillors John Rich, Tania Stock and Scott Hoyle

APOLOGIES

David Harding, Anne Hammond

IN ATTENDANCE

Mayor Ray Agnew	Mayor
Andrew Cameron	Chief Executive Officer
Trevor Graham	Director Assets and Infrastructure Services
Michael McCauley	Asset Manager
Brianna Wood	Risk Management Officer
Karen Schulz	Manager Financial Services
Chloe Brown	Financial Accountant
Felicity Kemp	Minute Secretary
Kylie Gray	Senior Clerical Officer

MINUTES OF THE PREVIOUS MEETING

Cr Rich moved **Cr Stock seconded**

That the minutes of the Audit Committee meeting held on 11th February 2015 as circulated, be confirmed as a true record.

CARRIED 013/2015 (27/5/2015)

CONFLICT OF INTEREST

The Chairperson reminded all members of the 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 WORK PLAN 2015

Ms Karen Schulz spoke to the report. Minor alterations to the work plan included the change of the current May meeting date, and minor changes to scheduling of report presentations. Discussion occurred around the meeting dates in June, September and October. October meeting will be moved to 29th October 10:30am at the request of Mr Peter Brass.

Cr Rich moved

Cr Stock seconded

That the Audit Committee endorse the updated 2015 Audit Committee Work Plan and new date for October meeting.

CARRIED 014/2015 (27/05/2015)

2. DRAFT 2015/16 ANNUAL BUSINESS PLAN

Ms Karen Schulz spoke to the report and answered questions from members. Mr Peter Brass queried public reaction to the rating increase. Mr Andrew Cameron explained that Council has traditionally had a very low rating base, and that the increase as presented is in line with the LTFP objectives, which have been endorsed by Council. Cr John Rich spoke to how the general public expect services will not be cut, and the LTFP rates assumptions are aimed at ensuring the ability to maintain current service levels is sustainable into the future.

Cr Hoyle moved

Cr Rich seconded

That the Audit Committee receives the report

CARRIED 015/2015 (27/05/2015)

3. MARCH 2015 BUDGET REVIEW

Ms Karen Schulz spoke to the report and answered questions from members. Discussions occurred around depreciation and overall percentages. Mr David Hurley queried the rationale behind the reduction in capital expenses. Ms Schulz explained the road acceleration programme is being rolled forward to the new financial year due to lack of resources to complete these works in the current year.

Cr Stock moved

Cr Hoyle seconded

That the Audit Committee receives the report

CARRIED 016/2015 (27/05/2015)

4. LONG TERM FINANCIAL PLAN UPDATE

Ms Karen Schulz spoke to the report and answered questions from members.

Mr David Hurley moved

Cr Rich seconded

That the Audit Committee receives the report

CARRIED 017/2015 (27/05/2015)

5. CARAVAN PARK BUSINESS CASES

Ms Karen Schulz spoke to the report and answered questions from members. Cr Tania Stock queried the viability of duplex designs, and asked that Ms Schulz provide a response. Mr David Hurley queried the total expenditure of the projects. Ms Schulz advised total costs, explaining that these were commercial projects and being repaid through proceeds from the parks concerned over the life of the loans, being five to ten years. Mayor Agnew noted an article in the Country Times that announced Council borrowings, and that it should have stated repayments will be from the park proceeds on a commercial basis. Mr Brass asked that it be noted that the Audit Committee supports Council with the caravan park business cases.

Action: Ms Schulz to provide a response to the query regarding whether duplex designs are suitable for the intended purpose.

Cr Stock moved **Cr Hoyle seconded**

That the report be received.

CARRIED 018/2015 (27/05/2015)

6. INTERNAL AUDIT ACTIVITY REPORT

Ms Karen Schulz spoke to the report and answered questions from members. Mr Peter Brass commended the report layout.

Cr Rich moved **David Hurley seconded**

That the report be received

CARRIED 019/2015 (27/05/2015)

7. INTERNAL CONTROLS PROJECT UPDATE

Ms Karen Schulz spoke to the report and answered questions from members. Mr Peter Brass queried the number of tasks rating 3 or less that need action plans and the ability to have these completed by June 30 of this year.

Action: Action plans be prioritised to ensure those considered highest risk are attended to first in the event that all plans cannot be completed by June 30.

Mr David Hurley moved **Cr Rich seconded**

That the report be received.

CARRIED 020/2015 (27/05/2015)

8. RISK MANAGEMENT REPORT

Ms Brianna Wood spoke to the report and answered questions from members. Mr Peter Brass commented about the strategic risks and ownership with the CEO noting that ownership should also be considered at Council level. Discussions occurred around Risk Management improvement and maturity of the system.

Cr Stock moved **Cr Hoyle seconded**

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

CARRIED 021/2015 (27/05/2015)

9. ASSET MANAGEMENT UPDATE

Mr Michael McCauley spoke to the report and answered questions from members. Cr John Rich commented about the improvements in the control and reporting of asset management.

Cr Rich moved **Mr David Hurley seconded**

That the report be received

CARRIED 022/2015 (27/05/2015)

10. AUDIT COMMITTEE SELF ASSESSMENT

Mr Peter Brass spoke to the report and answered questions regarding the forms that have been received. Cr John Rich was happy with the result.

Cr Rich moved **Cr Stock seconded**

That the Audit Committee Self-Assessment forms be received

CARRIED 023/2015 (27/05/2015)

11. DISPOSAL OF LAND AND OTHER ASSET POLICY REVIEW

Ms Karen Schulz spoke to the report and answered questions from the members. Mr Peter Brass commented about reviewing point 4.2.11 to ensure a consistency of wording with the internal controls document. Ms Schulz noted this for future review.

Cr Hoyle moved **Mr David Hurley seconded**

That the policy be endorsed.

CARRIED 024/2015 (27/05/2015)

12. CHANGES TO AASB116 – REVALUATION OF NON-CURRENT ASSETS

Ms Karen Schulz spoke to the report and answered questions from the members.

Cr Rich moved **Cr Stock seconded**

That the Audit Committee endorse the change in treatment of accumulated depreciation on revaluation of assets as suggested by Senior Management, in line with the changes to AASB116.

CARRIED 025/2015 (27/05/2015)

ITEM 3 GENERAL BUSINESS

Ms Karen Schulz spoke to members about the interim Audit. System and transactional testing came back with no issues. Auditors focused on testing internal controls ahead of the 2015/16 requirements. They provided information on what areas they would focus on for next years audit of these controls, with Procurement being the major category. They identified a number of issues around this area, and it was noted that Council had already identified these same areas and begun actions to address them. Ms Karen Schulz noted that the auditors are concerned about the large number of controls Council have and suggested that in discussion with the Audit Committee, the internal auditor should consider a priority scale regarding which of these controls should be reviewed six monthly, annually, or bi-annually. Mr Peter Brass asked if it was possible for the interim audit letter to be received prior to the June meeting, and Ms Schulz advised that it would be received within the next two weeks.

Mr David Hurley moved

Cr Stock seconded

That the verbal update be received

CARRIED 026/2015 (27/05/2015)

ITEM 4 NEXT MEETING

Wednesday June 24th 2015

ITEM 5 CLOSURE

The Meeting Closed at 3.56pm.

.....
Mr Peter Brass