

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF  
THE BAROSSA COUNCIL**  
held in the Committee Room, 43-51 Tanunda Road, Nuriootpa, on  
Thursday 5 February 2015 commencing at 12:00 noon.

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**1. WELCOME**

Mr Peter Brass welcomed everyone to the meeting, extending a particular welcome to the new members. The new members of the Committee Cr Scotty Milne and Tanya Johnston provided a brief introduction to the Committee..

**2. PRESENT**

Mr Peter Brass, Mr James Heuzenroeder, Ms Tanya Johnston, Cr Angas, Cr Milne, Cr Miller (present 12.05pm onwards)

**Invited Staff Members**

Mr Martin McCarthy, Chief Executive Officer

Ms Jo Thomas, Director Corporate & Community Services

Mr Mark Lague, Manager Financial Services

Ms Vicky Rohrlach, Senior Accountant

Mr Alan Jackson, Risk Manager

Ms Nicole Rudd, Internal Controls Compliance Officer

Ms Susie Roehr, Executive Assistant, Director Corporate & Community Services

**3. APOLOGIES**

Nil

**4. CONFIRMATION OF MINUTES FROM PREVIOUS MEETING**

**MOVED** Mr Heuzenroeder that the Minutes of the Audit Committee Meeting held 29 October 2014, as circulated, be confirmed as a true and correct record of the proceedings of the meeting.

**Seconded** Cr Angas

**CARRIED**

**5. BUSINESS ARISING FROM PREVIOUS MINUTES**

Included in the agenda.

**6. CONSENSUS AGENDA**

**6.1 REPORTS FOR INFORMATION**

The meeting discussed item 6.1.1 – Amended Terms of Reference. A few minor amendments were proposed. Document to be updated and distributed to Audit Committee members to ensure proposed amendments are incorporated correctly. Terms of reference will then need to be presented to Council for approval.

**MOVED** Cr Angas that the amended Audit Committees Terms of Reference be noted and changes incorporated for approval by Council.

**Seconded** Cr Miller

**CARRIED**

## 6.2 **CORRESPONDENCE**

The meeting discussed each item.

**MOVED** Mr Heuzenroeder that Correspondence Items 6.2.1 to 6.2.3 be received.  
**Seconded** Ms Johnston **CARRIED**

## 7.1 DEBATE AGENDA - REPORTS

### 7.1.1 **DRAFT AUDIT COMMITTEE 2015 WORKPLAN**

#### **INTRODUCTION**

The Draft Audit Committee Workplan for 2015 was provided for members.

**MOVED** Cr Miller that the Audit Committee approves the draft Audit Committee Workplan for 2015.

**Seconded** Mr Heuzenroeder

**CARRIED**

#### **COMMENT**

The draft Workplan has been formulated based on a model workplan developed by the Local Government Association.

A well-functioning Audit Committee and an appropriate and robust internal audit program (as outlined in the draft Workplan), significantly reduces the likelihood of the need for Efficiency and Economy Audits as prescribed in Section 130A of the Local Government Act 1999.

The Workplan has been prepared to include all proposed reports, policy reviews, compliance reviews, etc for 2015.

#### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

##### **Legislation**

Local Government Act 1999 – Section 126

#### **FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**

Adoption and adherence to an annual Workplan is a risk management tool.

#### **COMMUNITY CONSULTATION**

Not required under legislation or Council's Public Consultation Policy.

#### **ACTIONS:**

- The Chair requested divisional Managers present their risk profiles at a future meeting(s). The Chief Executive to present risk profile information at November /December meeting.
- September/October – in camera meeting with the external and internal auditor be noted. Workplan to be updated accordingly.

### 7.1.2 **REVIEW OF INVESTMENTS**

In respect of the graph showing Investment Performance verses Benchmark, Members questioned how the Local Government Finance Authority Weighted Average Fixed Interest Rate could fall below the Official Reserve Bank of Australia Cash Rate as depicted in the graph. Officers to provide clarification.

## INTRODUCTION

Pursuant to Section 140 of the Local Government Act 1999, and in accordance with Council's Investment Policy, Council must undertake an annual performance review of its investments.

