



The Barossa Council

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
OF THE BAROSSA COUNCIL**

held on Tuesday 8 January 2019, commencing at 10.00am in the
Committee Room, 43-51 Tanunda Road, Nuriootpa

1. WELCOME

Mr Brass declared the meeting open at 10.00am and welcomed all in attendance, in particular, new Elected Member, Mr Russell Johnstone.

Ms Jo Thomas, Acting Chief Executive Officer, assumed the Chair.

2. MEMBERS PRESENT

Mr Peter Brass, Mr Ian Swan, Ms Tanya Johnston, Cr John Angas, Cr Russell Johnstone

Invited Staff Members

Ms Jo Thomas, Acting Chief Executive Officer

Mr Mark Lague, Manager Financial Services

Mr Derek Jones, Risk Advisor

Ms Annette Randall, Executive Assistant (Minute Secretary)

3. APOLOGIES

Mr Martin McCarthy, Chief Executive Officer

4. ELECTION OF CHAIRPERSON

B7455

Cr Johnstone nominated Peter Brass for the position of Audit Committee Chairperson.

MOVED Cr Johnstone that the Audit Committee recommends Peter Brass as its Chairperson until otherwise determined by the Committee and subject to Council approval.

Seconded Mr Swan

CARRIED 2018-19/14

PURPOSE

The Audit Committee, in accordance with its Terms of Reference, to appoint a Chairperson for the Committee.

REPORT

Appointment of Chairperson

Section 3.6 of the Audit Committee Terms of Reference states:

"The Committee shall, at its first meeting or at its first meeting following a Periodic Election, nomination a Chairperson, preferably from among the Independent Members. The nomination must be approved by Council. Should there be more nominations than required to fill the position, then all voting shall be by secret ballot."

Not Confirmed

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

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6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.

Legislative Requirements

Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

There are no financial, resource or risk management considerations.

COMMUNITY CONSULTATION

Consultation is not required under legislation or Council policy.

Mr Brass assumed the Chair.

5. MEETING PROCEDURES B7455

MOVED Cr Angas that the Audit Committee:

- (1) confirm that meetings will be conducted in accordance with the Local Government (Procedures at Meetings) Regulations 2013 ("the Regulations") (Parts 1 to 4), as per Clause 4.2 of its Terms of Reference;
- (2) determines, pursuant to S27 of the Regulations, that the Chairperson will have a deliberative vote on a matter arising for decision, but does not, in the event of a equality of votes, have a casting vote;
- (3) requests officers to undertake a review of the Terms of Reference, including clarification if the presiding member can move/second a motion, for presentation to the next Audit Committee meeting.

Seconded Mr Swan

CARRIED 2018-19/15

PURPOSE

The Audit Committee to consider its meeting procedures pursuant to the Local Government Act 1999 and Local Government (Procedures at Meetings) Regulations 2013.

REPORT

Introduction

Section 89 of the Local Government Act 1999 ("the Act") states:

89—Proceedings of council committees

- (1) Subject to this Act, the procedure to be observed in relation to the conduct of meetings of a council committee will be—
 - (a) as prescribed by regulation;
 - (b) insofar as the procedure is not prescribed by regulation—as determined by the council;
 - (c) insofar as the procedure is not prescribed by regulation or determined by the council—as determined by the council committee itself.

Not Confirmed

Discussion

The following statements are in the Audit Committee Terms of Reference (TOR) in relation to meetings and voting:

Clause 4.2 "The meetings of the Committee will be held in accordance with the Local Government (Procedures at Meetings) Regulations 2013 (the Regulations)."

Most formal committees are established under Parts 1, 3 and 4 of the Regulations. Part 2 has more onerous requirements. The Governance Advisor (GA) has provided clarification in relation to the Audit Committee.

Regulation 5 states:

5—Application of Part

The provisions of this Part apply to or in relation to—

- (a) the meetings of a council; and
- (b) the meetings of a council committee performing regulatory activities; and
- (c) the meetings of any other council committee if the council has, by resolution, determined that this Part should apply to that committee.

'Regulatory activity' is defined in the Local Government Act as 'an activity which involves the making or enforcement of by-laws, orders, standards or other controls under this or another Act'.

With reference to the TOR, the GA's view is that the Audit Committee makes or enforces 'standards or other controls' under the Local Government Act. Consequently, the meeting requirements/procedures prescribed under Part 2 of the Regulations must be followed. A copy of the Regulations is provided in Attachment 1 for information.

Clause 6.2 "The Chairperson to have a determinative vote and a casting vote in the event of no majority being achieved."

The above clause requires amendment as the presiding member of the Committee has a deliberative vote only and not a casting vote. Refer Section 27(3) of the Regulations below:

27—Voting at committee meetings

- (1) Subject to the Act and these regulations, a question arising for decision at a meeting of a council committee will be decided by a majority of the votes cast by the members present at the meeting and entitled to vote on the question.
- (2) Each member of a council who is a member of a council committee and who is present at a meeting of the committee must, subject to a provision of the Act to the contrary, vote on a question arising for decision at that meeting.
- (3) The presiding member of a council committee has a deliberative vote on a question arising for decision at the meeting but does not, in the event of an equality of votes, have a casting vote.

