

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY
266 Seacombe Road, Seacliff Park, SA 5049
Telephone: 0407717368 Email: davidehitchcock@bigpond.com
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 3 June 2019

TIME: 10.15 am

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

10.15 am Monday 3 June 2019

LOCAL GOVERNMENT HOUSE, LGA, 148 FROME 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 Friday 15 March 2019.

RECOMMENDATION

That the minutes of the previous GRFMA Audit Committee meeting held on Friday 15 March 2019 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 External Audit Services
- 5.2 2018/19 Budget Review 3

6. CONFIDENTIAL

- 6.1 External Audit Services 2019-2014

7. NEXT MEETING

9 August 2019

8. CLOSURE

M I N U T E S

Committee **GRFMA Audit Committee**

Held On **10.15am Friday 15 March 2019**

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

PRESENT

Mr Peter Brass, Independent Member, Chair
Mr Greg Pattinson, City of Playford
Cr Malcolm Herrmann, Adelaide Hills Council (1st meeting as newly appointed member)
Mr David Hitchcock, Executive Officer

APOLOGIES

Nil.

GAC19/01 Minutes 10 December 2018

Moved: Mr. Pattinson Seconded: Mr. P Brass

That the minutes of the previous GRFMA Audit Committee meeting held on Monday 10 December 2018 as per copies supplied to members be adopted as a true and correct record of that meeting.

CARRIED

GAC 19/02 External Audit Services
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Moved: Cr. M Herrmann Seconded: Mr. G Pattinson

That the GRFMA Audit Committee:

- 1. Request the Chairperson and Executive Officer to undertake a formal assessment and review of current external audit services performance;**
- 2. Request the Executive Officer to seek requests for quotation of external audit services from three suitable Audit firms; and**
- 3. Receive a recommendation report on outcomes from actions 1 and 2 above at the 3 June 2019 meeting.**

CARRIED

GAC 19/03 2018/19 Budget Review and the 2019– 2020 Draft Budget and 2019 – 2022 Business Plan
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Moved: Mr. Pattinson Seconded: Cr. M Herrmann

That the GRFMA Audit committee note:

- 1. The report and draft 2019/2022 GRFMA Business Plan and draft 2019/2020 budget document as amended;**

2. **Budget Review Profit and Loss Budget Analysis Documents for January 2019; and**
3. **The 21/3/19 GRFMA Special Meeting of the Board proposes to discuss possible further variations to the 19/20 draft Budget and 19/22 draft Business Plan and this may result in changes to the documents as noted.**

CARRIED

The meeting noted it would be beneficial to include the proposed 19/20 Budget as an appendix of the 19/22 Business Plan and that wording in the Business Plan will need to be amended vide the unsuccessful Building Better Regions - Northern Floodway project application.

The meeting welcomed the GRFMA External Auditor, Mr. Corey McGowan, Partner HLB Mann Judd (HLBSA) to present on the Audit Strategy for the year ended 30 June 2019.

GAC 19/04 Audit Strategy 30 June 2019

Moved: Mr. Pattinson Seconded: Cr. M Herrmann

That the GRFMA Audit Committee:

1. **Receive the Audit Strategy for the year ended 30 June 2019; and**
2. **Request the Executive Officer to facilitate reevaluation of the Bruce Eastick North Para Flood Mitigation Dam by 30/6/19**

CARRIED

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

NEXT MEETING

To be held on 3 June 2019.

CLOSURE

The Chair thanked members for their attendance and the Meeting closed at 11.30am

Chair _____ Date _____

R E P O R T

Committee	AUDIT COMMITTEE
Meeting held	3 June 2019
Report Name	5.1 External Audit Services

RECOMMENDATION

That the GRFMA Audit Committee receive the review of current external audit services performance.

The 15 March 2019 GRFMA Audit Committee meeting resolved:

That the GRFMA Audit Committee:

- 1. Request the Chairperson and Executive Officer to undertake a formal assessment and review of current external audit services performance;*
- 2. Request the Executive Officer to seek requests for quotation of external audit services from three suitable Audit firms; and*
- 3. Receive a recommendation report on outcomes from actions 1 and 2 above at the 3 June 2019 meeting.*

In accordance with that resolution the following actions have been undertaken.

