



The Barossa Council

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF THE BAROSSA COUNCIL

held on Wednesday 13 December 2017, commencing at 10.30am in the
Council Chambers, 43-51 Tanunda Road, Nuriootpa

1. WELCOME

The Chair, Mr Peter Brass, welcomed everyone to the meeting at 10.30am.

2. PRESENT

Mr Peter Brass, Mr James Heuzenroeder, Ms Tanya Johnston, Cr John Angas,
Cr Scotty Milne (10.49am)

Invited Staff Members

Ms Rebecca Tappert, Acting Director Corporate and Community Services

Mr Mark Lague, Manager Financial Services

Ms Nicole Rudd, Internal Control Compliance Officer

Mr Vincent Marsland, Manager Organisational Development and Risk

Mr Martin McCarthy, Chief Executive Officer (10.53am)

Ms Annette Randall, Executive Assistant (Minute Secretary)

3. APOLOGIES

Cr Scotty Milne (for late attendance)

Mr Martin McCarthy (for late attendance)

4. CONFLICT OF INTEREST DECLARATIONS

Nil

5. CONFIRMATION OF MINUTES FROM PREVIOUS MEETING

MOVED Ms Johnston that the Minutes of the Audit Committee Meeting held 5 October
2017 be confirmed as a true and correct record of the proceedings of that meeting.

Seconded Mr Heuzenroeder

CARRIED 2017-18/14

6. BUSINESS ARISING FROM PREVIOUS MINUTES

Nil

7. CONSENSUS AGENDA

8. ADOPTION OF CONSENSUS AGENDA

8.1 ITEMS FOR EXCLUSION FROM THE CONSENSUS AGENDA

Mr Lague – 7.1.4 Receive Adopted Quarterly Budget Update as at
30 September 2017

Mr Lague advised that the document on Council's website, which was available via a link in the agenda report, has an incorrect page 16. The corrected page 16 was tabled and will be updated on the website following approval at the 19 December 2017 Council Meeting.

Mr Brass – 7.1.6 Audit Committee Annual Self-Assessment of Committee Performance

Mr Brass asked officers if any actions had been proposed for next year in relation to comments in the Self-Assessment. Mr Lague advised that proposed actions had not been discussed at this point.

The members agreed the level of formality required for speaking to the meeting.

8.2 RECEIPT OF CONSENSUS AGENDA

MOVED Mr Heuzenroeder that Information reports 7.1.1 to 7.1.6 be received and any recommendations contained therein be adopted.

Seconded Ms Johnston

CARRIED 2017-18/15

MOVED Ms Johnston that Correspondence report 7.2.1 be received and noted.

Seconded Cr Angas

CARRIED 2017-18/16

Cr Milne entered the meeting at 10.49am. He had no conflict of interest to declare on any matter in the Agenda.

9.1 DEBATE AGENDA

9.1.1

INTERNAL FINANCIAL CONTROL REPORT

B5734

Ms Rudd spoke to the report and answered questions from the Members.

MOVED Mr Heuzenroeder that the Internal Financial Control Report be received and noted.

Seconded Cr Angas

CARRIED 2017-18/17

PURPOSE

To provide an update on the status of Internal Financial Control work.

REPORT

Attached is a copy of the Internal Financial Control Report for September to December 2017.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment: Internal Financial control Report

Supporting References

Local Government Act 1999 – Section 125, 126, 129 (1) (b)

Local Government (Financial Management) Regulations 2011, 14(e)

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

Corporate Plan

How We Work – Good Governance

- 6.2 Ensure that Council's policies and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.4 Ensure that decisions regarding expenditure of Council's budget are based on an assessment of whole of life costs, risks associated with the activity and advice contained within supporting plans.

Legislative Requirements

Local Government Act 1999 – Section 125, 126, 129 (1) (b)

Local Government (Financial Management) Regulations 2011, 14(e)

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.

9.1.2

AMENDMENT OF MOTION 2016-17/19 - 28 FEBRUARY 2017

B5734

MOVED Cr Milne that the Audit Committee amend Motion 2016-17/19 made at its meeting on 28 February 2017 to:

"MOVED Cr Angus that the Minutes of the Ordinary Audit Committee Meeting held 20 December 2016 and the Minutes of the Confidential Audit Committee Meeting held 20 December 2016 at 11.38am be confirmed as true and correct records of the proceedings of those meetings.

Seconded Mr Heuzenroeder

CARRIED"

Seconded Ms Johnston

CARRIED 2017-18/18

PURPOSE

To amend motion 2016-17/19 of the 28 February 2017 Audit Committee Meeting.

