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TO: CHAIRPERSON: Councillor Bruce Schmidt (Chair).

COUNCILLORS: Mayor Roslyn Talbot (ex-officio) and Councillor Neil Sawley.

COMMUNITY MEMBERS: Mr. Tony Symons - Independent Member
Mr. Ian Monger - Independent Member

NOTICE is hereby given pursuant to the provisions of Section 87(4) of the Local Government Act, 1999, that an Audit Committee meeting will be held in the Council Chambers, Town Hall, 51 Taylor Street, Kadina on Monday, **3rd June 2019**, commencing at **9.30 a.m.**

A copy of the Agenda for the above meeting is supplied as prescribed by Section 87(9) of the said Act.

Russell Peate
CHIEF EXECUTIVE OFFICER

29th May 2019

lifestyle location of choice



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AUDIT COMMITTEE MEETING

AGENDA

Monday, 3rd June 2019
Council Chambers, Town Hall, 51 Taylor Street, Kadina,
commencing at 9.30 a.m.

Members: Councillor Bruce Schmidt (Chair), Mayor Roslyn Talbot (Ex-officio), Councillor Neil Sawley, Mr. Tony Symons and Mr. Ian Monger.

Members are reminded of the requirements for disclosure by Members of direct or indirect pecuniary benefits in items listed for consideration on the Agenda.

Section 74 of the Local Government Act 1999 requires that Elected Members declare any interest and provide full and accurate details of the relevant interest to the Council prior to consideration of that item on the Agenda.

Each Member has a duty to vote at all meetings unless exempted by legislation. The major exception being where a Member has a conflict of interest.

If members are proposing Questions without Notice please ensure that a written copy is made available to the Minutes Secretary at the meeting.

Members of the public should be aware of Regulation 30 which defines expected behaviour at the meeting including not;

- (a) behaving in a disorderly manner; or
- (b) causing an interruption.

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COPPER COAST COUNCIL

AUDIT COMMITTEE MEETING

Monday, 3rd June 2019

AGENDA

1. OPENING BY THE PRESIDING MEMBER:

1.1 Members Declaration of Interest

Section 74 of the Local Government Act 1999 requires that Members declare any interest and provide full and accurate details of the relevant interest to the Council prior to consideration of that item on the Agenda.

1.2 Emergency Evacuation Procedure

The emergency exit is located on the first level of the stairwell. Go down the stairs, into the balcony area, left to the exit doors, down the outside stairs onto Digby Street at the side of the Town Hall. Proceed to the emergency evacuation point at the rear carpark and assemble by the MFS shed. Remain at the assembly area until directed by the Chief Executive Officer that the building is safe to re-enter.

There is an emergency evacuation card/diagram on the wall next to the door in the Council Chambers.

Do not use the lift in the event of a fire in the building.

Should there be an emergency evacuation please follow the directions of the Chief Executive Officer.

2. APOLOGIES:

2.1 Apologies -

2.2 Leave of Absence - Nil.

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING(S):

Recommendation

That the Minutes of the meeting of the Audit Committee held on 8th April 2019 be confirmed as a true record of the proceedings of the meeting.

MINUTES OF A MEETING OF THE AUDIT COMMITTEE held in the Council Chambers, Town Hall, 51 Taylor Street, Kadina, on Monday 8th April 2019, commencing at 9.30 a.m.

Members: Cr. H.B. Schmidt, (Chair), Cr. N. Sawley, Mr Ian Monger, Mr Tony Symons and Mayor Roslyn Talbot.

In Attendance: Mr Russell Peate, Chief Executive Officer
Mrs Katrina Borlace, Director Corporate and Community Services
Mr. Nash George, Accountant.
Mrs. Wanita Gregory, EA/Minute Secretary.

There were no members of the public in the gallery at the commencement of the meeting.

1. OPENING BY THE PRESIDING MEMBER:

Chairperson welcomed Russell to the Audit Committee.

1.1 Members Declaration of Interest - Nil.

2. APOLOGIES:

2.1 Apologies: Nil.

2.2 Leave of Absence: Nil.

3. MINUTES OF THE PREVIOUS MEETING:

A5:0419

Moved Member Monger

That the Minutes of the Meeting of the Audit Committee held on the 11th February 2019 be confirmed as a true record of the proceedings of the meeting.

Seconded Member Sawley

Carried.

4. BUSINESS ARISING: Nil.

5. MATTERS REFERRED BY COUNCIL: Nil.

6. PRESIDING MEMBER'S REPORT:

7. QUESTIONS WITH AND WITHOUT NOTICE:

- 7.1 Questions (without Debate) on Notice - Nil.
- 7.2 Questions (without Debate) of which notice has not been given.
Questions without notice.- Nil

8. NOTICES OF MOTION – Consideration of Motions of which notice has been given - Nil.

9. REPORTS:

9.1 Director Corporate & Community Services

9.1.1 Progress Report

A6:0419

Moved Member Symons
That the progress report be received.
Seconded Member Monger
Carried.

9.1.2 Finance Policies

A7:0419

Moved Member Sawley
That the Audit Committee recommend Council adopt the following Policies:
a) Fraud and Corruption Policy
b) Hardship Policy for Residential Customers of Minor and Intermediate Retailers
c) Disposal of Land and Other Assets Policy
Seconded Member Monger
Carried.

9.2 Accountant

9.2.1 Internal Audit Plan Progress

A8:0419

Moved Member Symons
That the Audit Committee note the progress on Internal Audit.
Seconded Member Sawley
Carried.

10. CORRESPONDENCE:

- 10.1 Correspondence for information – Nil.
- 10.2 Correspondence with recommendations - Nil.
- 10.3 Correspondence for Council consideration - Nil.

11. OTHER BUSINESS:

- 11.1 Items which must be dealt with as a matter of urgency - Nil.
- 11.2 Matters of Special Interest - Nil.
- 11.3 Application for leave of absence - Nil.

12. CLOSURE:

Meeting closed at 10.04 a.m.

The foregoing Minutes of the Audit Committee were read and confirmed at a meeting of the Audit Committee held on 3rd June 2019.

PRESIDING MEMBER

4. BUSINESS ARISING:

5. MATTERS REFERRED BY COUNCIL:

Nil.

6. PRESIDING MEMBERS REPORT:

7. QUESTIONS WITH AND WITHOUT NOTICE:

7.1. QUESTIONS (WITHOUT DEBATE) ON NOTICE -

Nil.

**7.2. QUESTIONS (WITHOUT DEBATE) OF WHICH NOTICE HAS NOT BEEN GIVEN.
QUESTIONS WITHOUT NOTICE -**

8. NOTICES OF MOTION - CONSIDERATION OF MOTIONS OF WHICH NOTICE HAS BEEN GIVEN:

Nil.

9. REPORTS OF OFFICERS:

9.1. DIRECTOR CORPORATE AND COMMUNITY SERVICES

9.1.1	Progress Report
To:	Audit Committee Members
From:	Director Corporate & Community Services
Date:	29 th May 2019
Attachments:	Appendix 1 - 2018/19 Work Program Appendix 2 - 2019 Calendar Appendix 3 - 3 rd Quarter Budget Review
Strategic Plan:	Governance Objective - Leadership
Goal:	To provide leadership and ensure community resources are managed efficiently and effectively.
Key Strategies:	5.2 Finance To have open accurate and effective financial management. 5.3 Legislation To adhere to the requirements of the Local Government Act 1999, regulations and other legislation that influences the operations of Council. 5.5 Administration To provide a responsible and responsive administration service to Council and the community. 5.6 Risk Management / Occupational Health, Safety & Welfare and Injury Management To ensure the effective management of all types of risk across Council's operations to minimise risks to Council, the Health and Safety of its workforce and the community.

1. Purpose:

To provide the members of the Audit committee an update on activities and the work program since the Audit meeting on the 8th April, 2019.

2. Recommendation:

That the progress report be received.

3. Background:

At each meeting, Council must produce a Committee works program to update members and to ensure compliance with relevant legislation.

4. Discussion:

4.1 2018/2019 Work Program

The attached program has been updated to reflect work undertaken since the last audit meeting and to update members on the activities that are happening.

4.2 2019 Calendar

The attached calendar provide members with information on activities and meetings that take place throughout the calendar year.

Items that have taken place will be shaded in grey.

4.3 Internal Controls

A separate report will be presented to the committee at this meeting.

4.4 Section 184 Local Government Act (Outstanding Rates Debtors)

Under Section 184 of the Local Government Act, Council may proceed to sell land for non-payment of rates. One of these properties continues to remain in the hands of Council from this process and it is located adjacent to a privately owned property that has recently been sold. There has been interest in purchasing this property but nothing that has come to fruition to date and negotiations are continuing with Development Services team. There has been no progress on this property since the last meeting.

Staff have sent out a further round of Section 184 Letters of Demand and are continuing to negotiate payments. The next stage of the process

4.5 Long Term Financial Plan

Preparation of the Long Term Financial Plan is currently underway and will be presented to Council in an upcoming meeting. Any changes to the current Annual Business Plan will need to be incorporated in to the LTFP. There has been no change to the status of this item since last meeting awaiting the finalisation of the ABP & Budget process.

4.6 Local Government Performance Excellence Program

Council will be participating in its 3rd round of data collection commencing in July 2019.

4.7 Budget Reviews 2018/19

The 3rd quarter budget review has been presented to Council at the 1st May Council meeting. A copy of this review is attached for the member's information.

4.8 Annual Business Plan & Budget 2019/20

The draft Annual Business Plan and Budget for 2019/20 was tabled at the April Council meeting and has been available for Public Consultation from the 10th of April, 2019.

The document was presented to this committee for their consideration also. All feedback and changes required are to be received by Council until the 5th June, 2019. The public meeting was held on Wednesday 22nd May, 2019. These dates are all scheduled in the Audit Calendar and Audit Committee members were encouraged to attend.

Public feedback forms are available on the website, from the Council office and also through the Newsletter. All the feedback on the report will be collated and presented to the Elected Members for their consideration before adopting the Annual Business Plan and Budget in July 2019.

4.9 External Auditors

The auditors visited Council during the 10th and 11th of April, 2019 and a management letter has been received. Council's response to the report has been included.

5. Statutory Responsibilities:

Local Government Act 1999
Local Government (Financial Management) Regulations 2011

6. Financial Implications:

There are no financial implications as a result of receiving this report.

7. Risk Assessment:

Based on the Copper Coast Council Risk Assessment Framework and policy the risk rating to Council associated with the adoption of this recommendation is low.

8. Summary:

The actions within the Work Program will be undertaken as and when required

9.1.2	Finance Policies
To:	Audit Committee Members
From:	Director Corporate & Community Services
Date:	30 th May 2019
Attachments:	Appendix 4 - Asset Accounting Policy
Strategic Plan:	Governance Objective - Leadership
Goal:	To provide leadership and ensure community resources are managed efficiently and effectively.
Key Strategies:	5.2 Finance To have open accurate and effective financial management.
	5.3 Legislation To adhere to the requirements of the Local Government Act 1999, regulations and other legislation that influence the operations of Council.

1. Purpose:

To review and adopt the finance policies of Council as required pursuant to the governance audit, under the Local Government Act 1999 as well as good governance principles.

2. Recommendation:

That the Audit Committee recommend Council adopt the Asset Accounting Policy

3. Discussion

Information Paper 18 – Financial Policies sought to prompt Councils to examine the policy framework within which their financial management function were undertaken.

Upon review the changes made to the Policy was to include further Accounting Standards not previously included and to clarify definitions.

No changes were made to materiality thresholds, etc.

All policies are formatted based on best practice and have been set into Council’s standard policy layout.

4. Statutory Responsibilities:

Local Government Act 1999.

Local Government (Financial Management) Regulations 2011.

5. Financial Implications:

There are no financial implications as a result of receiving this report.

6. Risk Assessment:

Based on the Copper Coast Council Risk Management Framework and Policy the risk rating to Council associated with the adoption of the recommendation contained in this report is low.

7. Summary

The policy will be included along with Councils other Financial policies in the Copper Coast Council Policy Manual and available on the website.

9.2. INTERNAL AUDIT AND ACCOUNTING OFFICER

9.2.1	Internal Audit Plan Progress
To:	Audit Committee Members
From:	Accountant
Date:	28 th May 2019
Attachments:	Nil.
Strategic Plan:	Governance Objective - Leadership
Goal:	To provide leadership and ensure community resources are managed efficiently and effectively.
Key Strategies:	5.2 Finance To have open accurate and effective finance management. 5.3 Legislation To adhere to the requirements of the Local Government Act 1999, regulations and other legislation that influence the operations of Council.

1. Purpose:

To provide the members of the Audit Committee an update on activities of the Internal Audit.

2. Recommendation:

It is recommended that the Audit Committee note the progress on Internal Audit.

3. Background:

The prevention and detection of fraud and corruption is essential to good local governance, compliance with legal obligations and maintaining public confidence in the operations of Councils and in the conduct of their 'public officers'.

4. Discussion:

2018/2019 Internal Audit Plan

The work plan is based on compliance with rules and regulations in place and contains the main activities scheduled to be audited with those already audited shaded in green.

Date: 1 November 2018

Internal Audit Plan for the 2018/19 Financial Year

No.	Area	2017/18				2018/19			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A	Audit Plan								
I	Strategic Financial Planning								
I.1	Budgets								
I.2	General Ledger								
I.3	Statutory Reporting								
I.4	Management Reporting								
II	Assets								
II.1	Petty Cash								
II.2	Banking								
II.3	Investments				*				
II.4	Debtors								
II.5	Prepayments					*			
II.6	Fixed Assets								
II.7	Project Costing								
II.8	Loans/Grants to Community Groups						*		
III	Liabilities								
III.1	Accounts Payable								
III.2	Accrued Expenses						*		
III.3	Borrowings					*			
III.4	Employee Provisions							*	
III.5	Taxation			*					
IV	Revenue								
IV.1	Rates/Rate Rebates								*
IV.2	Grants								
IV.3	User Pay Income - Fee for Service								*
IV.4	Investment/Interest Income				*				
IV.5	Receipting								
IV.6	Other Revenue								
V	Expenses								
V.1	Purchasing and Procurement								
V.2	Payroll					*			
V.3	Elected Members Expenses			*					
V.4	Credit Cards							*	
V.5	Employee Reimbursements			*					
V.6	Other Expenses								
VI	External Services								
VI.1	Contracting				*				

Date: 28 May 2019

Internal Audit Plan for the 2019/20 and 2020/21 Financial Years

No.	Area	2019/20				2020/21			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A	Audit Plan								
I	Strategic Financial Planning								
I.1	Budgets	*							
I.2	General Ledger		*						
I.3	Statutory Reporting		*						
I.4	Management Reporting		*						
II	Assets								
II.1	Petty Cash	*							
II.2	Banking	*							
II.3	Investments							*	
II.4	Debtors			*					
II.5	Prepayments					*			
II.6	Fixed Assets							*	
II.7	Project Costing			*					
II.8	Loans/Grants to Community Groups			*					
III	Liabilities								
III.1	Accounts Payable			*					
III.2	Accrued Expenses					*			
III.3	Borrowings					*			
III.4	Employee Provisions						*		
III.5	Taxation								*
IV	Revenue								
IV.1	Rates/Rate Rebates								*
IV.2	Grants				*				
IV.3	User Pay Income - Fee for Service								*
IV.4	Investment/Interest Income				*				
IV.5	Receipting				*				
IV.6	Other Revenue				*				
V	Expenses								
V.1	Purchasing and Procurement	*	*	*	*			*	
V.2	Payroll						*		
V.3	Elected Members Expenses								*
V.4	Credit Cards						*		
V.5	Employee Reimbursements						*		
V.6	Other Expenses					*			
VI	External Services								
VI.1	Contracting							*	

Internal Controls

All the scheduled Internal Audits were finished on the 3rd quarter of 2018/19. During the 4th quarter an Interim Audit was conducted by the external auditors. Busy with preparing and updating various schedules for the year end procedures. Prepared a new Internal Audit schedule draft for the next two financial years (2019-20 and 2020-21) and submitted for approval.

Areas currently reviewed have included:

Internal Control – Rates/Rate Rebates

Internal Control – User Pay Income – Fee for Services

There are no material findings to be reported to the audit committee.

Audit Committee

03/06/2019

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5. Statutory Responsibilities:

Local Government Act 1999.

Local Government (Financial Management) Regulations 2011.

Independent Commissioner against Corruption Act 2012 (ICAC Act).

6. Financial Implications:

There are no financial implications as a result of receiving this report.

7. Risk Assessment:

Based on the Copper Coast Council Risk Management Framework and Policy the risk rating to Council associated with the adoption of the recommendation contained in this report is low.

8. Summary

The Internal Controls activity is organising internal audits as per the Internal Audit Plan and working with staff on updating procedures. The Risk Assessment in Control Track is underway and staff is working through the steps evaluating risks and controls to minimise the residual risks as much as possible.

10. CORRESPONDENCE:

10.1. CORRESPONDENCE FOR INFORMATION

- 10.1.1 Dean Newbery & Partners – External Audit Management Report -April
2019 Audit Attendance – (Appendix 5)

10.2. CORRESPONDENCE WITH RECOMMENDATIONS

Nil.

10.3. CORRESPONDENCE FOR COUNCIL CONSIDERATION

Nil.

11. OTHER BUSINESS:

11.1. ITEMS WHICH MUST BE DEALT WITH AS A MATTER OF URGENCY

11.2. MATTERS OF SPECIAL INTEREST

11.3. APPLICATION FOR LEAVE OF ABSENCE

12. CLOSURE:

APPENDICES SUMMARY:

- Appendix 1 - 2018/19 Work Program
Appendix 2 - 2019 Calendar
Appendix 3 - 3rd Quarter Budget Review
Appendix 4 - Asset Accounting Policy
Appendix 5 - Dean Newbery & Partners – External Audit Management Report