

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING 20 FEBRUARY 2018  
63 MT BARKER ROAD, STIRLING**

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**Presiding Member:** Paula Davies

**Members:**

Geoff Purdie  
Peter Brass  
Cr Malcolm Herrmann  
Cr John Kemp

**In attendance:**

Andrew Aitken	Chief Executive Officer
Terry Crackett	Director Corporate Services
Peter Bice	Director Engineering & Assets
Lachlan Miller	Executive Manager Governance & Performance
Mike Carey	Manager Financial Services

**1. Commencement**

The meeting commenced at 6.00pm. The Chair welcomed Geoff Purdie to his first Audit Committee Meeting as an Independent Member.

**2. Apologies/Leave of Absence**

**2.1. Apology**

Nil

**2.2. Leave of Absence**

Nil

**2.3. Absent**

Nil

**3. Previous Minutes**

**3.1. Audit Committee Meeting– 6 November 2017**

Moved Cr John Kemp  
S/- Peter Brass

**AC18/1**

**That the minutes of the Audit Committee meeting held on 6 November 2017, as distributed, be confirmed as an accurate record of the proceedings of that meeting.**

**Carried**

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**4. Delegation of Authority**

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in Items 6.2 'Community Loans Policy', 6.3 'Long Term Financial Plan Review' and 7.2 'Appointment of External Auditor' are to be submitted to Council for adoption.

**5. Declaration of Interest by Members of the Committee**

Nil

**6. Officer Reports**

**6.1. Action Report and 2018 Work Plan Update**

**Moved Peter Brass**

**AC18/2**

**S/- Cr Malcolm Herrmann**

**The Audit Committee resolves that the:**

- 1. Report be received and noted**
- 2. Status of the Action Report and Work Plan be noted**

**Carried**

**6.2. Community Loans Policy**

**Moved Peter Brass**

**AC18/3**

**S/- Cr John Kemp**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
- 2. That the Community Loans Policy as provided at Appendix 1 be endorsed for consideration by Council, with the addition of criteria regarding registration with the Australian Charities and Not-for-profit Commission (ACNC) and compliance with all governance requirements.**

**Carried**

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**6.3. Long Term Financial Plan Review**

Moved Cr Malcolm Herrmann  
S/- Peter Brass

**AC18/4**

**The Audit Committee:**

- 1. Receives and notes the report.**
- 2. Notes the updated Long Term Financial Plan.**
- 3. Recommends Council endorse the Long Term Financial Plan, with addition of commentary for key matters not included, as contained in Appendix 1 for community consultation in accordance with *Section 122 of the Local Government Act 1999*.**

**Carried**

6.51pm Cr John Kemp left the meeting

6.55pm Cr John Kemp returned to the meeting

**6.4. Budget Review 1**

Moved Geoff Purdie  
S/- Peter Brass

**AC18/5**

**The Audit Committee:**

- 1. Resolves that the report be received and noted.**
- 2. Notes that the Operating Budget variations presented in Budget Review 1 resulted in a revised Operating Surplus for the 2017-18 financial year of \$1.986m.**
- 3. Notes that the proposed Capital Works variations provided for in Budget Review 1 included:**
  - a. An increase in Capital Income of \$568k**
  - b. An increase in Capital Expenditure of \$551k.**
- 4. Notes the 2016-17 Capital Works carry forwards, including budget adjustments amounts totalling \$3.773m, as detailed in Appendix 2, were included in the revised 2017-18 Budget.**

**Carried**

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**6.5. Budget Review 2**

Moved Peter Brass  
S/- Cr John Kemp

**AC18/6**

The Audit Committee resolves to:

1. Receive and note the report.
2. Notes that the Operating Budget variations presented in Budget Review 2 have no impact on the Operating Surplus for the 2017-18 year of \$1.986m.
3. Notes the proposed Capital Program amendments that reduce net capital expenditure by \$1.536m resulting in a reduced Net Borrowings of \$4.030m for 2017-18.

**Carried**

**6.6. ICT & IS Strategic Plan 2017-2020**

Moved Peter Brass  
S/- Cr John Kemp

**AC18/7**

The Audit Committee resolves that the report be received and noted.

**Carried**

**6.7. Risk Management Update**

Moved Peter Brass  
S/- Geoff Purdie

**AC18/8**

The Audit Committee resolves that the report be received and noted.

**Carried**

**6.8. Internal Audit Quarterly Update**

Moved Peter Brass  
S/- Cr John Kemp

**AC18/9**

The Audit Committee resolves:

1. To receive and note the report.
2. To approve the proposed changes to the Strategic Internal Audit Plan as contained in Appendix 1.

**Carried**

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**6.9. Quarterly Debtors Report**

Moved Peter Brass  
S/- Cr John Kemp

**AC18/10**

The Audit Committee resolves that the report be received and noted.

**Carried**

**6.10. Internal Audit Actions Implementation**

Moved Geoff Purdie  
S/- Cr Malcolm Herrmann

**AC18/11**

The Audit Committee resolves:

1. To receive and note the report.
2. To note the implementation status of Internal Audit actions.

**Carried**

**6.11. Implementation of External Audit Actions Progress Report**

Moved Peter Brass  
S/- Cr Malcolm Herrmann

**AC18/12**

The Audit Committee notes the progress made on the items raised in BDO Completion Report.

**Carried**

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**7. Confidential Items**

**7.1. Internal Audit Actions Implementation – Exclusion of the Public**

Moved Cr Malcolm Herrmann  
S/- Peter Brass

**AC18/13**

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

- CEO, Andrew Aitken
- Director Corporate Services, Terry Crackett
- Executive Manager Governance & Performance, Lachlan Miller
- Manager Financial Services, Mike Carey

be excluded from attendance at the meeting for Agenda Item 7.1 Internal Audit Actions Implementation in confidence.

The Committee is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable the Committee to consider the report at the meeting on the following grounds:

Section 90(3)(e) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is matters affecting the security of the council, council members or employees of the council, or council property, or the safety of any person; the disclosure of which could reasonably be expected to result in vulnerabilities to council's information and communication technology being breached and the security of council property and the safety of council employees and members of the public may be impacted.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

**Carried**

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**7.1.1. Internal Audit Actions Implementation – Confidential Item**

**RELEASED 6 JUNE 2018**

Moved Geoff Purdie  
S/- Peter Brass

**AC18/14**

**The Audit Committee resolves to receive and note the report.**

**Carried**

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**7.1.2. Internal Audit Actions Implementation – Period of Confidentiality**

Moved Cr Malcolm Herrmann  
S/- Cr John Kemp

**AC18/15**

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing the Committee decision(s) in this matter in the performance of the duties and responsibilities of office, the Committee, having considered Agenda Item 7.1 in confidence under sections 90(2) and 90(3)(e) of the Local Government Act 1999, that an order be made under the provisions of sections 91(7) and (9) of the Local Government Act 1999 that the report, related attachments and the minutes of the Committee and the discussion and considerations of the subject matter be retained in confidence until the Internal Audit actions have been addressed.

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Audit Committee delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

**Carried**



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**7.2. Appointment of External Auditor – Exclusion of the Public**

Moved Peter Brass  
S/- Geoff Purdie

**AC18/16**

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

- CEO, Andrew Aitken
- Director Corporate Services, Terry Crackett
- Executive Manager Governance & Risk, Lachlan Miller
- Manager Financial Services, Mike Carey

be excluded from attendance at the meeting for Agenda Item 7.2: Appointment of External Auditor in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable the Committee to consider the report at the meeting on the following grounds:

Section 90(3)(d) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) that would, on balance, be contrary to the public interest, the disclosure of which could reasonably be expected to prejudice the commercial position of the business which supplied the information and to confer a commercial advantage on a third party.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

**Carried**

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**7.2.1. Appointment of External Auditor – Confidential Item**

Moved Geoff Purdie  
S/- Peter Brass

**AC18/17**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
- 2. To recommend to Council the appointment of Galpins Accountants, Auditors and Business Consultants for the provision of external audit services for a period of three (3) years commencing with the audit for the financial year ending 30 June 2018, with an option of a further period of up to two (2) years, with an indicative cost for the initial three (3) years of \$64,000.**
- 3. To recommend to Council that the proposed fee structure for Galpins Accountants, Auditors and Business Consultants is appropriate to enable an adequate audit to be conducted**
- 4. To recommend to Council that the Chief Executive Officer be delegated to conduct the final negotiations with regard to the composition and pricing of the external audit contract and to execute all required documentation to give effect to Council's appointment of the external auditor.**

**Carried**

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**7.2.2. Appointment of External Auditor – Period of Confidentiality**

Moved Cr Malcolm Herrmann  
S/- Peter Brass

**AC18/18**

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing the Committee decision(s) in this matter in the performance of the duties and responsibilities of office, the Committee, having considered Agenda Item 16.1 in confidence under sections 90(2) and 90(3)(d) of the Local Government Act 1999, that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that the report and related attachments of the Committee and the discussion and considerations of the subject matter be retained in confidence until the completion of the contract.

Pursuant to section 91(9)(c) of the Local Government Act 1999, the Audit Committee delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

**Carried**

**8. Next Meeting**

The next ordinary meeting of the Audit Committee will be held at 6.00pm on Monday, 30 April, 26 Onkaparinga Valley Road, Woodside.

**9. Close Meeting**

The meeting closed at 7.58pm.