**MOVED** Cr Angas that the report on Council's 2014 Investments be received and noted.

**Seconded** Cr Miller

**CARRIED**

## COMMENT

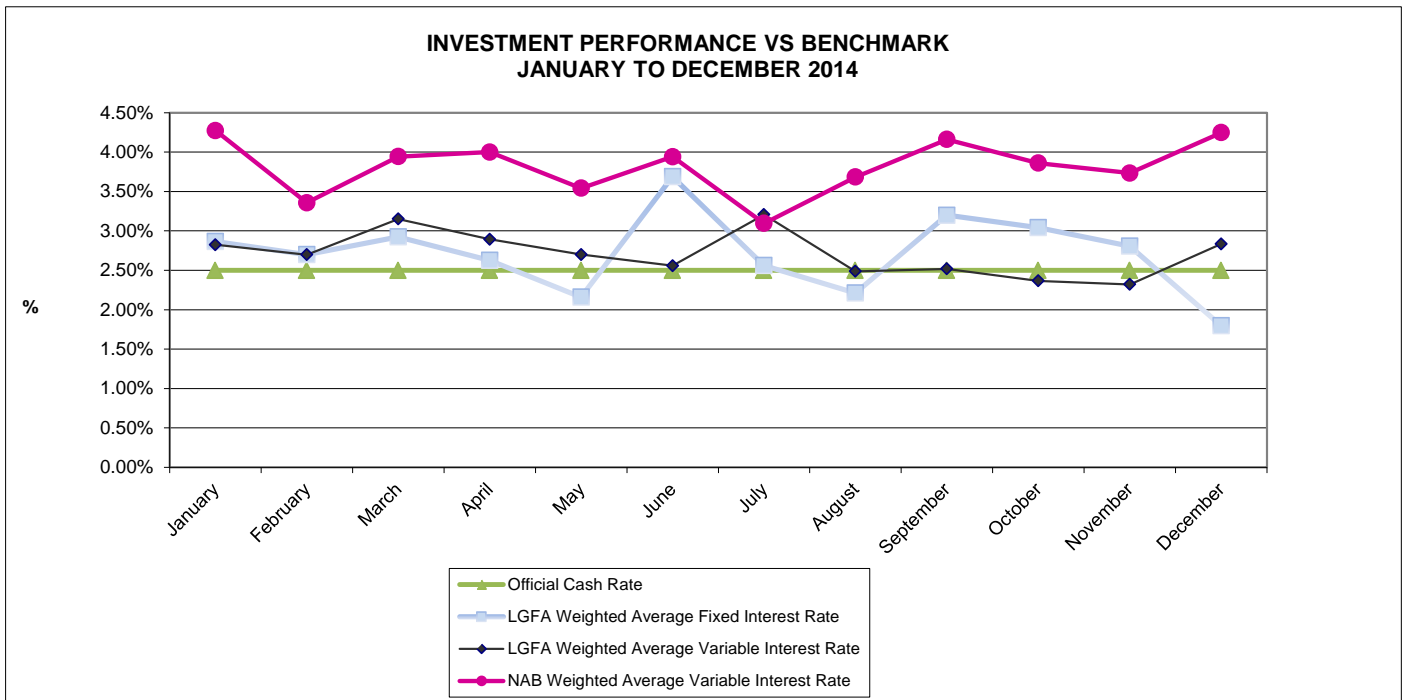
During 2014, Reserve Bank interest rates have remained at 2.50%.

All investments made during 2014 were held with the Local Government Finance Authority of South Australia (LGFA) or Council's National Australia Bank (NAB) investment account and are based on the following key factors:

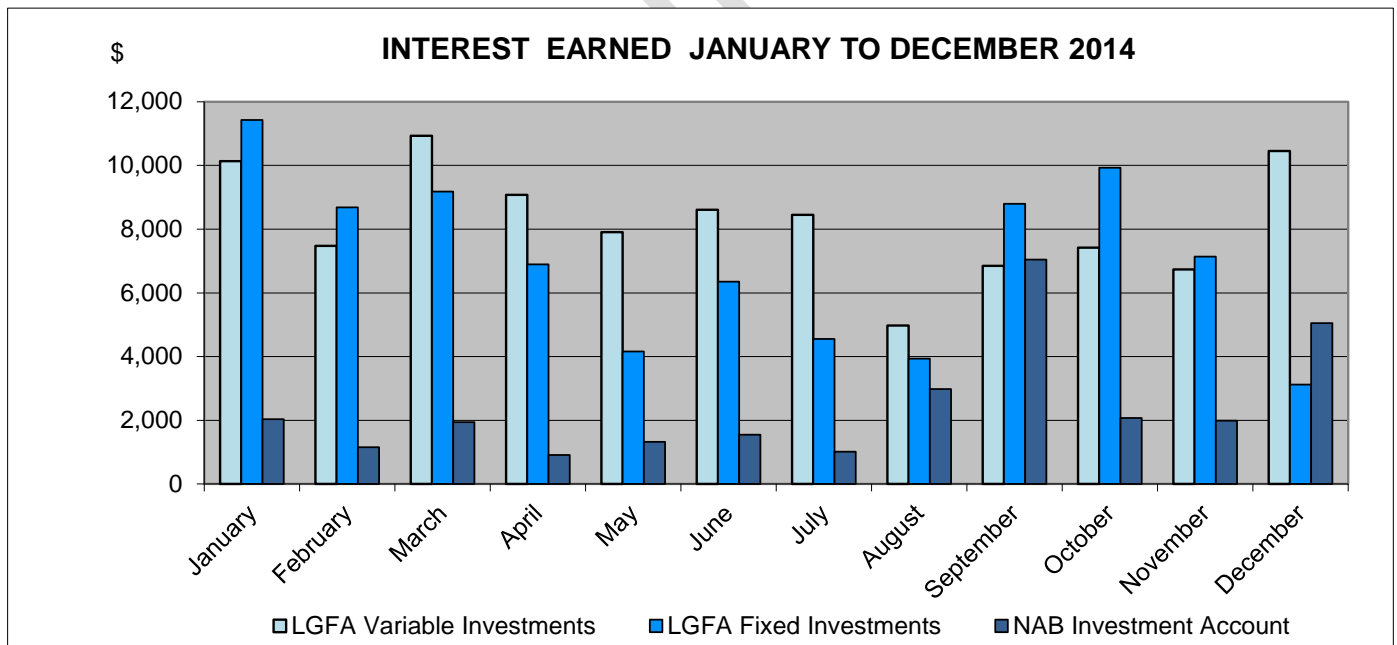
- *Interest rate* consistently similar or slightly higher than rates quoted from other financial institutions. Council staff compared rates between LGFA, National Australia Bank, Bank SA, AMP, Westpac and Commonwealth Bank.
- *Annual bonus distribution* to Councils based on debenture loan/investment holdings (\$47,158 bonus received in 2014/15);
- *Annual contribution to the Local Government Research and Development fund;*
- *Ease of making transactions.*

