



*The Barossa Council*

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

held on Thursday 4 May 2017 , commencing at 2.30pm in the  
Council Chambers, 43-51 Tanunda Road, Nuriootpa

**1. WELCOME**

The Chair, Mr Peter Brass, welcomed everyone to the meeting at 12.05pm.

**2. PRESENT**

Mr Peter Brass, Mr James Heuzenroeder, Cr John Angas, Cr Scotty Milne

**Invited Staff Members**

Mr Martin McCarthy, Chief Executive Officer

Mr Mark Lague, Group Manager Corporate Services

Ms Vicky Rohrlach, Senior Accountant

Ms Annette Randall, Executive Assistant (Minute Secretary)

**3. APOLOGIES**

Ms Tanya Johnston

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

**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 2016-17/28**

**BUSINESS ARISING FROM PREVIOUS MINUTES**

Nil

**5. CONFIDENTIAL MATTER – 12.07PM**

**5.1 EXTERNAL AUDITOR TENDER**

The matter of the Agenda item being a tender for Provision of External Audit Services for 2017/2018 to 2021/2022, pursuant to Section 90(3)(k) of the Local Government Act 1999 ("the Act") being information that must be considered in confidence in order to ensure that commercial in confidence information is not divulged and the Committee does not disclose information which may prejudice the outcome of the tender or future contracts.

There is strong public interest in enabling members of the public to observe Council's transparent and informed decision-making. This helps to ensure accountability, maintain transparency of public expenditure, facilitate public participation, assist public awareness and allow for the scrutiny of information. Attendance at a Council or Committee meeting is one means of satisfying this interest. The public will only be excluded from a Council/Committee meeting when the need for confidentiality pursuant to Section 90(2) of the Act outweighs the public interest of open decision-making.

In this matter, the reasons that receipt, consideration or discussion of the information or matter in a meeting open to the public would be contrary to the public interest are that:

- the disclosure would unreasonably expose commercial in confidence information provided by tenderers through the tender process and the Committee report, attachments and associated documents; and
- the disclosure would give an unfair advantage to a person with whom Council proposes to do business.

On balance, the above reasons which support the need for confidentiality pursuant to Section 90(2) of the Act outweigh the factors in favour of the public interest of open decision making.

**MOVED** Mr Heuzenroeder that the Audit Committee,

- (1) Under the provisions of Section 90(2) of the Local Government Act 1999, make an order that the public be excluded from the meeting, with the exception of the Chief Executive Officer, Group Manager Corporate Services, Senior Accountant and the Minute Secretary, in order to consider in confidence a report relating to Section 90(3)(k) of the Local Government Act 1999 relating to the receiving, reviewing and assessing of tenders for the Provision of External Audit Services for 2017/2018 to 2021/2022, being information that must be considered in confidence in order to ensure that the Committee does not disclose information relating to tenders for the supply of goods, the provision of services or the carrying out of works; and
- (2) Accordingly, on this basis, the Committee is satisfied that public interest in conducting meetings in a place open to the public has been outweighed by the need to keep the information and discussion confidential to prevent the unreasonable exposure of commercial in confidence information provided by tenderers through the tender process and the Committee report, attachments and associated documents and to prevent an unfair advantage to a person with whom Council proposes to do business.

**Seconded** Cr Milne

**CARRIED 2016-17/29**

#### **RESUMPTION OF OPEN COMMITTEE MEETING – 2.00PM**

The open meeting of the Committee resumed at 2.00pm.

In the matter 5.1 – External Auditor Tender:

**MOVED** Cr Milne that the Audit Committee:

- (1) Confidential Resolution

- (2) Having considered this matter in confidence under Section 90(3)(k) of the Local Government Act 1999, makes an order pursuant to Section 91(7) of the Local Government Act 1999, that the agenda report, associated documents and minutes in relation to Confidential Item 5.1 of the Confidential Audit Committee Meeting held 4 May 2017 and titled 'External Auditor Tender', other than the minutes relating to this confidentiality order, be kept confidential and not available for public inspection until the successful tenderer has been appointed by Council, other than the information required to be released in accordance with any relevant requirements of Section 91(8) of the Local Government Act 1999;
- (3) In accordance with (2) above and Section 91(9)(c) of the Local Government Act 1999, authorises the Chief Executive Officer to review and revoke this order

**Seconded** Cr Angas

**CARRIED 2016-17/3**

## **6. CONSENSUS AGENDA**

### **7. ADOPTION OF CONSENSUS AGENDA**

#### **7.1 ITEMS FOR EXCLUSION FROM THE CONSENSUS AGENDA**

Nil

#### **7.2 RECEIPT OF CONSENSUS AGENDA**

**MOVED** Cr Milne that the items contained in the Consensus Agenda be received and that any recommendations contained therein be adopted.

