

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY
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Website: www.gawler.sa.gov.au/grfma

Dear Member,

NOTICE OF MEETING

Notice is hereby given pursuant to Clause 6 of the Charter that a meeting for the GRFMA Audit Committee has been called for:

DATE: Monday 10 December 2018

TIME: 4.00 PM

PLACE: Meeting Room
LGA House
148 Frome Street
ADELAIDE SA 5000



David E Hitchcock

EXECUTIVE OFFICER

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

AUDIT COMMITTEE MEETING

AGENDA

4.00 PM Monday 10 December 2018

LOCAL GOVERNMENT HOUSE, LGA, 148 FROM STREET ADELAIDE SA

1. PRESENT

2. APOLOGIES

3. MINUTES OF THE PREVIOUS MEETING

Confirmation of the Minutes of the previous GRFMA Audit Committee meeting held on Monday 13 August 2018.

RECOMMENDATION

That the minutes of the previous GRFMA Audit Committee meeting held on Monday 13 August as per copies supplied to members be adopted as a true and correct record of that meeting.

4. BUSINESS ARISING FROM THE MINUTES

5. GENERAL BUSINESS

5.1 Progress report of the GRFMA Business Plan 2018- 2021	Page 5
5.2 GRFMA Budget Review	Page 7
5.3 Review of GRFMA Policies.....	Page 8
5.4 Internal Controls.....	Page 10
5.5 Audit Committee Membership.....	Page 11
5.6 GRFMA Website internal protocols.....	Page 12

6. NEXT MEETING

March 2019

7. CLOSURE

M I N U T E S

Committee **GRFMA Audit Committee**

Held On **9.00 am Monday 13 August 2018**

Location **Meeting Room, LGA House 148 Frome Street, Adelaide**

PRESENT

Mr Peter Brass, Independent Member, Chair
Cr Des Ellis, Light Regional Council
Mr Greg Pattinson, City of Playford
Mr Corey Mc Gowan, External Auditor HLB Mann Judd
Mr David Hitchcock, Executive Officer

APOLOGIES

Nil.

GAC18/11	Minutes 18 June 2018
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Moved: Mr Pattinson Seconded: Cr Ellis

That the minutes of the previous GRFMA Audit Committee meeting held on Monday 18 June 2018 as per copies supplied to members be adopted as a true and correct record of that meeting.

CARRIED

GENERAL BUSINESS

GRFMA 2016/17 Financial Statements and Audit report.

The Executive Officer vacated the meeting at 9.07 am.

The Financial Statements 2017- 2018, together with Statement of Auditor's Independence and Report to Board and Audit Committee was discussed. Mr Corey McGowan from HLB Mann Judd was present at the meeting to facilitate committee member discussion on the Annual Audit and presented documents.

The Executive Officer returned to the meeting at 9.12 am.

Further discussion was undertaken in regard to:

- The Audit closing report noted that the Dam Valuation Policy states that the actual construction cost of the dam be revalued every five years.
As the last valuation occurred in May 2014, being four years ago, The Audit Committee recommend that the GRFMA Board obtain a valuation of the dam's actual construction cost for the year ended 30 June 2019.
- GRFMA Website internal protocols.
The Audit Committee noted the GRFMA website is hosted by the Town of Gawler and recommend that the Executive Officer make inquiries to ensure that correct information storage and website system securities are being maintained.

- An agreement has been entered into with Mr David Hitchcock to provide Executive Officer and Supervision of Consultants services to 31/12/18.
The Audit Committee recommend the GRFMA Board initiate appropriate and relevant action to ensure continuity of Executive Services post 31/12/18.
- Constituent Council's interest in net assets.
The Audit Committee discussed the Schedule of Constituent Council's interest in net assets with view that each Council should ensure the relevant interest is being included (accounted) in their annual Financial Statements.
- Internal Controls
The Audit Committee noted that the Executive Officer is to undertake review of GRFMA Internal Controls during the 2018/19 financial year.

GAC 18/12 Audited Financial Statements for 2017 – 2018

Moved: Mr Pattinson Seconded: Cr Ellis

That the audited Financial Statements for 2017 – 2018 be received and noted and that the 'Certification of Auditor Independence' be signed by the Audit Committee Chair and Executive Officer.