REPORT

Background

At the 28 February 2017 Audit Committee meeting, in relation to agenda item 4 – *Confirmation of Minutes of previous meetings*, Mr Heuzenroeder moved and Cr Angus seconded that the Minutes of the Ordinary Audit Committee Meeting held 20 December 2016 and the Minutes of the Confidential Audit Committee Meeting held 20 December 2016 at 11.38am be confirmed as true and correct records of the proceedings of those meetings.

However, when the Minutes were typed, incorrect meeting information was inserted in the motion:

MOVED Cr Angus that the Minutes of the Ordinary Audit Committee Meeting held 19 October 2016, and the Minutes of the Confidential Audit Committee Meeting held 19 October 2016 at 11.38am, be confirmed as true and correct records of the proceedings of those meetings.

Seconded Mr Heuzenroeder

CARRIED 2016-17/19

At the 4 May 2017 Audit Committee meeting, where the minutes of the February meeting required approval, it was resolved that the Minutes were correct (when in fact, they were not):

"MOVED Mr Heuzenroeder that the Minutes of the Ordinary Audit Committee Meeting held 28 February 2017, and the Minutes of the Confidential Audit Committee Meeting held 28 February 2017 at 2.32pm, be confirmed as true and correct records of the proceedings of those meetings.
Seconded Cr Angas CARRIED"

Discussion

Section 21 of the Local Government (Procedures at Meetings) Regulations provides that "the Chief Executive Officer may submit a report to the council recommending the revocation or amendment of a resolution passed since the last general election of council." An amendment is appropriate as it would not "substantially change the intent of the motion or contradict it", but rather highlight that a typing error was made in the minutes regarding that resolution.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



How We Work – Good Governance

6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.

Legislative Requirements

Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Nil

COMMUNITY CONSULTATION

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

9.1.3

QUARTER 1 2017/18 PERFORMANCE AND ACTIVITY REPORT

B5734

Mr Lague invited comments or questions from the members.

Mr McCarthy entered the meeting at 10.53am.

Mr McCarthy and Mr Marsland answered questions from the members.

MOVED Mr Heuzenroeder that the Quarter 1 – 2017/18 Performance and Activity Report be received and noted and the Chief Executive Officer continue to provide these quarterly reports to the Audit Committee.

Seconded Cr Milne

CARRIED 2017-18/19

PURPOSE

To table with the Audit Committee the performance and activity reporting.

REPORT

Attached is the report to Council and the Performance and Activity Report which highlights the maturity in Council's reporting framework against the Community Plan. The report framework and development of indicators and data to support it continues to be a work in progress, but this methodology and accountability has already seen adjustment to resourcing, processes and information to address pinch points in the organisation and address areas of growing demand.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment – Quarter 1 Performance and Activity Report

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



Natural Environment and Built Heritage



Community and Culture



Infrastructure



Health and Wellbeing



Business and Employment



How We Work – Good Governance

All Strategies.

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Internal resourcing and financing is sufficient to address the work of managing and monitoring organisational performance. Of itself the reporting framework and systems underpinning then increase accountability and knowledge and allow decision making to be made with the best information possible and therefore directly assist and support the management of risk.

COMMUNITY CONSULTATION

No community consultation is considered necessary or required at this time in relation to the outcomes of this report.

9.1.4

RISK MANAGEMENT PROGRAMS AND PROJECTS

B5734

Mr Marsland answered questions from the members.

MOVED Cr Angas that the quarterly report on the progress of Risk Management programs and projects be received and noted.

Seconded Mr Heuzenroeder

CARRIED 2017-18/20

PURPOSE

To present a quarterly report on the progress of Risk Management programs and projects

REPORT

Risk Management

Risk Services has commenced meeting with Corporate and Community Services directorate teams namely, Knowledge Services, Technology Services and Community & Culture to develop/finalise Corporate Risk Assessments for operational risks, with a further meeting scheduled in December with Visitor Information Centre. This information will feed into Council's Organisational Risk Register and will assist Council in determining its biggest risks.

Preliminary Risk Services Report

Refer to Agenda item 9.1.5.

Risk Management Quarterly Report

A Risk Management Quarterly Report (*Attachment 1*) was provided to the Corporate Management Team (CMT) on 11 October 2017 for quarter 1/7/2017 to 30/9/2017. This report provides information on how we are progressing against the current WHS Plan (2015-2017) Programs and Projects, together with providing data on incidents, corrective and preventative actions, hazardous task risk assessments, training/induction, document development, workplace inspections, internal audits, compliance and legislative changes.

