

Minutes of the meeting of the Audit Committee of the City of Holdfast Bay held in the Mawson Room, Civic Centre, 24 Jetty Road, Brighton on Wednesday 24 August 2016 at 6:00pm.

PRESENT

Members

Chairman – Councillor J Smedley
Ms V Brown
Mr J Wood
Mr S Spadevecchia

Staff

General Manager Business Services – Mr IS Walker
Manager Finance – Mr J Newton
Manager Finance & Administration Alwyndor Aged Care – Ms P Warburton

Guests

Internal Auditors – Mr David Papa and Mr Weide Jin from Bentleys

1. OPENING

The Chairman declared the meeting open at 6.00pm.

2. APOLOGIES

- 2.1 Apologies Received – Councillor R Snewin
- 2.2 Absent - Nil

3. DECLARATION OF INTEREST

Members were reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 13 April 2016, 27 April 2016, 29 June 2016 and 6 July 2016 be taken as read and confirmed.

Moved by Mr Spadavecchia, Seconded by Ms V Brown

Carried

5. QUESTIONS BY MEMBERS – Nil

6. MOTIONS ON NOTICE – Nil

7. ADJOURNED ITEMS – Nil**8. REPORTS BY OFFICERS****8.1 Standing Items – August 2016 (Report No: 201/16)**

The Audit Committee is provided with a report on standing items at each scheduled meeting.

Motion

That the Audit Committee advises Council it has received and considered a Standing Items Report addressing:

- **Monthly financial statements**
- **Internal control**
- **Risk management**
- **Whistleblowing**
- **Internal audit**
- **Economy and efficiency audits**

Moved Ms V Brown, Seconded Mr S Spadavecchia

Carried

8.2 Appointment of Internal Auditor (Report No: 205/16)

Bentleys has been engaged to provide internal audit services to Council for a term of 3 years commencing 1 August 2016.

Motion

The Audit Committee advises Council that it endorses the appointment of Bentleys to provide internal audit services to Council for a term of 3 years commencing 1 August 2016.

Moved Mr S Spadavecchia, Seconded Mr J Wood

Carried

8.3 2016-17 Annual business Plan and Budget (Report No: 204/16)

Council adopted the 2016-17 Annual Business Plan and Budget on 28 June 2016. This report advises the Audit Committee of the amendments subsequent to the Draft Annual Business Plan previously considered by the Audit Committee and presents the final document for the information of the Committee.

Motion

That the Audit Committee notes the adopted 2016-17 Annual Business Plan and Budget.

Moved Ms V Brown, Seconded Mr J Wood

Carried

8.4 **Mutual Liability Scheme Risk Audit Results** (Report No: 203/16)

The LGA Mutual Liability Scheme (MLS) conduct an audit of the Council's risk management each year. This audit determines the Council's risk premium for the coming year. This report provides an overview of the results of the recent audit.

Motion

That the Audit Committee notes the recent LGA Mutual Liability Scheme risk review.

Moved Mr S Spadavecchia, Seconded Ms V Brown

Carried

Motion

That the Audit Committee recommends management increases the focus on risk management practices ensuring adequate resources to support future reporting to the Audit Committee in relation to high and extreme risks.

Moved Ms V Brown, Seconded Mr S Spadavecchia

Carried

8.5 **2015-16 Preliminary Funding Statements** (Report No: 202/16)

This report provides preliminary funding statements for the 2015/16 financial year including explanations of the interim results and major budget variations.

The interim result for municipal operations shows an increase of \$228,559 in the forecast operating surplus resulting in an interim operating surplus of \$812,522. This result is largely due to a decrease in employment costs of \$120,271, an overall saving of \$585,178 in materials, contracts and other expenses and additional other general operating revenue of \$103,970. The operational expenditure savings are detailed by business unit within this report and show a concerted effort by managers to reduce operating expenditure. The result is also affected by the Federal Government decision to prepay the first two instalments of the 2015/16 Financial Assistance Grant totalling \$588,830 in 2014/15. There was no prepayment of the 2016/17 grant in 2015/16.

The interim result for Alwyndor operations shows a net decrease of \$223,688 in operating costs resulting in a \$138,767 operating surplus. Major budget variances have occurred due to the introduction of the new consumer directed care Federal Government funding arrangement and are detailed in this report.

Motion

That the Audit Committee advises Council it has received and considered a report on the preliminary 2015/16 funding statements and notes the need to:

- 1. Manage and reduce staff leave liability**
- 2. Ensure the capital works program is completed within the budget year allocated**
- 3. Ensure Council has adequate resources to ensure parking by-laws are enforced and revenue protected**

Moved Mr S Spadavecchia, Seconded Mr J Wood

Carried

8.6 Business Transformation (Report No: 206/16)

Council's 2016-17 budget includes funding to undertake business transformation underpinned by better use of technology. This report provides the Audit Committee a brief overview of the business transformation program.

Motion

The Audit Committee advises Council it received a brief overview on the proposed business transformation program and will receive a more detailed presentation once a detailed program plan is in place.

Moved Mr S Spadavecchia, Seconded Ms V Brown

Carried

9. REPORTS BY MEMBERS - Nil

10. ACTION ITEMS - Not tabled

11. VERBAL REPORTS BY OFFICERS - Nil

12. CONFIDENTIAL

12.1 Glenelg Football Club

Motion

- 1. That under provisions of Section 90(2) of the Local Government Act 1999 an order be made in reliance upon the ground and for the reasons set out in part 2 of this motion that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer, General Managers, administrative staff and Internal Auditors in attendance in order to consider in confidence this item.**

2. **That the Audit Committee is satisfied that it is necessary that the public be excluded to enable the Audit Committee to discuss and to consider this item, Glenelg Football Club, at the meeting on the grounds set out in Section 90(3)(b) of the Local Government Act 1999, namely that:**
 - b. **Information the disclosure of which –**
 - (i) **could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and**
 - (ii) **would, on balance, be contrary to the public interest, as the benefit or detriment to Council in not disclosing information relating to Glenelg Football Club outweighs the public interest at this time for the reason that it deals with the financial and business affairs of Glenelg Football Club.**

Moved Ms V Brown, Seconded Mr S Spadavecchia

Carried

Order to Retain in Confidence

Motion

1. **That the Audit Committee, having considered the matter of the Glenelg Football Club in confidence under Section 90(3)(b) of the Local Government act 1999, makes an order under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that the minutes relating to this matter be kept in confidence for a period of 12 months on the grounds of information contained in Section 90(3)(b) of the Local Government Act 1999.**
2. **This resolution will be reviewed within 12 months by the Council.**

Moved Ms V Brown, Seconded Mr S Spadavecchia

Carried

13. URGENT BUSINESS – Nil

14. DATE AND TIME OF NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Wednesday 5 October 2016 in the Mawson Room, Civic Centre, 24 Jetty Road, Brighton.

15. CLOSURE

CONFIRMED

Wednesday 5 October 2016