1. Review of current external audit services performance - Completed
Refer separately attached for review and assessment comments by the Audit Committee Chair and GRFMA Executive Officer.
2. Quotation of external audit services from three suitable Audit firms - Completed
At the 15 March 2019 meeting members of the committee indicated three external audit service providers that in their view facilitated services suitable for the GRFMA requirements.

Requests for Quotation for provision of External Audit services were provided to the identified providers with request for submission of quotation by 24 May 2019.

Refer Confidential Agenda Item 6.1 for further details

R E P O R T

Committee	AUDIT COMMITTEE
Meeting held	3 June 2019
Report Name	5.2 2018/19 Budget Review 3

RECOMMENDATION

That the GRFMA Audit committee recommends the 2018/19 Budget Review Profit and Loss Budget Analysis Documents May 2019 and the variances contained within it to the GRFMA Board for adoption as its amended and current budget for the period ended 30 June 2019.

The adopted 2018/19 GRFMA Budget provided an operating deficit of \$231,094: Being unfunded depreciation of \$231,000 and a small operating deficit of \$94.

Budget Review 1 documents were adopted in December 2018 which provided an adjusted operating deficit of \$ \$236,094 : Being addition of \$5,000 expenditure Northern Floodway Public Relations.

Budget Review 2 documents were adopted in April 2019 which provided for an operating deficit of \$218,910: Being net cost reduction adjustments to the budget works. This provided a small “cash” surplus of \$12,090 when unfunded depreciation costs are considered.

Details of changes adopted in Budget Review 2 are indicated in Table 1.

The proposed Budget Review 3 provides for an operating deficit of \$229,010: Being additional expense of \$8,100 for re valuation of the Bruce Eastick Dam and allocation of an additional \$2,000 to Chair Honorarium. This provides a small “cash” surplus of \$1,990 when unfunded depreciation costs are considered.

Attached are the Profit and Loss (Budget Analysis) documents with Budget Review 3 variations and net loss balance of \$229,010:

- July 2018 to May 2019
- July 2018 to June 2019

Table 1 - 2018/19 Budget Review 2 works update

Item Number	Action	Priority	18/19 Budget Estimate	Actual cost	Difference	Amended Budget	Status
1	Detailed Consequence Assessment for the Dam to be undertaken	High A	\$40,000	\$ 38,360	(\$1640)	\$38,360	In progress and on time for completion
2	Discovery of existing Dam construction plans, inspections and monitoring reports		\$2,000	Nil	(\$2000)	Nil	Discovery /Found on file
3	Dewater and inspection of low-level outlet	High B	\$8,000	\$14,540	\$6,540	\$14,540	Completed
	Repairs to LLOP and stilling Basin						Not till 19/20
4	Preparation of a Dam Safety Emergency Plan	High C	\$15,000			Nil	Move to LLOP repair
5	Access tracks to be reinstated or provided	High D	\$50,000	\$55,486	5,486	\$55,486	Completed
****	Cartage of fill		Nil	\$,9454	\$9,454	\$9,454	Completed
6	Survey monuments on the Dam to be surveyed.	Moderate A	\$5,000	\$ 5,000		\$5,000	Completed
7	Program of Dam Inspections be initiated and recorded	Moderate B	\$10,000	\$0		Nil	Deferred to 19/20 Budget so as to provision for overbudget costs Access track and LLOP work
8	Right abutment scour to be repaired	Moderate C	\$20,000	\$20,000	0	\$20,000	Completed
	2018/19 Budget		\$150,000	\$142,840			
	Amended Budget					\$142,840	

R E P O R T

Committee	AUDIT COMMITTEE
Meeting held	3 June 2019
Report Name	6.1 External Audit Services 2019-2024

Committee to move motion to go into confidence.

RECOMMENDATION

Pursuant to Section 90(2) of the Local Government Act 1999, an Order is made that the public, excepting the Executive Officer, be excluded from attendance at the meeting, in order to consider in confidence agenda item 6.1, External Audit Services 2019-2024, under Section 90(3)(d) of the Local Government Act 1999 on the basis that:

(d) commercial information of a confidential nature (not being a trade secret) the disclosure of which— (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and (ii) would, on balance, be contrary to the public interest;

This matter is confidential because it includes quotations for provision of services and requires determination of a suitable and preferred supplier.