Williamstown Depot

Risk Services has undertaken a contents stocktake at Williamstown Depot after a recent break-in. This information now needs collating with monetary values added against each item to then update Williamstown Depot total contents sum insured. Risk Services has also met with Council's Assets Coordinator to investigate whether Conquest (Council's Asset database) could potentially store this plant/equipment information, as there is currently no centralised location for Council's plant/equipment under \$5,000 in value. Risk Services is unsure how content sum insured values have previously been determined for insurance purposes. Our insurer, at the time of Asset claims, is now seeking evidence of ownership and supporting documentation of how our total contents insured values have been determined. This body of work will be required to be undertaken for all Council premises.

Chemical Review

Risk Services has commenced working with Council teams in undertaking/seeking a stocktake of hazardous chemicals. This information will assist in areas such as addressing chemical risk assessments, storage incompatibilities, labelling, signage/placarding/ manifest, worker exposure and health monitoring requirements.

Emergency Management and Business Continuity Plan

Emergency Management Plans were updated, sent out to Emergency Planning Committee for consultation and adopted for Council workplaces. Emergency Evacuation Drills are now being arranged for remaining workplaces yet to have a drill this year. These evacuation drills will either be undertaken on site or via a desktop review.

Paul Kerrish, from Local Government Risk Services, met with the CMT on 8 November 2017 to discuss the number of deemed critical functions at Council for Business Continuity. Paul Kerrish is currently reviewing Council's service listing and will then forward his reviewed list to CMT for their review, before this list is brought to Council's Organisational Management Group.

Mutual Liability Claims - 1/07/2017 to 30/09/2017

Current Claims:

24 open/potential Mutual Liability Scheme claims as at 30 November 2017.

Finalised Claims:

1 claim denied by LGAMLS; however, claimant is seeking further legal advice to contest this decision for this period.

0 claims accepted by LGAMLS for this period.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Risk Management Quarterly Report - 17/77306*

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



How We Work – Good Governance

- 6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.

Legislative Requirements

Local Government Act 1999

Work Health Safety Act 2012

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Addressed within the Report.

COMMUNITY CONSULTATION

Not required under legislation or Council's Public Consultation Policy

9.1.5

DRAFT RISK SERVICES REVIEW REPORT

B5842

Mr McCarthy and Mr Marsland spoke to the report and answered questions from the members.

MOVED Ms Johnston that:

- (1) the draft Risk Services Review report be received and noted;
- (2) officers provide feedback to the consultant on areas of the report, including:
 - correct identification of contributors to the report
 - "intent" of the legislation (pg 132)
 - Maturity Assessment (commencing pg 133)
 - areas reflecting incorrect information/status of The Barossa Council
- (3) officers present the final Risk Services Review report to a future Audit Committee meeting.

Seconded Cr Milne

CARRIED 2017-18/21

PURPOSE

To present the draft Risk Services Review Report.

REPORT

As a result of the recommendations from The Barossa Council Service Review Stage 1 Report by LKS Quaero (ref: 16/86066), Council, after a suitable Request for Quotation (RFQ) process, engaged Risk Consultant Mr Craig Johnson to:

1. Review Council's current Risk Management Framework (including governance and organisational structure, policies, processes, tools and templates), its effectiveness and efficiency and provide a detailed plan, including approach and justification, for any redesign and simplification;
2. Review the scope and functions of the Risk Services Team, risk responsibilities of management and officers and determine an optimum resourcing model based on current industry standards and make recommendations regarding roles and responsibilities and required competencies for the future implementation in support of the plan developed at 1 above; and
3. Validate current gaps in Council's Risk Services operational output and provide a draft organisational and team level work plan outlining priorities for implementation.

The Report (*Attachment 1*) is the draft or preliminary report produced by Mr Johnson containing his observations and recommendations. Actions arising from the preliminary report will be reported by the end of February 2018, and will form part of the full Risk Services Review Report and Work Plan.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Risk Services Review draft report

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

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Legislative Requirements

Local Government Act 1999

Work Health Safety Act 2012

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Addressed within the Report.

COMMUNITY CONSULTATION

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

9.1.6

UPDATE – ANGASTON LANDFILL REHABILITATION

B5734

MOVED Cr Angas that the report on the Angaston Landfill Rehabilitation requirements be received and noted.

Seconded Mr Heuzenroeder

CARRIED 2017-18/22

PURPOSE

To provide an update on the Angaston Landfill Rehabilitation requirements.

REPORT

Introduction

The Audit Committee, at its meeting held 5 October 2017, reviewed and discussed The Barossa Council Preliminary 2016-17 Annual Financial Statements. A matter emanating from that discussion was the Angaston Landfill reinstatement requirements, where the Committee requested an update from Officers at the next meeting.

Discussion

An EPA license is in place at the Angaston Landfill Site at Lot 101 Warburton Road, Angaston, to deposit waste for the purpose of closure. Refer Attachment 1.

A closure plan with amendments has been prepared by Tonkin Consulting and negotiated and approved by the EPA. Refer Concept Design Addendum report by Tonkin Consulting (Attachment 2) and Approval letter by EPA (Attachment 3).