The National Australia Bank 'investment' account has a higher interest rate than Council's operating account and money is automatically transferred overnight whenever the operating account balance is more than \$50,000. This maximises interest earnings on a daily basis. The current interest rate as at 31 December 2014 for this account is 3%. Where funds are significantly higher than required for upcoming payments, funds are transferred to the LGFA for deposit of between 0 and 120+ days investment, as per previous practice and dependant on cash flow requirements. These factors are considered consistent with the criteria outlined in Council's Investment Policy.

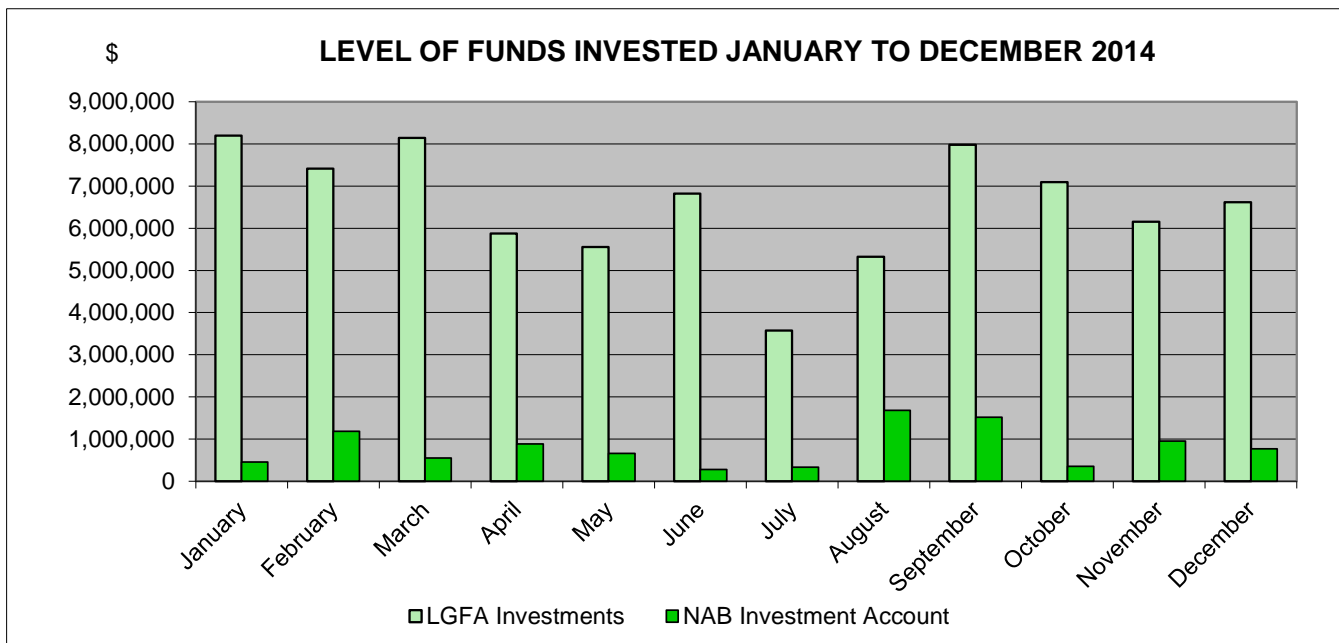
The weighted average interest rate (fixed and variable) on Council's investments during 2014 compared to the official Reserve Bank of Australia cash rate, is outlined in the graph below:



Monthly interest earned for 2014 is shown in the following graph:



The level of funds invested during the year is presented in the graph below. The graph excludes Council's separate operating bank account which was maintained at minimum working capital levels in accordance with the Policy.



