

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF
THE BAROSSA COUNCIL**
**held in the Council Chamber 43-51 Tanunda Road, Nuriootpa, on
Thursday 5 November 2015 commencing at 10:15 am.**

1. WELCOME

The Chair, Mr Peter Brass welcomed everyone to the meeting at 10:17 am. Mr Brass advised the meeting that the Audit Committee had a debrief with Council auditors prior to the commencement of the meeting.

The Chair, Mr Peter Brass acknowledged the significant contribution of Mr Brian Hurn OAM, as a Member of the Audit Committee of Council and the sadness at his recent passing.

As a member of the Audit Committee, Brian was highly respected and his commitment and passion to the Barossa Council and local government in South Australia will always be remembered.

2. PRESENT

Mr Peter Brass, Mr James Heuzenroeder, Ms Tanya Johnston, Cr Angas, Cr Milne, Cr Miller

Invited Staff Members and Auditors

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 Liz Waters, Accountant
Ms Susie Roehr, Executive Assistant Corporate & Community Services
Ms Samantha Allard, Partner, Dean Newbery & Partners
Mr John Jovicevic, Dean Newbery & Partners

3. APOLOGIES

Mr Roy Allen – Rates Officer

4. CONFIRMATION OF MINUTES FROM PREVIOUS MEETING

MOVED Cr Miller that the Minutes of the Audit Committee Meeting held 6 June 2015, 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

Nil

The Chair sought the leave of the meeting to bring forward items related to the annual financial audit for consideration to allow Council's auditors from Dean Newberry and

Partners to address any matters of the Audit Committee and depart for another appointment thereafter. Leave was granted.

7.1.2 NURIOOTPA CENTENNIAL PARK AUTHORITY - 2014/15 ANNUAL FINANCIAL STATEMENTS

MOVED Mr Heuzenroeder that the 2014/15 Annual Financial Statements for the Nuriootpa Centennial Park Authority be endorsed and presented to Council for adoption.
Seconded Ms Johnston **CARRIED**

INTRODUCTION

A copy of the Nuriootpa Centennial Park Authority Annual Financial Statements for the year ended 30 June 2015 was provided.

COMMENT

In accordance with Section 126(4) of the Local Government Act 1999, the Committee must review the Annual Financial Statements to ensure that they present fairly the state of affairs of the Council.

The Council Auditors commenced their Balance Date Audit on 16 September 2015.

Council officers have provided information to the auditors to ensure they were able to conduct their audit and have made necessary adjustments to the report as required.

The audited final signed copy of the financial statements has been provided (as attached). The certificate to be signed by Nuriootpa Centennial Park Authority management will be presented at the meeting.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999 - Section 126(4)

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

The financial statements have been incorporated into Council's consolidated Financial Statements.

COMMUNITY CONSULTATION

No separate consultation is required under Council's Public Consultation Policy. The Statements are public documents, accessible to the community via Council's website.

7.1.3 2014/15 ANNUAL FINANCIAL STATEMENTS **B1096**

MOVED Cr Miller that subject to final confirmation with Council auditors, the preliminary 2014/15 Annual Financial Statements be endorsed and presented to Council for adoption.
Seconded Mr Heuzenroeder **CARRIED**

INTRODUCTION

A copy of the Interim Annual Financial Statements for the year ended 30 June 2015 for review was provided.

COMMENT

In accordance with the Local Government Act 1999, Section 126(4) the Committee must *“review the adequacy of the financial management systems and practices of the Council...”*. This is to ensure that they present fairly the state of affairs of the Council.

As required in the Terms of Reference *“the committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements they contain”*.

The Council Auditors conducted their Balance Day Audit on 15-16 October 2015.

Council Officers have provided information to the Auditors to ensure they were able to conduct their audit and have made necessary adjustments to the report as required.

A final review is being made by the Auditors and so a draft copy of the financial statements has been provided (as attached). A final copy will be presented to Council at the November 2015 Council meeting.

A preliminary Comprehensive Income Statement variance report from the Original Budget compared to Actual results for the 2014/15 year will be forwarded to members by separate cover.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Legislation

Section 126(4) of the Local Government Act 1999
Local Government (Financial Management) Regulations 2011

Council Strategic Plan

4.1 – Responsibility 4.3 – Systems

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

All known financial and resourcing requirements as at 30 June 2015 have been included in the financials.

Risk management issues are considered by Management throughout the financial year and communicated to Council as required.

There are no resource management considerations.

COMMUNITY CONSULTATION

No separate consultation is required under Council's Public Consultation Policy. The Statements are public documents, accessible to the community via Council's website.

7.1.5

2015 AUDIT COMPLETION REPORT

MOVED Cr Milne that the Audit Committee receives Late Agenda Report 7.1.5 - 2015 Audit Completion Report.

Seconded Cr Miller

CARRIED

MOVED Mr Heuzenroeder that the Audit Committee note the 2015 Audit Completion Report.

Seconded Cr Angas

CARRIED

INTRODUCTION

Officers have received the 2015 Audit Completion Report from the External Auditors, and the report was read and considered in conjunction with agenda item 7.1.3.

External Auditors spoke to the report. Planning has commenced for next financial year, testing and preliminary work to commence earlier. Auditors recommend that a stocktake of plant and equipment be undertaken during the 2015/16 year.

