

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 25 January 2017 at 6:00pm.

PRESENT

Members

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

Staff

General Manager Business Services – Mr IS Walker
Manager Finance – Mr J Newton
Interim General Manager Alwyndor Aged Care – Ms T Aukett
General Manager City Assets & Services – Mr S Hodge

Internal Auditors (Bentleys)

Mr David Papa
Mr Weide Jin

1. OPENING

The Presiding Officer declared the meeting open at 6.00 pm.

2. APPOINTMENT OF PRESIDING OFFICER

On the recommendation of the Audit Committee, Councillor Smedley was appointed presiding officer of the committee by Council on 18 February 2015. The term of appointment was unspecified but could not be longer than the term of his appointment as a member of the committee which expired in November 2016. Councillor Smedley was re-appointed as a member of the committee by Council at its meeting on 22 November 2016. In the interests of good governance, it is recommended that the Audit Committee confirm its presiding member and seek a formal appointment from Council

Motion

The Audit Committee appoints Councillor Smedley as presiding officer for this meeting.

Moved Ms Brown, Seconded Mr Spadavecchia

Carried

3. APOLOGIES

- 2.1 Apologies Received - Nil
- 2.2 Absent - Nil

4. DECLARATION OF INTEREST

Members were reminded to declare their interest before each item.

5. CONFIRMATION OF MINUTES**Motion**

That the minutes of the Audit Committee held on 31 October 2016 be taken as read and confirmed.

Moved by Mr S Spadavecchia, Seconded by Ms Brown

Carried

6. PRESENTATION

Mr Weide Jin and Mr David Papa from Bentleys presented the draft 'Asset Management Review' report.

7. QUESTIONS BY MEMBERS - Nil**8. MOTIONS ON NOTICE - Nil****9. ADJOURNED ITEMS - Nil****10. REPORTS BY OFFICERS****10.1 Standing Items – January 2017 (Report No: 04/17)**

The Audit Committee is provided with a report on standing items at each ordinary 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 Mr Spadavecchia, Seconded Ms Brown

Carried

10.2 2017 Meeting Schedule (Report No: 11/17)

The Audit Committee determines annually its meeting schedule for the calendar year.

Motion

That the Audit Committee sets an ordinary meeting on Wednesday 29 March 2017 and Wednesday 3 May 2017.

Moved Councillor Charlick, Seconded Mr Wood

Carried

10.3 Budget Update as at 31 December 2017 (Report No: 10/17)

This report covers the second update of Council's 2016/17 budget conducted as at 31 December 2016.

For Municipal funds it has resulted in an increase in forecast operating surplus of \$70,259, an increase in forecast capital expenditure of \$232,760 offset by increased capital funding of \$328,714 and a net decrease in forecast borrowing requirements of \$251,913. The proposed year-end operating forecast is \$434,111 surplus. The increase in the surplus result is primarily due to savings in salaries as a result of staff vacancies and long service leave taken of \$222,400 along with additional development application fee income of \$90,000 against increased legal fees of \$100,000 and additional depreciation of \$85,700. For Alwyndor operations there is no net change to the forecast.

Motion

1. **That the Audit Committee advises Council it has considered the second 2016/17 budget update for Council's municipal operations including:**
 - (a) **an increase in the forecast operating surplus of \$70,259 from \$363,852 to \$434,111 (compared to an operating surplus of \$472,779 in the original budget);**
 - (b) **an increase in forecast capital expenditure of \$232,760 from \$18.386 million to \$18.619 million (compared with \$8.585 million in the original budget);**
 - (c) **an increase in forecast capital revenue of \$328,714 from \$7.071 million to \$7.400 million (compared with \$2.495 million in the original budget);**
 - (d) **a decrease in forecast net financial liabilities of \$251,913 at 30 June 2017 from \$25.851 million to \$25.599 million (compared to \$26.069 million in the original budget).**

2. **That the Audit Committee advises Council it has considered the second 2016/17 budget update for Council's Alwyndor operations including:**
 - (a) **a projected operating surplus of \$466,362 (unchanged from the original budget);**

- (b) **forecast capital expenditure of \$476,260 (unchanged from the original budget);**
- (c) **a forecast funding surplus of \$852,582 (unchanged from the original budget).**

Moved Mr Wood, Seconded Ms Brown

Carried

10.4 **Long Term Financial Plan Review** (Report No: 05/17)

The Long Term Financial Plan (LTFP) has been reviewed and updated to include the 2016/17 Annual Business Plan, 2015/16 audited financial statements and 2016/17 budget updates to 30 September 2016. The projections in the LTFP indicate Council remains in a sound financial position.

The LTFP has also been informed by the latest Asset Management Plan (AMP) and direction from Council with regard to Council's commitment to financial sustainability. A number of assumptions have been reviewed in updating the plan and these are detailed in the report.

Motion

That the Audit Committee advises Council it has received and noted the revised Long Term Financial Plan.

Moved Ms Brown, Seconded Mr Spadavecchia

Carried

10.5 **Review of Procure-to-Pay Business Process** (Report No: 06/17)

During 2016 a review of Council's existing 'Procure-to-Pay' process was commissioned. It identified a number of opportunities for improvement which are being implemented.

Motion

That the Audit Committee advises Council it received a report on the recent review and implementation of Council's 'Procure-to-Pay' business process.

Moved Ms Brown, Seconded Mr Spadavecchia

Carried

10.6 **Business Transformation Program** (Report No: 03/17)

Council has commenced a series of projects aimed at transforming existing business systems and processes to better meet customer expectations, improve information management, reduce risk and improve productivity.

Motion

That the Audit Committee advise Council it has received and considered a report on the business transformation program and recommends that Council's internal auditor be involved and provide a scope of works in relation to project governance and data integrity.

Moved Mr Spadavecchia, Seconded Mr Wood

Carried

10.7 Membership of the Local Government Association (Report No: 02/17)

This report outlines the cost and benefits of Council being a member of the Local Government Association of South Australia.

Motion

The Audit Committee advises Council it has received a report on the cost and benefits of membership of the Local Government Association of South Australia.

Moved Ms Brown, Seconded Mr Wood

Carried

9. REPORTS BY MEMBERS - Nil**10. ACTION ITEMS**

The Action Items were tabled and discussed.

11. VERBAL REPORTS BY OFFICERS - Nil**12. URGENT BUSINESS – SUBJECT TO THE LEAVE OF THE MEETING -****Motion**

That the Committee delay recommending the presiding officer to Council until the appointment of the new independent member.

Moved Mr Spadavecchia, Seconded Ms Brown

A Division was called:

Those voting for: Mr Wood, Ms Brown and Mr Spadavecchia (3)

Those voting against: Councillors Charlick and Councillor Smedley (2).

The Presiding Member declared the motion

Carried

13. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held at 6.30pm on Wednesday 29 March 2017 in the Mawson Room, Civic Centre, 24 Jetty Road, Brighton.

14. CLOSURE

The Meeting closed at 8.34 pm.

CONFIRMED Wednesday 29 March 2017