Clause 6.3 "Members present must vote on all resolutions of the Committee. Proxy votes are not permitted."

Advice to Officers has been that "all Members can move/second and should be voting, including the Chair". The Act and Regulations are silent in relation to the presiding member moving or seconding a motion. This process can be decided by the committee and recorded in the Minutes.

Summary and Conclusion

Officers recommend that the Terms of Reference be reviewed for discussion at the next Audit Committee meeting.

Not Confirmed

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: The Local Government (Procedures at Meetings) Regulations

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

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How We Work – Good Governance

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6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.

Legislative Requirements

Local Government Act 1999

Local Government (Procedures at Meetings) Regulations 2013

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

There are no financial, resource or risk management considerations.

COMMUNITY CONSULTATION

Consultation is not required under legislation or Council policy.

6. CONFLICT OF INTEREST DECLARATIONS

Nil

7. CONFIRMATION OF MINUTES FROM PREVIOUS MEETING

MOVED Cr Angas that the Minutes of the Audit Committee Meeting held 30 October 2018 be confirmed as a true and correct record of the proceedings of that meeting.

Seconded Mr Swan

CARRIED 2018-19/16

8. BUSINESS ARISING FROM PREVIOUS MINUTES

Nil

9. CONSENSUS AGENDA

10. ADOPTION OF CONSENSUS AGENDA

10.1 ITEMS FOR EXCLUSION FROM THE CONSENSUS AGENDA

Mr Brass - Item 9.1.5 Local Government (Ratepayer Protection and Related Measures) Amendment Bill 2018

MOVED Cr Johnstone that Consensus Agenda item 9.1.5 Local Government (Ratepayer Protection and Related Measures) Amendment Bill 2018, be withdrawn for Debate.

Seconded Ms Johnston

CARRIED 2018-19/17

10.2 RECEIPT OF CONSENSUS AGENDA

MOVED Cr Angas that the Consensus Agenda reports, excluding item 9.1.5 Local Government (Ratepayer Protection and Related Measures) Amendment Bill 2018, be received.

Seconded Ms Johnston

CARRIED 2018-19/18

11. DEBATE AGENDA

Not Confirmed

11.1.1

THE BAROSSA COUNCIL QUARTER 1– 2018/19 PERFORMANCE AND ACTIVITY REPORT

B3865

Ms Thomas spoke to the report and answered questions from the Members.

Mr Lague drew attention to an error in the graph on page 98 of the Performance and Activity Report – *Operating Expenditure Against Budget*. The September Quarter information is incorrect and will be adjusted in the Second Quarter report.

MOVED Ms Johnston that the Audit Committee receives and notes The Barossa Council Quarter 1 – 2018/19 Performance and Activity Report.

Seconded Mr Swan

CARRIED 2018-19/19

PURPOSE

To provide Council's Quarter 1 – 2018/19 Performance and Activity Report on measures adopted within The Barossa Council Corporate Plan 2016/17 to 2019/20.

REPORT

Background

Since November 2016, Council and the Audit Committee has been presented with Quarterly Performance Reports on measures adopted within the Corporate Plan.

Introduction

The Barossa Council Quarter 1 – 2018/19 Performance and Activity Report provides performance results against Corporate Plan measures as at 30 September 2018. The report also includes a suite of activity measures, providing a snapshot of activity undertaken over the quarter in the delivery of key internal and external Council services under each Community Plan Theme.

Discussion

With the ongoing implementation of Council's holistic enterprise level strategic planning and reporting software (Magiq), officers are continuing to refine counting rules and formulas for the extraction and analysis of data, which may result in the revision of previously reported results where the data has been refined or cleansed. Where this is the case, the report will include a disclaimer regarding the nature of any changes implemented and its impact on the data.

Additionally, where justification exists, performance targets may be amended to reflect a more realistic figure. As above, where this is the case, the report will include an explanation of the nature of and justification for any changes implemented and its impact on the data.

Overall, it is anticipated that comparison data reported will become more longitudinal as the reporting system grows and allow the representation of trends over time. It is anticipated that this will facilitate an increase in evidence based strategic policy decision making by Council and the executive team.

Summary and Conclusion

The Barossa Council Quarter 1 – 2018/19 Performance and Activity Report is presented for Audit Committee information.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

The Barossa Council Quarter 1 – 2018/19 Performance and Activity Report.

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

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Not Confirmed

A6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.

Legislative Requirements

Nil

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Current resources are sufficient to provide ongoing quarterly reporting.

COMMUNITY CONSULTATION

Community consultation is not required under the Act or Council's Public Consultation Policy.