COMMENT

Council's external Auditor, Dean Newbery & Partners have issued their 2015 Audit Completion report. It includes a summary of key matters on page 6 that will be included in the Auditors 2015 Balance Date Management Letter. Council staff will respond to the Auditors on future actions to be taken regarding these matters and this will be reported to the Audit Committee at the next meeting.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Legislation

Local Government Act – Section 126

Council Strategic Plan

4.1 Responsibility

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

No separate consultation is required under Council's Public Consultation Policy

6. CONSENSUS AGENDA

6.1 REPORTS FOR INFORMATION

MOVED Cr Milne that the reports for information 6.1.1 to 6.1.4 be received.

Seconded Cr Angas

CARRIED

The Committee discussed the draft Risk Management Policy – suggestions were put forward to include a section about Council's Risk Appetite, in addition to the existing definition of tolerance and for the levels of risk to be reviewed.

6.2 CORRESPONDENCE

MOVED Ms Johnston that Correspondence Item 6.2.1 be received.

Seconded Cr Miller

CARRIED

Ms Samantha Allard, Partner, Dean Newbery & Partners and Mr John Jovicevic, Dean Newbery & Partners left the meeting at 11:32 am.

6.2.2 CONFIDENTIAL MATTER – CHIEF EXECUTIVE OFFICER – 11:33AM

Correspondence has been received from the Auditor-General necessitating consideration of the Audit Committee in confidence to comply with the requirements of the Auditor-General and thus a duty placed upon Council.

MOVED Cr Miller that:

- (1) Under the provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public be excluded from the meeting, with the exception of the Chief Executive Officer, Director - Corporate and Community Services, Manager Financial Services, Senior Accountant, Risk Manager, Internal Controls Compliance Officer, Accountant and the Minute Secretary, in order to consider in confidence a verbal report relating to Section 90(3)(g) of the Local Government Act relating to correspondence received by the Auditor-General, being matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation of duty : and
- (2) Accordingly, on this basis, the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

Seconded Cr Milne

CARRIED

RESUMPTION OF OPEN AUDIT COMMITTEE MEETING - 11.37AM

The open meeting of the Audit Committee resumed at 11:37am

MOVED Cr Miller that:

- (1) Confidential resolution.
- (2) The Committee having considered this matter in confidence under Section 90(2) and 3(g) of the Local Government Act 1999 makes an order pursuant to Section 91(7) of the Act that the details of the verbal briefing and minutes of the confidential meeting regarding correspondence from the Auditor-General be kept confidential and that the Chief Executive Officer be delegated to review and revoke this order within 12 months from the date of this meeting (being 5 November 2015).

Seconded Cr Milne

CARRIED

7.1 DEBATE AGENDA - REPORTS

7.1.1 INTERNAL FINANCIAL CONTROL

B1321

MOVED Mr Heuzenroeder that the report on Internal Financial Controls be received and noted.

Seconded Cr Angas

CARRIED

INTRODUCTION

Update on internal control work performed since the last Audit Committee meeting.

COMMENT

A copy of the Internal Financial Control Report for July to September 2015 was provided.

LEGISLATIVE / POLICY / COUNCIL STRATEGIC PLAN

Legislation

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

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

Council Policy

Various

Council Strategic Plan

4.1 Responsibility

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.

7.1.4

DRAFT ANNUAL REPORT OF AUDIT COMMITTEE'S ACTIVITIES

MOVED Cr Scotty Milne That the Audit committee draft Annual Report be approved for submission to Council.

Seconded Ms Johnston

CARRIED

INTRODUCTION

A draft Annual Report of the Committee's activities was presented.

COMMENT

One of the activities of an Audit Committee identified in the LGA Information Paper 14 'Model Work Program for Council Audit Committees' is its annual reporting to Council. Subsequent Information Paper 19 'Audit Committee Reporting' presents a 'best practice' approach for Council's to adopt.

The Chairman's draft report attached follows the model template set out in the Information Paper.

The Chairman will present his report to the 15 December 2015 Council meeting.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Legislation

Local Government Act – Section 126
LGA Information Paper 19 ‘Audit Committee Reporting’

Council Strategic Plan

4.1 Responsibility

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

Council’s Audit Committee Annual Report on activities for 2014-15 will be available to the public via Council’s website.

8. **OTHER**

8.1 **AUDIT COMMITTEE ACTION TRACKING**

MOVED Ms Johnston that the progress of the Audit Committee Tracking report received.
Seconded Cr Miller **CARRIED**

9. **ANY OTHER BUSINESS**

Nil.

10. **NEXT MEETING**

11. **CLOSURE**

There being no further business, Mr Brass closed the meeting at 11:45 am.

Confirmed:

Chairman:

Date:

CONFIDENTIAL
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1. PRESENT

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Cr Miller

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Mr Alan Jackson, Risk Manager
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Ms Liz Waters, Accountant
Ms Susie Roehr, Executive Assistant Corporate & Community Services

2. CONFIDENTIAL MATTER – CHIEF EXECUTIVE OFFICER – 11:33AM

The Chief Executive Officer provided a verbal briefing regarding correspondence received from the Auditor-General that The Barossa Council has been chosen from a random sample of Councils for a governance audit. The Auditor-General expects that the work will be completed by February 2016.

MOVED Cr Miller that:

- (1) The verbal briefing be received and noted.
- (2) The Committee having considered this matter in confidence under Section 90(2) and 3(g) of the Local Government Act 1999 makes an order pursuant to Section 91(7) of the Act that the details of the verbal briefing and minutes of the confidential meeting regarding correspondence from the Auditor-General be kept confidential and that the Chief Executive Officer be delegated to review and revoke this order within 12 months from the date of this meeting (being 5 November 2015).

Seconded Cr Milne

CARRIED

3. CLOSURE

The meeting closed at 11.37am.

Confirmed:

Chairman:

Date: