

**MINUTES OF CITY OF MOUNT GAMBIER
AUDIT COMMITTEE MEETING
HELD AT THE CIVIC CENTRE, 10 WATSON TERRACE, MOUNT GAMBIER
ON MONDAY, 20 JANUARY 2020 AT 5.00 P.M.**

PRESENT: Mayor Lynette Martin (OAM), Cr Sonya Mezinec (Presiding Member), Mr Paul Duka, Ms Angela Kain

OFFICERS IN ATTENDANCE: General Manager City Growth - Ms J Nagy
Manager Finance and Customer Service - Mr J Zwijnenburg
Management Accountant - Ms K Rolton

1 ACKNOWLEDGEMENT OF COUNTRY

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

2 APOLOGY(IES)

Nil

3 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Mayor Lynette Martin

That the minutes of the Audit Committee meeting held on 2 September 2019 be confirmed as an accurate record of the proceedings of the meeting.

CARRIED

4 QUESTIONS WITHOUT NOTICE

Nil



5 REPORTS

5.1 INTERNAL FINANCIAL CONTROLS - IMPROVEMENT TASK UPDATE

COMMITTEE RESOLUTION

Moved: Angela Kain

Seconded: Paul Duka

1. That Audit Committee Report No. AR19/43570 titled 'Internal Financial Controls - Improvement Task Update' as presented on 20 January 2020 be noted.

CARRIED

5.2 QUARTERLY BUDGET REVIEWS - AUDIT COMMITTEE UPDATE

COMMITTEE RESOLUTION

Moved: Angela Kain

Seconded: Paul Duka

1. That Audit Committee Report No. AR19/66430 titled 'Quarterly Budget Reviews - Audit Committee Update as presented on 20 January 2020 be noted.

CARRIED

5.3 CRISIS MANAGEMENT ARRANGEMENTS UPDATE

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Angela Kain

1. That Audit Committee Report No. AR19/66672 titled 'Crisis management arrangements update' as presented on 20 January 2020 be noted.

CARRIED

5.4 ANNUAL REPORT 2018-2019

COMMITTEE RESOLUTION

Moved: Cr Sonya Mezinac

Seconded: Mayor Lynette Martin

1. That Audit Committee Report No. AR19/68392 titled 'Annual Report 2018-2019' as presented on 20 January 2020 be noted.

CARRIED



5.5 AUDIT COMMITTEE SELF-ASSESSMENT OF PERFORMANCE

COMMITTEE RESOLUTION

Moved: Angela Kain

Seconded: Paul Duka

1. That Audit Committee Report No. AR19/68407 titled 'Audit Committee self-assessment of performance' as presented on 20 January 2020 be received subject to the inclusion of the performed Works Program and the dates and attendance of the Audit Committee meetings for 2018/19.
2. That the Audit Committee record that it is satisfied that its performance is meeting Council and other relevant Authority's standards and expectations.
3. That the Audit Committee includes an 'Annual report to Council by the Presiding member of the Audit Committee' to its Works Program.
4. The Audit Committee recommends that each Audit Committee agenda include a standard agenda item for the review of progress against the works program.

CARRIED

5.6 REVIEW OF EXTERNAL AUDITOR'S PERFORMANCE AND OVERALL EFFECTIVENESS

COMMITTEE RESOLUTION

Moved: Cr Sonya Meziniec

Seconded: Angela Kain

1. That Audit Committee Report No. AR19/68411 titled 'Review of external auditor's performance and overall effectiveness' as presented on 20 January 2020 be noted.
2. That Audit Committee note the inclusion of the IT Audit and Project Costing controls testing and that additional controls will be included for testing into the 2019/20 External Audit Plan.