CARRIED

Audit Committee meeting schedule 2018/19

Schedule	Detail	Action
26 March 2018	Annual Budget and Business Plan Review; Audit Schedule	Completed
4 June 2018	Annual cost estimates and budget variations consideration.; Policy Review	Completed
13 August 2018	Annual Financial Statements – Audit report; 2018/19 Budget Review - Auditor to attend	Completed
December 2018	Operation of the Regional Subsidiary- Part D Business Plan	
March 2019	Annual Budget and Business Plan Review; Audit Schedule	
June 2019	Annual cost estimates and budget variations consideration; Policy Review	

NEXT MEETING

To be held in December 2018

CLOSURE

The Chair thanked Members for their contribution, and closed the meeting at 9.40 am

Chair _____ Date _____

R E P O R T Agenda Item

Committee **AUDIT COMMITTEE**

Meeting Held **10 December 2018**

Report Name **5.1 Progress report of the GRFMA Business Plan 2018- 2021**

RECOMMENDATION

That the GRFMA Audit Committee receives the progress report of the GRFMA Business Plan 2018- 2021

The table below provides an update on progress of achievements GRFMA Business Plan 2018 - 2021

A report is to be provided to the 13 December 2018 GRFMA Board meeting.

Evaluation of Performance against the 2018 - 2021 Business Plan

Part A: Funding

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Grant Claims	At all times	Lodge claims monthly for the payment of Commonwealth and State Government Grants.	<input checked="" type="checkbox"/> Claims lodged at the end of the month
Maintain positive Cash Flow	At all times	Positive bank account balances at all times.	<input checked="" type="checkbox"/> Positive cash flow maintained

Part B: Maintenance of the Scheme

Performance Targets:	Timings:	To be measured by:	Actual Achievements
Six monthly inspection	June and December	Completion of Inspection Report	A contract has been awarded to HARC to undertake a dam consequence assessment (ANCOLD), Due Early January 2019. Report outcomes will determine inspection frequency.

Part C: Operation of the Regional Subsidiary

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Maintain effective Regional Subsidiary	December	The performance of the Executive Officer be reviewed annually	<input checked="" type="checkbox"/> Next review to be conducted in January 2019.
	August	The appointment of Auditor, Bank Operators, levels of insurance, appropriate registrations, delegations and policies be reviewed annually.	<input checked="" type="checkbox"/> Auditor reappointed up to 30 June 2019 <input checked="" type="checkbox"/> Appropriate levels of insurance reviewed in July 2018
Review of the Business Plan	By 31 st March	Review the Business Plan prior to preparing the Budget Forward to the Councils	
Annual Budget	By 31 st March, June, October, December	Adopt for consultation forward to Councils Adopt Budget – copy to Councils in 5 days Conduct Budget Reviews	<input checked="" type="checkbox"/> Budget 2018 –2019 adopted at June 2018 Board meeting <input checked="" type="checkbox"/> Budget review to December 2018 Audit Committee meeting
Subscriptions	June December	Send half year subscriptions to Council Send half year subscriptions to Council	<input checked="" type="checkbox"/> All first half subscriptions paid
Report to Constituent Councils	Following each Board meeting By 30 th September	The receipt of the following reports by Councils: <ul style="list-style-type: none"> • Board Meeting Key Outcome Summary • Annual Report including Annual Financial Statements 	<input checked="" type="checkbox"/> Key Outcomes Summary prepared following meetings <input checked="" type="checkbox"/> Annual Report forwarded electronically to Councils on 21 August 2018.

R E P O R T Agenda Item

Committee	AUDIT COMMITTEE
Meeting Held	10 December 2018
Report Name	5.2 GRFMA Budget Review

RECOMMENDATION

That the GRFMA Audit Committee receives and discusses the Profit and Loss Budget Analysis Document for 30 November 2018 (actual) and June 2018 (projected).

The Profit and Loss Budget Analysis to 30 November 2018 indicates a surplus for the period of \$87,373. The Budgeted cost/income estimates for the corresponding period forecasted a net loss of (\$26,702).

The variation is materially due to:

- Road access repairs (Budget \$70,000) yet to be commenced. See 13/12/18 GRFMA Board Agenda Item 10.1 which recommends consideration of quotations to undertake the work;
- Bruce Eastick Dam Consequence Category Assessment report (\$35,000) still to be finalised(ie in progress at moment); and
- Additional and previously unbudgeted costs for consultancy services of BALL PR for \$5000 (ref GBR Minute 18/63) have also now been included.

Note depreciation of \$231,000 is not brought to account till 30/6/18 so in cash terms an operating loss of \$5094 is projected for 30/6/18.

See separate attachments for the Profit and Loss Budget Analysis and Balance Sheet to 30 November 2018 and the Profit and Loss Budget Analysis to 30 June 2018.

R E P O R T Agenda Item

Committee	AUDIT COMMITTEE
Meeting Held	10 December 2018
Report Name	5.3 Review of GRFMA Policies

RECOMMENDATION

That the GRFMA Audit Committee;

- 1. Receive the report regarding process of review of GRFMA policies; and**
 - 2. Consider the reviewed policies for recommendation to the GRFMA Board.**
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A review of the following GRFMA policies was undertaken in December 2017:

- Access to meetings and Documents;
- Internal Review of Decisions;
- Procurement and Operations;
- Dam Valuation; and
- Public Consultation.

