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TO: CHAIRPERSON: Councillor Bruce Schmidt.

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, **11th February 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.

John Coombe OAM
ACTING CHIEF EXECUTIVE OFFICER

4th February 2019

lifestyle location of choice



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AUDIT COMMITTEE MEETING

AGENDA

Monday, 11th February 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, 11th February 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 5th November 2018 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 5th November 2018, commencing at 9.30 a.m.

Members: Cr. M.A. Pope, (Chair), Mr Ian Monger and Mayor Paul Thomas.

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

There was 1 members of the public in the gallery at the commencement of the meeting.

1. OPENING BY THE PRESIDING MEMBER:

1.1 Members Declaration of Interest - Nil.

2. APOLOGIES:

2.1 Apologies: Cr. Mathew East and Tony Symons.

2.2 Leave of Absence: Nil.

3. MINUTES OF THE PREVIOUS MEETING:

A21:1118 Moved Member Thomas
That the Minutes of the Meeting of the Audit Committee held on the 10th September 2018 be confirmed as a true record of the proceedings of the meeting.
Seconded Member Monger
Carried.

4. BUSINESS ARISING: Nil.

5. MATTERS REFERRED BY COUNCIL: Nil.

6. PRESIDING MEMBER'S REPORT:

Cr. Pope took the opportunity to thank Mayor Paul Thomas for his dedication and commitment to local government and the community during his 28 years in local government and particularly the last 18 years as Mayor.

Cr. Pope also thanked the CEO for his commitment and enthusiasm for the Council area, his vision for the future and leaving Council in a financially sustainable position for the future.

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

A22:1118

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

9.1.2 Finance Policies

A23:1118

Moved Member Thomas
That the Audit Committee recommend that Council adopt the External Grant Funding Policy.
Seconded Member Monger
Carried.

9.1.3 Borrowings & Investment Review

A24:1118 **Moved Member Monger**
That the Audit Committee receives the report on Council's Borrowings and Investment.
Seconded Member Pope
Carried.

9.2 Accountant / Internal Auditor

9.2.1 Internal Audit Plan Progress

A25:1118 **Moved Member Monger**
That the Audit Committee notes the progress on Internal Audit.
Seconded Member Thomas
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:

In closing Cr. Pope thanked Members Monger and Symons for their commitment to the Audit Committee over the past 2 year, providing valuable input for the Council.

Meeting closed at 9.57 a.m.

The foregoing Minutes of the Audit Committee were read and confirmed at a meeting of the Audit Committee held on TBA.

PRESIDING MEMBER

4. BUSINESS ARISING:

Nil.

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 Services
Date:	4 th February 2019
Attachments:	Appendix 1 - 2018/19 Work Program Appendix 2 - 2019 Calendar Appendix 3 - Budget Review, 31 st December 2018 Appendix 4 - Dean Newbery & Partners – Audit Engagement Letter
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 5th November 2018.

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 provides 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 the Development Services team.

4.5 Long Term Financial Plan

Now that the new Council has been appointed the Long Term Financial Plan will now undergo further review. Council is investing in new software for the preparation of this plan which is consistent with the software for the Annual Financial Statements.

4.6 Local Government Performance Excellence Program

Council participated for the 2nd year in the Local Government Performance Excellence Program. This is a benchmarking program of over 160 Councils in Australia and New Zealand. A report will be received once the information is collated and analysed by the consultants.

4.7 Mid-Year Budget Review 2018/19

The mid-year budget review for 2018/19 will be presented to Council at the February Council meeting. Copy attached for information, (and discussion if required) – refer Appendix 3.

4.8 Annual Business Plan & Budget 2019/20

Work has commenced on the Annual Business Plan and Budget for 2019/20. A workshop will be held to work through with Councillors this process and to review the Long Term Financial Plan.

4.9 External Auditors

The newly appointed External Auditors visited the Council in December 2018 and the engagement letter has been actioned, (refer Appendix 4). Negotiations to secure the audit dates will be undertaken and the calendar updated.

Please refer to the calendar for important dates.

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

9.2. ACCOUNTANT

9.2.1	Internal Audit Plan Progress
To:	Audit Committee Members
From:	Accountant
Date:	31 st January 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 notes 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 Council 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.4	Prepayments								
II.5	Fixed Assets								
II.6	Project Costing								
II.7	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

Internal Audits have been performed for Employee Provisions and Credit Cards as part of the planned activities. Also conducted a physical cash and stock checks in Kadina main office reception and Farm Shed. The purpose of these audits is to ensure appropriate procedures are in place, adequate segregation of duties exists, and transactions are supported by adequate supporting documentation.

Any changes to procedure have been discussed with management.

Areas currently reviewed have included:

Internal Control – Employee Provisions

Internal Control – Credit Cards

Internal Control – Physical cash check Kadina Reception

Internal Control – Physical cash check and random stock check Farm Shed

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

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 are 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 – Audit Engagement Letter (Appendix 4)

Recommendation

That the letter be received.

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 - Budget Review, 31st December 2018

Appendix 4 - Dean Newbery & Partners – Audit Engagement Letter