CARRIED



5.7 AUDIT RELATED POLICY REVIEWS

COMMITTEE RESOLUTION

Moved: Angela Kain

Seconded: Paul Duka

1. That Audit Committee Report No. AR19/68420 titled 'Audit Related Policy Reviews' as presented on 20 January 2020 be noted.
2. That the Audit Committee endorses the following updated Council Policies as attached to the Audit Committee Report No. AR19/68420 to be adopted by Council:
 - (a) Budget Framework Policy B300
 - (b) Fraud and Corruption Prevention Policy F225
 - (c) Treasury Management Policy T150

CARRIED

5.8 REFORMING LOCAL GOVERNMENT IN SOUTH AUSTRALIA

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Angela Kain

1. That Audit Committee Report No. AR19/70460 titled 'Reforming Local Government in South Australia' as presented on 20 January 2020 be noted.

CARRIED

6 MOTIONS WITHOUT NOTICE

Nil

7 MEETING CLOSE

The Meeting closed at 6.16 p.m.

The minutes of this meeting were confirmed at the Audit Committee held on 23 March 2020.

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PRESIDING MEMBER



The Audit Committee Self-assessment of Performance documentation consists of the following three parts:

- Self performance considerations – Table 1
- Actioned items from 2018-19 financial year work program – Table 2
- Attendance of Audit Committee members and External Auditor – Table 3

Table 1: Self performance considerations

AREA	COMMENT
Role & Terms of Reference	The Audit Committee is of the view that functions and extent of authority as defined under S126 (4) LGA are adequately defined in the <i>Terms of Reference</i> established by Council. The latest review of the Terms of Reference was performed 17 December 2018.
	The Audit Committee is of the view that its role and function includes the monitoring of Financial Reporting and Management, Internal controls and Risk Management Systems, the effectiveness of internal audit functions and the external audit arrangements.
Independence	The Audit Committee is of the view that it is able to form opinions and express views independently without perceiving a conflict of interest based on their current position within or outside Council.
	The Audit Committee believes the invited attendance of the CEO, a General Manager, the Manager Finance and Customer Service and the Management Accountant, or other Council staff at times, provides direction without influence. Continued attendance is desirable.
Committee Skills/Training	The Audit Committee is of the view that its members have been selected due to their qualifications and expertise and their combined qualifications and experience allow it to perform its role appropriately.
	Members' backgrounds include a (combination of) accounting, risk management, internal control and/or external audit experience and exposure. Members have access to relevant and ongoing professional training.
Work Program	The Audit Committee's Work Program meets its current areas of focus and the Audit Committee recognises that its Work Program can be updated based on changing expectations and/or to address topical issues and emerging trends.
Council Structure and Decision Making	The Audit Committee are aware of the processes of Council, Council's organisational structure and decision making processes.
	Audit Committee Members are provided with copies of financial statements, policies and reports of Council if and when relevant.
Meeting Operation and Frequency	The Audit Committee has been meeting regularly, and at a minimum four times a year, over the last financial years.
	The Audit Committee holds the view that current frequency and duration is adequate to address issues timely and diligently.
Resources available to the Audit Committee	The Audit Committee utilises the resources of Council through the attendance of the external audit service provider, the CEO, the Manager Finance and Customer Service and the Management Accountant and other employees as requested.

AREA	COMMENT
	The Audit Committee has liaised with external auditors and Council employees as required in order to meet its role and terms of reference. The Audit Committee is able meet with the auditor without Council Administration representatives, when requested.
Audit Committee's working relationship with Council and the senior management team	<p data-bbox="580 416 1487 546">Council appears to be aware of role and function of Audit Committee. Presence of CEO, the Manager Finance and Customer Service and the Management Accountant assists the Audit Committee in decision achievement.</p> <p data-bbox="580 551 1455 649">No issues of conflict have arisen. The Audit Committee recognises the significant role played by Council employees to address and advise the Committee.</p>
The Audit Committee's access to appropriate Council information	<p data-bbox="580 656 1471 853">The Audit Committee notes its oversighting role regarding financial and risk management within Council. Although it has no operational responsibility it has access to necessary information to perform its review role around the policies, procedures and compliance related to policies and procedures guiding decisions with major financial or risk implications.</p> <p data-bbox="580 857 1487 956">The Audit Committee is able to contribute to the Annual Works Program incorporating any subjects is determines to be either topical or of consistent interest to the Committee.</p>
The extent to which the Audit Committee's advice is contributing to the effective operation of the Council	<p data-bbox="580 963 1471 1061">The Audit Committee recognises that its role and terms of reference are a requirement of the LGA. Members are cognisant of their requirements, roles and responsibilities.</p> <p data-bbox="580 1066 1471 1164">The Audit Committee holds the view that its function and role will be increasingly viewed as complimentary to Council in its activities for ratepayers.</p>