Council Reserve funds for this project at the end of the 16 / 17 financial year had a total balance of \$393,277 allocated for this project.

Progress on implementation of the capping plan is ongoing, with fill progressively sourced and transported to the site from Council as available. If the project is required to be fast tracked, clay capping material, which has been tested and certified suitable, can be sourced from Council's Carrara Hill Road CWMS treatment plant site where a treated wastewater storage pond is planned for construction.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

- Attachment 1: EPA Licence No. 13787 to The Barossa Council for Lot 101 Warburton Road, Angaston, dated 2 February 2016
- Attachment 2: Concept Design Addendum report - Tonkin Consulting, dated 2 September 2016
- Attachment 3: Approval of Angaston Landfill Final Capping plans and specification – EPA, dated 1 March 2017.

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

Corporate Plan

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- 6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.
- 6.4 Ensure that decisions regarding expenditure of Council's budget are based on an assessment of whole of life costs, risks associated with the activity and advice contained within supporting plans.

Legislative Requirements

In accordance with EPA requirements, Council is required to complete the Angaston Landfill Closure plan by the end of the EPA Licence end date of 31 January 2021.

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Council's Audit Committee has a key role in its good governance framework. Good communication between the Committee and the Council will ensure that financial and risk management issues raised receive appropriate consideration and attention.

COMMUNITY CONSULTATION

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

Mr Marsland left the meeting at 11.45am.

10.1 RECOMMENDATION – APPOINTMENT OF INDEPENDENT MEMBER

Although the recommendation from officers was to consider Agenda item 10.1 - *Recommendation of Appointment of Independent Member*, in confidence, Members agreed that they would consider the matter in the open Committee meeting.

Mr Lague spoke to the Report and outlined the recruitment process undertaken to this point.

MOVED Cr Angas that the Audit Committee:

- (1) Receives and notes the report regarding Recommendation of Appointment of Independent Member;
- (2) Recommends that Council appoint Mr Ian Swan as an Independent Member of the Audit Committee for a two year term from 28 January 2018 to 27 January 2020.

Seconded Mr Heuzenroeder

CARRIED 2017-18/23

PURPOSE

To make recommendation to Council regarding the appointment of an Independent Member to the Audit Committee, due to a vacancy caused by effluxion of time in James Heuzenroeder's appointment.

REPORT

Introduction

As reported to the 5 October 2017 Audit Committee Meeting, Mr Heuzenroeder's term as Independent Member of the Audit Committee expires on 27 January 2018. Council advertised for Expressions of Interest in local newspapers and on Council's website, with one submission being received.

Discussion

Clause 3.8 of the Audit Committee Terms of Reference states "All members of the Committee shall be appointed by Council on the recommendation of the Committee".

The Manager Financial Services and Audit Committee Chair evaluated the Expression of Interest (EOI) received by Ian Swan (Attachment 1). Crs Angas and Milne and the Chief Executive Officer reviewed the EOI and approved the aforesaid Manager and Committee Chair conducting the interview.

An interview was held on 1 December 2017. The applicant's responses to the interview questions (Attachment 2) were rated. Following review of the scores, the interview panel is satisfied with the interviewee responses and understanding of the role required for this appointment. Reference checks provided assurance that the applicant has the required skillset and ability to undertake the role. Further information can be provided at the Audit Committee meeting as/if required.

Summary

The Panel's opinion is that Mr Swan demonstrates the required level of skill, expertise and experience to meet the requirements of an Independent Committee member and asks the Audit Committee to recommend appointment by Council.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Expression of Interest by Ian Swan
Attachment 2: Interview Questions

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

Legislative Requirements

Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

Costs related to advertising for the Independent Member and the attendance of the Independent Chair on the interview panel are allowed for in the Budget.

Resource

Managed within existing officer resources.

Risk Management

Adherence to the Audit Committee Terms of Reference is a risk management tool.

COMMUNITY CONSULTATION

Not required under legislation or Council's Public Consultation Policy. A public notice requesting Expressions of Interest was placed in The Leader and Bunyip newspapers on 1 November 2017.

10. OTHER BUSINESS

Mr McCarthy wished to recognise Mr Heuzenroeder's contribution to the Audit Committee over the last 7 years and extended his thanks and appreciation. Mr Brass echoed these sentiments and thanked Mr Heuzenroeder for the knowledge and skills he had imparted to the Committee.

11. NEXT MEETING

February 2018 - Date to be advised

12. CLOSURE OF MEETING

There being no further business, Mr Brass wished everyone a Merry Christmas, happy New Year and enjoyable break and closed the meeting at 11.52am.

Confirmed:

Chairman:

Date: