

**ADELAIDE HILLS COUNCIL MEETING
TUESDAY 22 JULY 2014
AGENDA BUSINESS ITEM**

Item: 18.2

Originating Officer: Lachlan Miller, Manager Governance & Risk

Responsible Director: Tim Piper, Director Corporate Services

Subject: Appointment of Independent Members to the AHC Audit Committee

1. Appointment of Independent Members to the AHC Audit Committee – Exclusion of the Public

Pursuant to Section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, with the exception of appropriate Council staff:

- CEO, Andrew Aitken
- A/Director Strategy & Development, Deryn Atkinson
- Director Corporate Services, Tim Piper
- Director Engineering & Assets, Deb Richardson
- Director Community & Customer Service, David Waters
- Manager Governance & Risk, Lachlan Miller
- Minute Secretary, Pam Williams

be excluded from attendance at the meeting for Agenda Item 18.2 (Appointment of Independent Members to the AHC Audit Committee).

The Council is satisfied that, pursuant to section 90(3)(a) of the Act, the information to be received, discussed or considered in relation to the Agenda Item is information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead), because it would disclose the personal details of candidates who have expressed an interest to be on the Audit Committee.

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because consideration of the item in a public forum would unreasonably disclose the personal details of candidates who have expressed an interest to be on the Audit Committee.

2. Appointment of Independent Members to the AHC Audit Committee – Confidential Item

SUMMARY

In accordance with the Audit Committee Terms of Reference, the committee will consist of five (5) members comprising three (3) independent members and two (2) Council Members.

Council resolved in March 2014 to commence the recruitment process for the independent members. Expressions of interest for membership were advertised, these expressions were assessed and a selection process undertaken.

The appointment of independent members is by Council resolution. The term of appointment is to be 1 August 2014 to 31 July 2017.

RECOMMENDATION

That Council resolves:

- 1. That the report be received and noted**
- 2. That Peter Robertson, Peter Brass and Paula Davies be appointed as the Independent Members of the Adelaide Hills Council Audit Committee for a period of three (3) years from 1 August 2014.**

3. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal 4 A Recognised Leading Performer

Key Issue 4.1 Leadership

Key Action 4.1.4 Meet legislative, regulatory and good governance responsibilities and obligations

The appointment of this position meets the requirements under the Terms of Reference for the Audit Committee.

➤ **Legal Implications**

Regulation 17 of the *Local Government (Financial Management) Regulations 2011* provides that the audit committee of a council:

- a) must have between 3 and 5 members (inclusive); and
- b) must include 1 person who is not a member of the council and who is determined by the council to have financial experience relevant to the functions of an audit committee; and
- c) must not include, as a member, the council's auditor under section 128 of the Act.

The terms of reference for the Audit Committee satisfy the above legislative requirements.

➤ **Risk Management Implications**

The appointment of independent members to the Audit Committee will assist in mitigating the risk that:

Inadequate governance arrangements result in a lack of accountability and/or loss of stakeholder confidence and/or legislative breaches.

➤ **Financial and Resource Implications**

Sitting fees to be paid to the Independent Member for each meeting attended have been incorporated into the 2014/15 budget.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including effective audit and oversight arrangements.

➤ **Environmental Implications**

Not applicable.

➤ **Community Engagement/Consultation**

The sourcing of the Independent Members was through public advertisement, where individuals registered their interest.

4. BACKGROUND

This item has arisen through a previous Council decision of 25 March 2014:

*Moved Cr Jan-Claire Wisdom
S/- Cr John Kemp*

*Carried Unanimously
51*

That Council resolves:

- 1. To appoint Cr Hosking and Cr Loveday to the Council Audit Committee for the term of this Council.*
- 2. To approve the recruitment of the three (3) independent member vacancies of the Council Audit Committee for the 2014-17 period.*
- 3. To appoint Mayor Spragg, Cr Hosking and Cr Loveday to the Selection Panel for the independent member vacancies of the Council Audit Committee.*

Advertisements inviting expressions of interest were placed in the Advertiser, Eastern Courier and Mt Barker Courier.

5. ANALYSIS

The Selection Panel for the Audit Committee comprised of Mayor Spragg, Crs Jan Loveday and Kate Hosking.

Ten (10) expressions of interest were received for the Independent Member roles.

A selection process was conducted with the Selection Panel unanimously deciding to recommend Peter Robertson, Peter Brass and Paula Davies for appointment as the Independent Members on the Audit Committee.

Peter Robertson possesses extensive experience as an audit partner with a Big 4 firm in addition to roles as a CFO and Company Secretary. Peter holds a graduate qualification in economics and a number of professional association memberships relevant to the Audit Committee's role. Most recently Peter has been a member of the AHC Audit Committee and is the outgoing presiding member. He also has experience on audit committees in other local and state government entities.

Peter Brass has been a member of the AHC Audit Committee for 7 years and a former presiding member for a term, in addition to holding a number of memberships of audit committees in local and state government over many years. Peter has extensive internal audit, risk management and company secretarial experience. Peter holds graduate and post graduate qualifications in economics and management respectively.

Paula Davies is a lawyer with extensive public, private and community legal service experience. She has professional qualifications in economics, accounting and law, and experience in local government through a term of employment with the State Ombudsman and through representing local government clients. She has board experience on a range of professional association and community organisation boards.

6. OPTIONS

1. The Council can elect to support the recommendation for the Independent Member appointments.
2. The Council can elect not to support the recommendation for the Independent Member appointments. This decision would require advertising again for a(n) Independent Member(s) and further interviews to be undertaken.

7. Appointment of Independent Members to the AHC Audit Committee – Period of Confidentiality

That having considered Agenda Item 4.4 (Appointment of Independent Members to the AHC Audit Committee) in confidence under section 90(2) and 90 (3) (a) of the *Local Government Act 1999*, the Council, pursuant to section 91(7)(b) of that Act, orders that the documents and reports pertaining to this matter be retained in confidence until the appointment have been confirmed with the applicants, but not longer than 6 months.