Two new policies were also adopted:

- Treasury Management; and
- Asset Management Plan

Generally, GRFMA Policies are required to be reviewed annually (due December 2018).

The documents have now been reviewed by the Executive Officer and the table below identifies each policy, extent of update and relevant comment on action to be considered.

Policy Review recommendations

Policy Name	Extent of review	Comments	Action
Access to meetings and Documents	No Change	Adopt unchanged	Recommend adoption.
Internal Review of Decisions	No Change	Adopt unchanged	Recommend adoption.
Procurement and Operations	No Change	Adopt unchanged	Recommend adoption.
Dam Valuation	No Change	Adopt unchanged	Recommend adoption.
Public Consultation	New redraft to more appropriately reflect definition of consultation and definition of engagement	New redraft	Recommend to the GRFMA Board for consideration and seek feedback from constituent councils before adoption.
Treasury Management	No Change	Adopt unchanged	Recommend adoption.
Asset Management Plan	To be considered following completion of Consequence Category assessment of the Bruce Eastick North Par Flood Mitigation Dam.	No Action at this time	No Action at this time

A copy of the revised Public Consultation Policy is attached.

Copies of the current (no change) policies are available at www.gawler.sa.gov.au/grfma

R E P O R T A g e n d a I t e m

Committee	AUDIT COMMITTEE
Meeting Held	10 December 2018
Report Name	5.4 Internal Controls

RECOMMENDATION

That the GRFMA Audit Committee note the revised Internal Control worksheets and actions.

In 2015 the GRFMA Audit Committee requested the then Executive Officer to report back on progress to date on Internal Controls, using the template within the best practice model developed by the South Australian Local Government Financial Management Group.

The Executive Officer subsequently reviewed the model and considered that there were initially ten internal controls that should be the assessed, considering the nature and size of the Authority's business.

These were

- budgets
- statutory reporting;
- management reporting;
- accounts payable;
- grant funding, and
- investment income and receipting.

The relevant Control Assessment Worksheets were provided for consideration at the 13 August 2018 GRFMA Audit Committee Meeting and the Committee subsequently requested that the Executive Officer undertake review of GRFMA Internal Controls during the 2018/19 financial year.

A comprehensive review of all relevant internal control requirements has now been undertaken in accordance with that direction. The review was undertaken on the basis of working through an existing excel file record (control track) and comparing the known current GRFMA operations against the full scope of the internal control framework.

A GRFMA Internal Control Risk Assessment List has been compiled and control worksheets have been amended for each of the relevant risks.

See attached for a copy of the list which indicates relevant risks.

An electronic copy of the revised excel file record (control track) has been separately provided to committee members for perusal.

R E P O R T Agenda Item

Committee	AUDIT COMMITTEE
Meeting Held	10 December 2018
Report Name	5.5 Audit Committee Membership

RECOMMENDATION

That the GRFMA Audit Committee note the report.

A vacancy now exists in the GRFMA Audit Committee following retirement of Cr Des Ellis (did not stand for re-election).

Cr Ellis was the constituent councils Elected Member representative.

The Executive Officer has written to all constituent councils seeking nominations from Elected Members (who may be a GRFMA Board Member or a member of a constituent Council) who have financial experience relevant to the functions of the GRFMA Audit Committee.

Nominations have been requested by 7 December 2018.

Following receipt of nominations and GRFMA Board endorsement (likely 13 December 2018) approval for appointment of the preferred nomination will be sought from constituent councils.

R E P O R T Agenda Item

Committee	AUDIT COMMITTEE
Meeting Held	10 December 2018
Report Name	5.6 GRFMA Website internal protocols.

RECOMMENDATION

That the GRFMA Audit Committee note the report.

The 13 August 2018 Audit Committee Meeting noted the GRFMA website is hosted by the Town of Gawler and recommend that the Executive Officer make inquiries to ensure that correct information storage and website system securities are being maintained.

See below for the response received from Town of Gawler

The Town of Gawler website is hosted externally through a company called Simple Integrated Solutions using their website development platform called 'Craft'. The following are some points regarding the storage and security of the site based on our service agreement:

- *The website is stored in the Amazon Cloud utilising Amazon Simple Storage Services (Amazon S3). We have been provided with ample storage space*
- *Amazon S3 also stores multiple redundant copies of the website data.*
- *Daily back-ups of the site are captured as well as multiple database back-ups throughout the day.*
- *Any malicious traffic that attempts to attack the security of the website is blocked by a secure firewall*
- *The vendor keeps the servers up-to-date installing the latest security patches.*
- *The site is monitored by the vendor to ensure quality performance and maximum uptime.*

