

Minutes of the meeting of the Audit Committee of the City of Holdfast Bay held in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton on Wednesday 17 October 2018 at 6:30pm.

PRESENT

Members

Presiding Member – Councillor J Smedley
Councillor S Charlick
Mr J Wood
Mr S Spadavecchia

Staff

General Manager Business Services – Mr R Bria
Manager Finance – Mr J Newton
General Manager Alwyndor – Mr R Kluge
Chief Financial Officer - Alwyndor– Ms N Andjelkovic

Guests

Bentleys – Mr David Papa and Ms Dongju Han
BDO – Mr Geoff Edwards and Ms Chelsea Aplin

1. OPENING

The Chairman declared the meeting open at 6:31 pm.

2. APOLOGIES

- 2.1 Apologies Received – Mr S Tu
- 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 18 September 2018 be taken as read and confirmed.

Moved by Councillor Charlick, Seconded by Mr Spadavecchia

Carried

5. ACTION ITEMS

The Action Items were tabled and discussed.

6. REPORTS BY OFFICERS**6.1 Standing Items – October 2018 (Report No: 342/18)**

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 Councillor Charlick

Carried

6.2 2017-18 General Purpose Financial Statements (Report No: 343/18)

The financial statements for the year ended 30 June 2018 have been completed and audited by Council's auditor, BDO, who have indicated that an unqualified audit opinion will be provided and that there are no material issues arising from the audit. They are presented to the Audit Committee for review.

Motion

1. That the Audit Committee inform Council it has reviewed the consolidated General Purpose Financial Reports for the year ending 30 June 2018, as required under Section 126(4)(a) of the Local Government Act 1999, and found them to present fairly the state of affairs of the Council as required under the Local Government (Financial Management) Regulations 2011.
2. That the Audit Committee advise the Alwyndor Management Committee (AMC) that the Alwyndor Aged Care General Purpose Financial Statements for the year ended 30 June 2018 present fairly the state of affairs of Alwyndor.

Moved Mr Spadavecchia, Seconded Mr Wood

Carried

6.3 Long Term Financial Plan Review (Report No: 344/18)

The Long Term Financial Plan (LTFP) has been reviewed and updated to include the 2018/19 Annual Business Plan and 2017/18 audited financial statements and budget updates to 31 August 2018. The projections in the LTFP indicate Council remains in a sound financial position.

The LTFP has also been informed by Asset Management Plans (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.

The LTFP will be enhanced as part of the 2019/20 budget process to include major projects that have been identified to be undertaken over the next 10 years.

Motion

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

Moved Mr Wood, Seconded Mr Spadavecchia

Carried

6.4 Brighton Oval Redevelopment Review (Report No: 355/18)

The Audit Committee on 18 September 2018 considered Audit Committee Report No 316/18 – Brighton Oval Redevelopment and resolved the following:

- "1. That the Audit Committee note the report.*
- 2. That a further report be provided to the next Audit Committee meeting covering learnings from the discussion and proposed actions."*

This report covers the outcomes of the discussion at Audit Committee and some proposed actions.

Motion

- 1. That the Audit Committee note the report.**
- 2. That the Audit Committee recommend implementation of the proposed actions in Attachment 1 with the addition of the Prudential Management Report action.**

Moved Mr Wood, Seconded Mr Spadavecchia

Carried

7. URGENT BUSINESS – SUBJECT TO THE LEAVE OF THE MEETING - Nil

8. DATE AND TIME OF NEXT MEETING

The 2019 meeting schedule of the Audit Committee will be confirmed after the Council Election and will be provided to members of the committee at that time.

9. CLOSURE

The Meeting closed at 8:01 pm.

CONFIRMED

CHAIRMAN

Attachment 1



Audit Committee Recommendations –Brighton Oval Redevelopment Review

Theme	Discussion	Actions	Timeframe
<p>1. Clear documentation of the risk management plan as per risk management framework and policy.</p>	<p>The documentation of the risk management plan for the project was not in the form of the risk management framework and policy until the report 28 August 2018. The project manager was identifying the risks and putting in place mitigating strategies, however didn't utilise the consequence matrix. This risk management plan should be then reviewed and updated as the project progresses.</p>	<ul style="list-style-type: none"> • Undertake refresher project management training to key users which uses the Councils risk management framework in its delivery and includes the risk management training. University of Adelaide has been engaged to deliver customised project management training from basic to advanced level for identified key users. • Integrate risk management plan development and review into our project reporting system. 	<p>Dec 18 – Feb 19</p>
<p>2. Appropriate level of detail that is required at key decision points in the approval process</p>	<p>It was raised in the discussions of what is the appropriate level of detail is required for decision makers. To assist Council, the administration uses a number of different methods of informing Council. These methods are EM workshops, presentations and formal council reports. It was canvassed that we should include further detail in regards to risks into Council reports. There is a balance required, however further detail should be available if required.</p>	<ul style="list-style-type: none"> • Review Council report template to include a section on risk implications. 	<p>Jan 19</p>
<p>3. Timing of when prudential reports should be undertaken</p>	<p>The prudential report was undertaken in January 2018 with the approval report in August 2018. At the time the prudential report was undertaken, it was based on the KPMG business case which was for a larger project which has now been reduced in scope due to available funding.</p>	<ul style="list-style-type: none"> • Some guidance to be included in the Prudential Management Policy on when in the project lifecycle that a prudential management report is undertaken. • This also to be included in the Project Management training. 	<p>Dec 18</p>

Audit Committee Recommendations –Brighton Oval Redevelopment Review

<p>4. Prudential Management Report Recommendations</p>	<p>The covering paper to the Prudential Management report to Council dated 10/7/18 recommended that "The Council receives and notes the Prudential Report for the Brighton Oval Complex upgrade." Although covered in the Prudential Report it would have been more informative to elected members if the covering paper had also stated that:</p> <p>(a) a detailed risk assessment in accordance with the Council's Risk Management Framework had yet to be done, and that one ought to be undertaken before the project proceeds, and</p> <p>(b) the extreme/high risks and the proposed mitigating controls ought to be provided to Council for consideration when deciding whether or not to approve the Project and the procurement method. [See S 48 (2) (h) of the Act which says 'prudential issues' include "risks ... and the steps that can be taken to manage, reduce or eliminate those risks..."]</p>	<ul style="list-style-type: none"> • Council's Prudential Management Policy be reviewed and if necessary amended to clarify the forms of recommendations the Prudential Report and that the covering report must make to Council - for example unqualified, or qualified. 	<p>Feb 19</p>
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