Table 2: Actioned items from 2018-19 financial year work program

	Topic per 15 May 2020 established Work program	Dates				Requirement • LG Act 1999, / LG (Financial Management) Regulations 2011 / Audit Committee TOR	Reference
		26 September 2018	17 December 2018	15 May 2019	4 June 2019		
1	Review Annual Work Program			V		TOR	7.5.5 and 9.5
2	Review Terms of Reference		V			TOR	9.5
3	Internal Controls, Risks and Improvement plans (including cumulative spend and procedure)	ControlTrack continuous improvements	ControlTrack residual risk ratings; Property searches process improvement; Procurement Framework and Admin Procedure; Internal Financial Controls Procedure Manual	Internal Financial Controls – Cumulative spend review (1/7/18-14/3/19); AusCERT Cyber Security Survey; Customer Experience Team improvement	CQR Cyber Security assessment – update; Registers of Process Improvement, Service reviews and projects	Regulations TOR;	S 41(b) 7.2.1
4	Infrastructure and Asset Management Plans and Asset Management Strategy					TOR	7.1.4
5	Long Term Financial Plan					Regulations	S 126(4)(ab)
6	Annual Business Plan and Budget (including assumptions)	Capital Work in Progress Budget Carry Overs	Integrated Planning and Budget Framework (IP&BF)		Draft FY2020 Annual Business Plan and Budget	LG Act	S 126(4)(ab)
7	External Audit - Interim Review and Management Letter			Interim Management letter	Final Interim Audit Management letter	TOR	7.5
8	Confidential meeting with External Auditors (when considered necessary)					LG Act TOR	S 126(4)(b) 7.5
9	External Auditor – Statutory External Audit and Report on Financial Results	V			Audit Engagement Plan FY2019	Regulations TOR	Reg. 10 7.5

10	Annual Financial Results / Statements including authorisation by Presiding Member	V		Accounting Standards Update (AASB 15 / 16)		LG Act TOR	S 126(4)(a) 7.1
11	Quarterly Budget Review		BR1 FY2019			LG Act and TOR	S126 7.1.3
12	Crisis Management Arrangements including: Emergency Management					TOR	7.2.1
13	Annual Report					TOR	7.1.1 and 7.2.2
14	Policy Reviews <ul style="list-style-type: none"> Budget Framework Policy B300 Fraud and Corruption Prevention Policy Treasury Management Policy T150 Whistleblowing Protection Policy W150 	T150				TOR TOR TOR TOR	7.1.2.1 7.2 and 7.3 7.1.2.1 7.3
15	Audit Committee Self-Assessment					TOR	9.5
16	Review of External Auditors' performance and overall effectiveness					TOR	7.5.3 and 7.5.6

Table 3: Attendance of Audit Committee members and External Auditor

2018-19 Financial Year		26 September 2018	17 December 2018	15 May 2019	4 June 2019	Total
Audit Committee Members	Cr Mrs Sonya Meziniec	Yes – Presiding member	Yes – Presiding member	Yes – Presiding member	Yes – Presiding member	4 / 4
	Ms Angela Kain (appointed January 2018)	Yes	Yes	Yes	-	3 / 4
	Mr Paul Duka (appointed May 2019)	NA	NA	Yes	Yes	2 / 2
	Mrs Vanessa McDonald (resigned September 2019)	Yes	NA	NA	NA	1 / 1
	Mayor - Mrs Lynette Martin			-		
TOTAL attendance		3	2	3	2	
External Auditor	Mr Tim Muhlhausler	Yes	-	-	Yes (phone)	2 / 4
	Mr Kristofer Bergamaschi	-	-	-	Yes (phone)	