**Seconded** Mr Heuzenroeder

**CARRIED 2016-17/30**

## **8.1 DEBATE AGENDA**

### **8.1.1**

#### **BUDGET UPDATE (AS AT 31 MARCH 2017)**

**B5734**

Mr Lague spoke to the Report.

**MOVED** Mr Heuzenroeder that the Budget Update for 2016/17 (as at 31 March 2017) be endorsed for Council consideration.

**Seconded** Cr Angas

**CARRIED 2016-17/31**

### **PURPOSE**

The Budget Update for 2016/17 (as at 31 March 2017) will be presented to Council at its 16 May 2017 Council Meeting, and the budget variations contained therein will be considered for adoption.

### **REPORT**

The report provides information as to the financial position of Council, containing budget update reports which include Executive Summary, Uniform Presentation of Finances, Key Performance Indicators, Summary of Operating Budget Variance Adjustments and Summary of Capital Budget Variance Adjustments.

The proposed variances between the original budget and this budget update are listed on the operating and capital budget adjustment pages. The report also includes details of new initiatives and capital expenditure adjustments.

## ATTACHMENTS OR OTHER SUPPORTING REFERENCES

**Attachment 1:** Budget Update (as at 31 March 2017) (Will be emailed separately on 3 May 2017.)

### Policy

Budget & Business Plan and Review Policy

## 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.
- 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.
- 6.9 Provide access to Council's plans, policies and processes and communicate with the community in plain English.
- 6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

### Legislative Requirements

Local Government Act 1999 Sect 123 (13)

Local Government (Financial Management) Regulations 2011 Regulation 9 (1)(a)

## FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

### Financial

To enable Council to make effective and strategic financial decisions, a quarterly budget review report is provided. This report contains budget adjustments for decisions Council has made since the last review and other adjustments to meet financial changes in capital and/or operational areas. The document contains comments and implications for the Long Term Financial Plan as a result of this review.

## COMMUNITY CONSULTATION

Community Consultation was part of the original budget adoption process in June 2016, as per legislation.

### **8.1.2**

### **AUDITOR-GENERAL'S GOVERNANCE REPORT**

### **B4039**

Mr McCarthy spoke to the Report.

**MOVED** Cr Milne that the Audit Committee:

- (1) Receives and notes the Auditor-General's Report of February 2017;
- (2) Monitors the implementation of the Auditor-General's recommendations within administrative risk, internal control and governance systems as presented in the Review Schedule.

**Seconded** Mr Heuzenroeder

**CARRIED 2016-17/32**

## **PURPOSE**

The Committee is requested to provide oversight to the implementation of the Auditor-General's recommendations around governance, risk and internal control.

## **REPORT**

### Background

A copy of the final report prepared by the Department of the Auditor-General which was tabled in Parliament on 28 February 2017 and entitled "Examination of governance arrangements in Local Government: February 2017".

### Introduction

As reported to the Audit Committee at its 5 November 2015 and 8 June 2016 meetings, The Barossa Council was randomly selected by the Auditor-General's Department, pursuant to its power under section 32 of the *Public Finance and Audit Act 1997*, to undertake the inaugural local government sector examination.

The Barossa Council was chosen along with the City of Marion and, regional subsidiary, Adelaide Hills Waste Management Authority.

The purpose of the examination was to determine whether Council activities were, and continue to be, managed efficiently and economically through a sound governance and accountability framework.

Council management, senior staff and officers provided their time, expertise and supporting documentation to the examiners over the period of some 15 months, in the areas of:

- administrative arrangements for staff and committees
- management and oversight (including delegations, strategic and operational plans and risk)
- transparency and accountability (including performance evaluations, executive management contracts and internal audit function); and
- conduct to prevent fraud and corruption (including conflict of interest, legal compliance and complaint handling).

### Discussion

Overall the report is highly supportive of Council's systems and processes and the efficiency of Council's governance arrangements, in the face of the administrative burden placed upon local government.

Further, after consulting with the Mayor, the Chief Executive Officer agreed with the majority of the conclusions and recommendations made by the examiners and noted that officers:

- had already identified opportunities for improvement in the bulk of the areas addressed by the examiners,
- had resolved a component of them and
- were working towards achieving the remaining goals.

### Summary and Conclusion

A Review Schedule is attached outlining the 5 areas of improvement as identified by the Auditor-General. Officers will provide updates to the Committee in each area until completion.

## **ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

### **Attachments**

Attachment 1: Examination of governance arrangements in Local Government: February 2017

Attachment 2: Review Schedule for tracking Auditor-General's Recommendations

### **Policy**

**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.
- 6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

**Legislative Requirements**

Local Government Act 1999

**FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**

**Financial**

Risk management strategies had already been commenced and are part of existing budgets. Implementation of a legal compliance framework (including an analysis of what this entails) is not part of existing budgets and will need to be considered once risk management has been implemented.

**Resource**

Officers are undertaking their actions as part of existing duties.

**Risk Management**

Overall risk is reduced by implementation of Auditor-General's recommendations.

**COMMUNITY CONSULTATION**

Community Consultation is not required under legislation or Council Policy.

**ACTION:**

*Chief Executive Officer to provide update reports to future Audit Committee meetings.*

**10. OTHER BUSINESS**

Nil

**11. NEXT MEETINGS**

- July/August – Date to be advised; and
- 5 October 2017 at 10.00am

**12. CLOSURE OF MEETING**

There being no further business, Mr Brass closed the meeting at 2.23pm.

Confirmed:

**Chairman:** .....

**Date:** .....



**CONFIDENTIAL**

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

**held pursuant to the provisions of Section 90(2) of the Local Government Act  
1999, on Thursday 4 May 2017 commencing at 12.07pm**

**MEMBERS PRESENT**

Mr Peter Brass, Mr James Heuzenroeder, Cr John Angas, Cr Scotty Milne

**OFFICERS PRESENT**

Mr Martin McCarthy, Chief Executive Officer  
Mr Mark Lague, Group Manager Corporate Services  
Ms Vicky Rohrlach, Senior Accountant  
Ms Annette Randall, Executive Assistant (Minute Secretary)

**APOLOGIES**

Ms Tanya Johnston

**5. CONFIDENTIAL MATTER – 12.07PM**

**5.1**

**EXTERNAL AUDITOR TENDER  
B5735**

Mr Lague, a member of the Tender Evaluation Panel, gave a brief summary of the tender processes to date.

At 12.20pm, Messrs John Jovicevic and Stuart Simpson from Dean Newbery & Partners, joined the meeting and provided a verbal presentation on the Tender submission from their company and answered questions from the members. They left the meeting at 12.53pm.

At 12.55pm, Messrs David Papa, David Francis and Matthew Cocca from Bentleys SA Audit Partnership, joined the meeting and provided a presentation on the Tender submission from their company and answered questions from the members. They left the meeting at 1.43pm.

**MOVED** Cr Milne that the Audit Committee:

- (1) Recommends that Council approve at its 16 May 2017 meeting, the appointment of Bentleys SA Audit Partnership, as Council's External Financial

**OUT OF CONFIDENCE**

Auditor for the five year period 2017/2018 to 2021/2022 at a fee of \$22,200 (Excl GST) for 2017/18 and thereafter indexed annually as provided in the Tender documentation;

- (2) Having considered this matter in confidence under Section 90(3)(k) of the Local Government Act 1999, makes an order pursuant to Section 91(7) of the Local Government Act 1999, that the agenda report, associated documents and minutes in relation to Confidential Item 5.1 of the Confidential Audit Committee Meeting held 4 May 2017 and titled 'External Auditor Tender', other than the minutes relating to this confidentiality order, be kept confidential and not available for public inspection until the successful tenderer has been appointed by Council, other than the information required to be released in accordance with any relevant requirements of Section 91(8) of the Local Government Act 1999;
- (3) In accordance with (2) above and Section 91(9)(c) of the Local Government Act 1999, authorises the Chief Executive Officer to review and revoke this order

**Seconded** Cr Angas

**CARRIED 2016-17/3**

**CLOSURE OF CONFIDENTIAL MEETING**

There being no further business, the confidential meeting closed at 2.00pm.

Confirmed:

**Chairman:** .....

**Date:** .....