Council's total investments as at 31 December 2014 are outlined in the table below:

	Variable Interest Rate \$'000	≤ 1 year Fixed \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000	Non-interest bearing \$'000	TOTAL \$'000
LGFA	5,374	1,244	0	0	0	6,618
NAB Investment A/c	772	0	0	0	0	772
<b>TOTAL</b>	<b>6,146</b>	<b>1,244</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,390</b>

### LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

#### Legislation

Section 140 of the Local Government Act 1999

#### Council Policy

Investment Policy

#### Council Strategic Plan

Strategy 4.1: Responsibility

### FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

The review of Council investments monitors performance in this area.

### COMMUNITY CONSULTATION

Community consultation is not required for the operational management of investments.

#### **ACTIONS:**

- Follow up explanation on the Investment Performance versus Benchmark graph comparing the average interest rate on Council's investments via Local Government Finance Authority during 2014 compared to the official Reserve Bank of Australia

cash rate to be provided to members. Future examination of the Policy to be undertaken to see how it is calculated.

### **7.1.3 TREASURY MANAGEMENT REVIEW**

#### **INTRODUCTION**

Pursuant to Section 140 of the Local Government Act 1999, and in accordance with Council's Treasury Management Policy, Council must undertake an annual performance review of its Treasury Management activities.

**MOVED** Cr Milne hat the report on Council's 2014 Treasury Management activities be received and noted.

**Seconded** Mr Heuzenroeder

**CARRIED**

#### **COMMENT**

The key principles within Council's Treasury Management Policy are as follows:

Council will:

- Maintain target ranges for its Net Financial Liabilities ratio;
- Generally only borrow funds when it needs cash and not specifically for particular projects;
- Not retain and quarantine money for particular future purposes unless required by legislation or agreement with other parties;
- Apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

Comments regarding the 2014 performance with regard to the above principles are outlined below:

#### **(a) Net Financial Liabilities Ratio**

Council's policy regarding its net financial liabilities is that they shall not exceed 100% of total operating revenue (*adopted February 2010*).

As at 30 June 2014, Council's net financial liabilities represented 43% of total operating revenue, and it is projected to increase to 50% as at 30 June 2015. Accordingly, Council is currently operating within its policy threshold.

#### **(b) Loan Borrowings**

Council's policy relative to loan borrowings states that the use of internal reserves be considered prior to consideration of external loan borrowings. New borrowings for 2014 included \$515,000 (Debenture 108) and \$125,000 (Debenture 109). Both of these loans were for community group loans (Barossa Valley Hockey Association and Tanunda Tennis Club Inc/Tanunda Netball Club Inc and will be repaid to Council in half yearly repayments.

The use of internal cash reserves has continued to be used in funding Council's capital works programs and has subsequently minimised the net interest cost to Council. A summary of the fixed interest rate borrowings are shown below:

<b>Debenture Loans Summary</b>				
<b>No.</b>	<b>Loan Amount</b>	<b>Interest Rate</b>	<b>Final Payment Date</b>	<b>Principal Outstanding as at 31 December 2014</b>
94	1,500,000	6.75%	16/09/17	429,564
96	2,000,000	6.02%	15/05/18	636,311
97	700,000	5.65%	16/06/18	218,943
98	2,000,000	6.65%	15/01/19	815,809
100	1,954,200	6.45%	15/03/20	937,810
101	2,500,000	6.24%	15/03/21	1,367,081
102	5,000,000	6.62%	16/10/21	2,935,861
103	100,000	6.80%	15/11/21	59,030
104	2,900,000	6.90%	15/03/22	1,811,105
105	7,000,000	7.02%	16/11/24	6,030,543
106	2,000,000	6.85%	15/04/26	1,695,559
107	113,000	4.75%	16/07/22	94,433
108	515,000	6.20%	15/01/34	508,323
109	125,000	5.30%	15/09/29	125,000
				17,665,374

(Council did not have any variable interest rate borrowings as at the date of this report.)