On the basis of this information, the principle that meetings of the GRFMA Audit Committee should be conducted in a place open to the public has been outweighed in this instance: The Committee consider it necessary to consider this matter in confidence.

In accordance with legislative requirements of the Local Government Act 1999 and the Authority's Procurement and Operations Policy, Quotations have been obtained for the supply of External Auditing Services for the Gawler River Floodplain Management Authority (GRFMA).

Refer Confidential attachment.

See further below for a copy of the GRFMA Request for Quotation detail.

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

REQUEST FOR QUOTATION FOR THE SUPPLY OF EXTERNAL AUDITING SERVICES

INTRODUCTION

In accordance with legislative requirements of the Local Government Act 1999 and the Authority's Procurement and Operations Policy, Quotations are being obtained for the supply of External Auditing Services for the Gawler River Floodplain Management Authority (GRFMA).

CLOSE OF QUOTATION

Request for Quotations close at 5pm on Friday 24 May 2019 and must be addressed to Mr David Hitchcock, Executive Officer, 266 Seacombe Road Seacliff Park SA 5049.

Tenders can be posted to the above address or emailed to the Executive Officer at davidehitchcock@bigpond.com

TERM OF CONTRACT

The term of the contract for External Auditing Services to the GRFMA will be for the period 1 July 2019 to 30 June 2024.

SUBMISSION

The Quotation should include:

- A brief background and outline of the firm submitting the tender;
- Details of the firm's experience in the Local Government environment;
- Names of the staff who will undertake the audit;
- An outline of the proposed audit approach;
- The fee to conduct the audit and the rate for additional services;
- The names and addresses of organisations for whom similar work has been undertaken and who would be prepared to act as a referee.

LOCAL GOVERNMENT ACT 1999

The requirement for the appointment of an Auditor by the Authority is contained in Chapter 8, Division 4 of the Local Government Act 1999.

In summary, Division 4 prescribes the following in respect to the appointment of an Auditor:

- The Auditor will be appointed by the GRFMA Board on the recommendation of the Audit Committee.
- The Auditor must be a Registered Company Auditor, or a firm comprising at least one Registered Company Auditor. Registered company Auditors are required to meet prescribed qualifications and have relevant experience.
- The office of Auditor becomes vacant if the Auditor dies, resigns, ceases to be eligible for appointment, becomes an officer or employee of the Council, the term of appointment expires and the Auditor is not re-appointed or the Auditor is removed from office by the Council for reasonable cause;

- The term of appointment of an auditor must not exceed 5 years and subject to the Local Government Act, Chapter 8, Division 4, Section 128, a person may be reappointed at the expiration of a term of office subject to the qualification that if the person has held the office of auditor of the Council for at least 5 successive financial years, or for 5 out of 6 successive financial years, then
 1. the person may only continue in that office if he or she ensures that any individual who plays or has played a significant role in the audit of the Council for 5 successive financial years, or for 5 out of 6 successive financial years, does not then play a significant role in the audit of the Council for at least two financial years, or
 2. the person may be reappointed to the office if at least two years have passed since he or she last held the office.

The effect of the auditor rotation provisions in section 128 of is that a sole financial practitioner who is qualified (i.e. is a registered company auditor) will be able to hold the office of auditor for a maximum 5 years before he or she is required to take an enforced break of at least 2 years from the position. By contrast, a firm which is appointed as a Council auditor may be continually reappointed to the office of auditor provided that the natural person within the firm who "plays a significant role in the audit" 13 can be and is rotated so that no one natural person exceeds the 5-year limitation.

QUALIFICATIONS OF THE AUDITOR

As indicated above, the Auditor appointed must be a Registered Company Auditor or in the case of an Audit firm, that the firm employs at least one Registered Company Auditor.

CONDUCT OF THE AUDIT

In completing the Audit, the Auditor will be required to:

- Consult and liaise with the Authority's Executive Officer.
- Undertake an assessment of the Authority's Internal Control Policies, Practices and Procedures.
- Work within designated time frames and meet deadlines specified under the Local Government Act and Regulations.
- Provide an Audit opinion with respect to the Authority's financial statement;
- Where appropriate, report to the Minister on certain matters.

In respect to the conduct of an Audit, the Local Government Act 1999 and Regulations specify that the Auditor must:

- Undertake an Audit of the Authority's Financial Statements within a reasonable time after the Statements are referred to the Auditor for the audit.
- Provide an audit opinion of the Authority in respect to the Audited Financial Statements.
- Provide a report to the Authority on particular matter arising from the audit.
- Report to the Minister a failure by the Authority or the Executive Officer to rectify an irregularity (other than a minor irregularity) identified during the Audit.

AUDIT STANDARDS

Part 5 of the Local Government (Financial Management) Regulations 1999 states in Part:

1. An audit of the Financial Statements of a Council must be carried out in accordance with the Auditing Standards and Auditing Guidance Statements Published (and amended from time to time) by the Institute of Chartered Accountants and the Australian Society of Certified Practising Accountants
2. In forming an audit opinion for a Council under section 129 (3) of the Act, the Auditor must give due consideration to the adequacy of the Council's Policies and Procedures of internal control under section 125 of the Act.

GENERAL INFORMATION

Formation

The Gawler River Floodplain Management Authority (GRFMA) was formed as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999 on 22 August 2002. The Constituent Councils are the Adelaide Hills Council, The Adelaide Plains Council, The Barossa Council, The Town of Gawler, Light Regional Council, and the City of Playford.

The Charter provides for one independent person, who is not an officer, employee or elected member of a Constituent Council, to be appointed as the Chairperson of the Board of Management of the GRFMA for a term of two years.

The Charter sets down the powers, functions, safeguards, accountabilities and an operational framework and the Business Plan sets down the operational plan and financial plan to achieve agreed objectives.

The Authority has been established for the following purposes:

- to co-ordinate the construction, operation and maintenance of flood mitigation infrastructure for the Gawler River. This purpose is the core business of the Authority;
- to raise finance for the purpose of developing, managing and operating and maintaining works approved by the Board;
- to provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flood mitigation for the Gawler River;
- upon application of one or more Constituent Councils pursuant to clause 12.4:
 - to coordinate the construction, maintenance and promotion and enhancement of the Gawler River and areas adjacent to the Gawler River as recreational open space for the adjacent communities; and
 - to enter into agreements with one or more of the Constituent Councils for the purpose of managing and developing the Gawler River.

The Board

The Members of the Board are:

Council	Board Members	Deputy Board Members
Independent Chairperson	Mr Ian Baldwin	
Adelaide Hills Council	Cr Malcolm Herrmann Mr Marc Salver	Cr Pauline Gill
Adelaide Plains Council	Cr Terry-Anne Keen Mr James Miller	Cr John Lush Mr Robert Veitch
The Barossa Council	Mayor Bim Lange Mr Gary Mavrinac,	Cr Russell Johnstone
Town of Gawler	Cr Paul Koch Mr Sam Dilena,	Cr Kelvin Goldstone Mr Ben DeGilio
Light Regional Council	Cr William Close Mr Brian Carr,	Mr Andrew Philpott
City of Playford	Cr Stephen Coppins Mr Mal Hemmerling	Mr Greg Pattinson

Audit Committee

The Members of the Audit Committee are:

Mr. Peter Brass Independent Chairperson

Mr. Greg Pattinson City of Playford

Cr Malcolm Herrmann Adelaide Hills Council

Meetings

Ordinary meetings of the Board are held bi-monthly on the third Thursday, except December, which is held on the second Thursday of the even months commencing at 9.45 am.

Staff

Mr David Hitchcock was engaged to provide Executive Officer services under a services agreement until 31 December 2019. The GRFMA has no employees and all services are engaged on a contract basis.

Computer System

The Board's operating system is a MYOB Accounting package.

Services and Funds

The Board has the following accounts:

General Bank Account BankSA

General Investment LGFA

FURTHER INFORMATION

Further information may be obtained from the Executive Officer, David Hitchcock by email davidehitchcock@bigpond.com mob 0407717368.