### **(c) Reserve Funds**

A summary of the reserve funds administered by Council are outlined in the table below:

<b>Reserve</b>	<b>Purpose of Reserve</b>	<b>Comments</b>
<b>Recreation Facilities</b>	Funding of capital expenditure projects at associated facilities	Reserve administered for each related Section 41 Committee in accordance with Terms of Reference. Favourable/unfavourable budget variances transferred to/from Reserve each year.
<b>Community Hall Facilities</b>	Funding of capital expenditure projects at associated facilities	Reserve administered for each related Section 41 Committee in accordance with Terms of Reference. Favourable/unfavourable budget variances transferred to/from Reserve each year.
<b>Main Street Committees</b>	Funding of special projects	Reserve administered for each related Section 41 Committee in accordance with Terms of Reference. Favourable/unfavourable budget variances transferred to/from Reserve each year.
<b>Caravan Park Reserves</b>	Funding of capital expenditure projects at associated facilities	Operating surpluses transferred to Reserve to fund future capital works.
<b>Environmental Projects</b>	Account for unspent agency/project funds as at 30 June each year	Includes Natural Resource Centre, Bushgardens and Upper Torrens Land Management Project Reserve, where any unspent State Government agency funds are retained each year (if applicable). Other specific Reserves (eg. Quarry Rehabilitation) are projected to be used within the next 12-18 months.
<b>Community Wastewater Management Systems (CWMS) Reserves (various)</b>	To fund future replacement/renewal of CWMS infrastructure and equipment	Council's CWMS activities operating surplus is transferred to reserves each year to fund future CWMS asset replacement/renewal. Surplus funds in the Reserve are internally borrowed to other Council activities as needed, with an internal interest adjustment to ensure that CWMS ratepayers are not adversely affected.
<b>Refuse and Recycling</b>	To fund future	Council's Refuse and Recycling Collection

<b>Collection Reserves</b>	replacement of bins in the district	activities operating surplus is transferred to this Reserve each year to fund future replacement of bins in the district.
<b>Developer Reserve</b>	Funding for specific projects/programs	The majority of funds retained relates to Developer Contributions received towards future capital works (eg. open space contributions received as part of development approval process towards future tree-planting, etc at reserves). The funds are subsequently transferred from the Reserve when the related work is undertaken.
<b>Other Reserves</b>	Funding for other specific projects/programs	Where funding has been received and needs to be retained for the specific purpose that it has been received, any surplus funds are transferred to a Reserve at end of year and will probably be spent in the following year, depending on the project. This can be operational or capital projects.

For these reserves, only those listed below are actually cash backed:

<b>Investment Reserve Balances as at 31 December 2014</b>					
<i>Reserve</i>	<i>Invested with</i>	<i>Type</i>	<i>Maturity Date</i>	<i>Balance</i>	<i>Interest Rate</i>
General	LGFA	Variable	N/A	5,248,231	2.50%
General	LGFA	Fixed	08/01/15	500,000	2.65%
General	LGFA	Fixed	15/01/15	500,000	2.65%
CWMS Reserves	LGFA	Variable	N/A	20,112	2.50%
Developer/Other Reserves	LGFA	Variable	N/A	105,366	2.50%
Developer Reserve	LGFA	Fixed	15/01/15	243,849	3.10%
Investment Account	NAB	Variable	N/A	772,323	3.00%
<b>Total</b>				<b>7,389,881</b>	

**(d) Application of surplus funds**

Surplus funds are invested to maximise investment income and Council's operating bank account is kept at a minimum level sufficient for working capital purposes.

A more detailed review of Council's 2014 Investments has been included in this agenda (refer Agenda item 7.1.2).

**LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

**Legislation**

Section 140 of the Local Government Act 1999

**Council Policy**

Treasury Management Policy

**Council Strategic Plan**

Strategy 4.1: Responsibility

**FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**



The review of Council's Treasury Management activities monitors our performance in this area.

## COMMUNITY CONSULTATION

Community consultation is not required for operational Treasury Management.

### 7.1.4 2015/16 AUDIT COMMITTEE BUDGET

#### INTRODUCTION

The Audit Committee considered a draft 2015/16 budget for the Committee's operations.

#### MOVED Cr Angas

That:

- (1) the draft 2015/16 Audit Committee budget be endorsed for consideration by Council during the budget deliberations;
- (2) the 2015/16 sitting fee of \$550 (excl GST) per meeting for the Independent Chairman of the Audit Committee be endorsed for consideration by Council;
- (3) the 2015/16 sitting fee of \$350 (excl GST) per meeting for the Independent Members of the Audit Committee be endorsed for consideration by Council; and
- (4) the 2015/16 Consultant budget \$3,000 and Training budget \$1,000 be endorsed for consideration by Council.

**Seconded** Cr Milne

**CARRIED**

#### COMMENT

The budget for 2015/16 is being prepared by completing the base budget for activities that are externally and internally required by the Audit Committee.

In the Audit Committee budget, two items that require review are Consultant and Training/Seminar expenditure.

In the past, consultants have been used to undertake reviews and compliance checks for taxation and accounting, along with purchase and implementation of the internal control tracking tool. The training budget has previously been used by new independent members to attend LGA programs.

A proposed 2015/16 budget to support the operations of the Audit Committee is outlined in the following table:

#### ***Audit Committee Financial Statement as at 16 January 2015***

	January YTD Actuals	Original Budget 2014/15 + Q1 Adj	January YTD Budget % variance	Draft 2015/16 Budget
<b>496 - Audit Committee</b>				
Salaries (preparation of reports/agendas, attendance at meetings – CEO, Director C&CS, Manager Financial Services, Minute Secretary)	6,588	12,475	47%	13,050 *
Consultants (provision for sundry project work undertaken as part of Committee work plan or specifically requested by Council)	0	3,000	100%	3,000 •
Training / Seminar expenses	0	1,000	100%	1,000 •

Sitting Fees (Independent Members)	1,700	4,150	59%	5,550 #
Advertising	455	0	-100%	470
Insurance & Other	495	501	1%	625
<b>Total 496 - Audit Committee</b>	<b>9,238</b>	<b>21,126</b>	<b>56%</b>	<b>23,695</b>

\* Provides for 3.5% EB increase for the Salary cost at existing allocations. Depending on cost centre allocations, this amount may change when the budget is finalised.

• Consultants and training expenses are set at the same amounts as the 2014/15 budget and may change after review by Council.

# Provides for Sitting Fees as follows: Chairperson \$550, Independent Members x 2 - \$350 to attend 4 meetings each and the annual report attendance at Council meeting for the Chairperson.

## LEGISLATIVE / POLICY / COUNCIL STRATEGIC PLAN

### Legislation

Local Government Act 1999 – Section 41

### Council Policy

Annual Budget/Business Plan Policy

### Council Strategic Plan

Strategy 4.1: Responsibility

## FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Funding to support the operations of the Audit Committee is required to ensure resources are adequate to undertake this vital role within Council and is included in the annual budget.

## COMMUNITY CONSULTATION

A public consultation process of the Annual Budget and Business Plan will be undertaken in May/June 2015.

### 7.1.5 INTERNAL FINANCIAL CONTROLS COMPLIANCE REPORT

#### INTRODUCTION

Update on internal financial control work performed since last Audit Committee meeting. Still working through financial policies and supporting processes.

**MOVED** Mr Heuzenroeder that the report on Internal Financial Controls Compliance be received.

**Seconded** Cr Milne

**CARRIED**

#### COMMENT

In working towards our first audit and auditor opinion on our internal financial controls in the 2015/2016 year we are continuing on focusing on documenting our financial processes and ensuring there are the appropriate controls in place to mitigate any risk around those financial processes.

#### Policies

Following is a list of the Financial Policies and their status:

Policy Name	Date Approved	Next Review Date

Asset Accounting Policy	27/6/13	1/6/16
Budget and Business Plan and Review Policy	10/9/14	10/9/17
Community Assistance Scheme Policy	16/10/12	1/6/15
<b>Debt Recovery Policy</b>	<b>New Policy</b>	
Disposal of Land and Other Assets Policy	10/9/14	10/9/18
<b>Funding Policy</b>	<b>20/10/09</b>	<b>31/10/12</b>
<b>Investment Policy</b>	<b>15/6/10</b>	<b>1/5/12</b>
Procurement Policy	24/6/14	30/6/16
Prudential Management Policy	15/7/14	15/7/17
<b>Rates Hardship Policy</b>	<b>21/6/11</b>	<b>31/10/12</b>
<b>Remission and Postponement of Fines / Interest Policy</b>	<b>New Policy</b>	
<b>Strategic Rating Policy</b>	<b>17/2/09</b>	<b>30/6/12</b>
<b>Treasury Management Policy</b>	<b>20/10/09</b>	<b>31/10/12</b>

Those policies which are in bold are under current review or are new policies being worked on. These will be forwarded to the Audit Committee as they become available.

### ControlTrack

As reported previously, we have completed our first self-assessment cycle (2013 – Internal Controls First Assessment) of the ‘core’ controls which are contained in the ‘Better Practice Model’. We have tested 194 core controls in our first assessment cycle in which 121 action plans were developed to enhance those controls.

Our second self-assessment cycle (2014 – Internal Control Assessment) has commenced, and the results from that cycle will be compared to the initial one with the results again being reported back to the Audit Committee.

We have now opted to have our own ‘individual control library’ within ControlTrack instead of staying with the standard ‘shared library’. This will give us the flexibility to tailor the current risks and controls or add additional ones to suit our own operations. We are also looking to extend the use of ControlTrack to the broader Council risk management.

Officers are meeting with ControlTrack in early February to initiate the library separation and expand on the organisational risk side of the tool.

### Risk Assessments

The assessment of any financial risks are now being carried out in ControlTrack.

Within ControlTrack there is the ability to track the inherent, target and residual risk assessments for each risk. These risks are then mitigated by the controls which are self-assessed within the ControlTrack system.

The inherent risk is completed to indicate the severity of the risk should there be no controls in place.

The target risk assessment is completed to indicate where we would like to be – should all appropriate controls be in place and effective.

During the ‘review’ phase of the Control Self-Assessment Cycle the residual risk assessment is completed indicating the level of risk Council is exposed to with the effectiveness of the controls that are in place.

## LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

### Legislation

Local Government Act 1999 – Section 125, 126, 129 (1) (b)  
Local Government Financial Management (Regulations) 2011, 14(e)

### Council Strategic Plan

Governance and Organisation – Strategy 4.1 : Responsibility.  
Governance and Organisation – Strategy 4.3 : Systems

## FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

The regular monitoring and review of Council's financial internal controls and risk assessments will significantly facilitate the on-going safeguarding of Council assets.

The control and review of risks is a core officer function and responsibility. The introduction of the new system supports officers by providing a consistent framework and process.

## COMMUNITY CONSULTATION

Not required under legislation or Council's Public Consultation Policy.

### **ACTIONS:**

- Outstanding policies to be presented at the next Audit Committee meeting for review
- Officers to provide a demonstration of how Control Track works at the next Audit Committee meeting..

## 7.1.6 REVIEW DRAFT BUDGET 2015-16 AND ANNUAL REVIEW LONG TERM FINANCIAL PLAN INDEXATION AND ASSUMPTIONS

### INTRODUCTION

As per the 2015-16 Annual Budget/Business Plan timetable endorsed by Council in January 2015, the Audit Committee needs to consider and provide comment on the indexation and assumptions for the Annual Budget & Business Plan (AB&BP) 2015-16 and Long Term Financial Plan (LTFP) 2015-16 to 2024-25.

**MOVED** Cr Miller that the Audit Committee notes the indexation and assumptions for the Annual Budget & Business Plan 2015-16 and Long Term Financial Plan (LTFP) 2015-16 to 2024-25.

**Seconded** Mr Heuzenroeder

**CARRIED**

### *Overview*

The review of indexing and assumptions for the Annual Budget & Business Plan 2015-16 and Long Term Financial Plan (LTFP) 2015-16 to 2024-25 will be considered by Council at the information briefing Workshop on 4 February 2015. This process enables Council to take a long term view and 'set the big picture' before starting the annual budget process. A copy of the Council Workshop presentation and background reading papers were provided to the Audit Committee.

### *Key Assumptions & Enhancements*

Each annual review process provides an opportunity to introduce new assumptions or enhance the information base as required, using the existing indexation and assumptions.

The main assumptions and indexation being considered during this early stage of budget preparation is the income and expenditure indexation. As included in the presentation paper, Council reviews the proposed rate increase and the indexation application to operational expenditure.

The LGPI (Local Government Price Index) is used as a base for the plan(s) and considering local needs and requirements to meet service levels, including external influences such as service contracts where fuel prices and employment costs may vary the service cost. The Local Government Price Index (LGPI) increase for 12 months to 30 June 2014 was 2.3% 30 September 2014 was 2.0%; (noting the Adelaide CPI for the 31 December period was 1.7%).

#### *Income*

Rate increases to fund and ensure service level provision is maintained in line with revised sustainability requirements.

The adopted General Rate Revenue indexation rates in the LTFP from last year were split in previous years into Residential and Non-residential rates. From next year both the Residential and Non-residential rate revenue were budgeted to increase at 4.50% in 2015-16, 5% in 2016-17, 4.5% for two years then 3.5% per annum thereafter.

The adopted Waste Service Rate Revenue indexation rates in the LTFP from last year was budgeted to increase at 5.0% in 2015-16, 6.5% in 2016-17 and 2017-18, 6.0% in 2018-19 then 4.5% for the next 3 years and then 4.0% and the last year at 3.5%.

The adopted Community Wastewater Management Systems Service Rate Revenue indexation rates in the LTFP from last year was budgeted to increase at 2.0% in 2015-16, 2.5% in 2016-17, 3.5% in 2017-18 and then 4.0% per annum thereafter. A review of the service charge is underway following requirements from ESCOSA to now include cost of Capital into the annual operating cost.

Other income indexation has a base increase of 2.0%.

#### *Expenditure*

Operating expenditure indexation will be assessed individually for internal and external factors as follows:

- employee costs at the enterprise bargaining agreements scheduled to increase at 3.5%;
- Contractors and materials have a base increase of 2.0%; the default indexation for expenditure;
- selected operating costs have been isolated as increases to these are unique eg. power 6%, water 2%, insurance TBA%, waste collection TBA% all plus changes to service provision, ie. increased number of services provided or usage

Long term plans for Capital expenditure will be reassessed; ensuring funding is allocated for renewal and replacement assets along with an allowance for new discretionary projects.

## **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

### **Legislation**

Local Government Act 1999 – Section 122

### **Council Policy**

Annual Budget/Business Plan Policy

### **Council Strategic Plan**

Strategy 4.1: Responsibility

## **FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**

Long-term financial planning is an iterative process - it occurs on a regular basis and experience suggests that it will take many attempts to 'get it right'. As new information is included in the planning process – from the latest advice on interest rates to information from the community on expected service standards – the plans are discussed, reviewed and fine-tuned.

Each annual review process provides an opportunity to introduce new assumptions or enhance the information base as required.

## **COMMUNITY CONSULTATION**

A public consultation process of the Annual Budget and Business Plan will be undertaken in May/June 2015.

### **7.1.7 PROGRESS REPORT – RISK MANAGEMENT**

**MOVED** Mr Heuzenroeder that the progress report on risk management be received.  
**Seconded** Cr Miller **CARRIED**

### **Risk Management Framework**

The draft Risk Policy is still in its consultation period. Current work on risk facets including land use agreements, insurance requirement reviews and procurement which are all currently adding to the Risk Management Framework.

### **ControlTrack**

Council has now purchased an extension of the “ControlTrack” Program currently used by the Finance team. Council’s broader Strategic and Organisational risks are to be identified in ControlTrack and a set of controls developed to mitigate those risks.

Meeting set for February will start the import of The Barossa Council risk data, including internal controls, control owners and reviewers, into the new system. This will be achieved by separating the Council’s control library from the shared SALGFMG control library and setting up additional sets of control activities.

### **Mutual Liability Claims**

The status hearing for the McCrystal Claim, that names The Barossa Council as the third defendant in a negligence claim, was set down for January 15<sup>th</sup> 2015 but has now been postponed to March 12<sup>th</sup> at the second defendant's request.

WorkCover has now issued a separate summons against the Council as the third defendant in the same case, stating "The third defendant, its servants or agents, were negligent and/or in breach of duty of care". The WorkCover proceedings will be stayed for 6 months to await the negotiations of the McCrystal primary action.

### **Emergency Planning**

The Council's Emergency Plan and Sub - Plans for the Nuriootpa Office, Works Depots, Libraries, Tanunda Gallery, Bushgardens and Barossa Visitor Centre are now ready for implementation. The first emergency drills are scheduled for the Tanunda and Williamstown depots in February.

The Emergency Planning Committee have now finalised the purchase of six hand held two way UHF radios for use in emergency response at the Nuriootpa Office. These radios are the same make and model purchased by the Depots for use in emergency response and event management, so they can also act as back up units whilst Nuriootpa Office is closed.

### **Business Continuity Plan**

After several extensions of the review period, to allow for the completion of outstanding business impact assessments, the majority of these documents have now been received. Work is now underway on compiling and updating Council's Business Continuity Plan (BCP) and the subordinate Business Unit Recovery Sub Plans.

### **External Audits and Rebates**

This year's LGAMLS Risk Review will be undertaken in the next several months. Some of the areas that require work to close out last year's corrective actions include Tree Management Policy and Guideline development and further implementation of the Volunteer Management Framework across the Organisation.

### **WHS Plan and WHS Management System**

With the finalisation of the current group of WHS Management System documents a new schedule has been developed for further processes identified through recent task risk assessments. The new processes are progressing with the Vehicle and Driver Safety Process being worked on in conjunction with the Councils Vehicle Policy.

The Asbestos Management Process is now in its early draft stage with discussions being held with Council's Manager - Asset & Infrastructure around the development of an Asbestos Management Plan and relocating the current Asbestos Register into council's asset management program "Conquest".

The recently reviewed Training and Professional Development Policy and Training Request and Needs Analysis Process are through the consultation phase and have now been signed off by CMT.

#### **ACTIONS:**

- Draft Risk Management Framework to be put on the agenda for next Audit Committee meeting

8. **OTHER**

8.1 **AUDIT COMMITTEE ACTION TRACKING**

**MOVED** Cr Angas that the progress report on risk management be received.

**Seconded** Cr Milne

**CARRIED**

9. **ANY OTHER BUSINESS**

Nil.

10. **NEXT MEETING**

To be advised.

11. **CLOSURE**

There being no further business, Mr Brass closed the meeting at 1:40 pm.

Confirmed:

**Chairman:** ..... **Date:** .....