11.1.2

UPDATE – RISK MANAGEMENT PROGRAMS AND PROJECTS

B7531

Mr Jones spoke to the report and answered questions from the Members. The Risk Management Quarterly Report for the second quarter has not yet been finalised. Although the quarterly reports provide comprehensive information, Mr Brass requested that any high or extreme insurance claims be highlighted at future Audit Committee meetings to provide awareness of any pending financial and reputational risk considerations.

MOVED Cr Johnstone that the Audit Committee receives and notes the report on the progress of Risk Management Programs and Projects.

Seconded Cr Angas

CARRIED 2018-19/20

PURPOSE

To present a quarterly report on the progress of Risk Management programs and projects.

REPORT

Risk Management

The Risk Plan 2019-2021 was endorsed by the Corporate Management Team (CMT) on 24 October 2018. The Action Plan to support the Risk Plan 2019-2021 will be developed in Quarter 3 - 18/19. The Plan will be developed taking into account results from the recent Risk and WHS Evaluations, the Risk Services Review, Document Review Schedules and the Change Program.

Risk Management Action Plan

The 2019 Risk Management Action Plan will be developed in line with the Risk Plan 2019 – 2021 and signed off by the end of January 2019.

Strategic Risk Management

Further progress to Strategic Risk Management is pending the outcome of the Risk Evaluation conducted on 30 October and 1 November 2018. A preliminary version of this report was received by the Chief Executive Officer on 20 December 2018 and is yet to be accepted.

KPI Action Plan for 2018

The 2018 Key Performance Indicator Action Plan (KPI Action Plan), driven by Local Government Association Workers Compensation Scheme (LGAWCS), commenced in January 2018 and was evaluated in November 2018 as 97% complete.

Risk Services will draft a proposed KPI Plan for next year, drawing from the 2019 – 2021 Risk Plan.

Risk Management Quarterly Report

Council's Risk Management Quarterly Report for Quarter 2 - 2018/19 will be prepared in January 2019 and communicated to the Audit Committee at the following Committee meeting.

Emergency Management and Community Resilience

At the initial meeting of the new Council on 26 November 2018, Council resolved that the Risk Advisor be Council's representative on the Barossa Zone Emergency Management Committee.

Not Confirmed

A report detailing recommended locations for the eleven AEDs is on the agenda for the next Organisational Management Group (OMG) meeting. The report makes recommendations based on the following considerations:

- central to the townships
- easily accessed
- high exposure to all of the community, signage requirements to increase exposure
- Wi-Fi already available, or power for us to install a mobile Wi-Fi device
- is protected from direct sunlight
- well-lit or security installed
- public access AEDs already available from other parties
- access to health services; distance to nearest service
- how the storage cabinet might be mounted, directly or on posts

Business Continuity Plan (BCP)

A review of the BCP by the Risk Advisor and the Manager of Organisational Development and Risk is booked in January, prior to sending back onto Paul Kerrish for the next phase of the program.

Risk Team

In December 2018 the 0.8 FTE Administration Officer for the Risk team was successful in gaining full time employment with a neighbouring Council.

This provides opportunities for higher levels of collaboration with the neighbouring Council and an opportunity to review the structure of the Risk Team into the future.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



How We Work – Good Governance

- 6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.

Legislative Requirements

Local Government Act 1999

Work Health Safety Act 2012

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Addressed within the Report.

COMMUNITY CONSULTATION

Not required under legislation or Council's Public Consultation Policy.

11.1.3

RECOMMENDATION OF APPOINTMENT OF INDEPENDENT MEMBERS

B7126

Pursuant to S75 of the Local Government Act 1999, Mr Brass declared an actual conflict of interest in the matter 11.1.3 *Recommendation of Appointment of Independent Members*, as he was one of the applicants for the Independent Member positions. Mr Brass advised the Committee of the actual conflict of interest and left the meeting at 11.04am.

Not Confirmed

MOVED Cr Johnstone that Ms Thomas assume the Chair during Audit Committee consideration of Agenda item 11.1.3 *Recommendation of Appointment of Independent Members*.

Seconded Mr Swan

CARRIED 2018-19/21

Ms Thomas assumed the Chair.

Mr Lague provided clarification on paragraph 2 of the 'Discussion' section of the report. The Audit Committee, at its 30 October 2018 meeting, approved an interview panel "consisting of the Chief Executive Officer, Manager Financial Services and two Elected Members appointed to the Audit Committee following the Elections". The relevance being that Cr John Angas and Cr Russell Johnstone were appointed to the Audit Committee by Council on 26 November 2018, but the wording of the report suggests they were included on the selection panel prior to being elected.

MOVED Cr Angas that the Audit Committee:

- (1) Receives and notes the report regarding Recommendation of Appointment of Independent Members;
- (2) Recommends that Council appoint Mr Peter Brass and Ms Ellen Ewing as Independent Members of the Audit Committee for a two year term commencing on 27 January 2019, with one right of extension of the appointment.

Seconded Cr Johnstone

CARRIED 2018-19/22

PURPOSE

To make recommendation to Council regarding the appointment of two Independent Members to the Audit Committee, due to vacancies caused by effluxion of time in Mr Peter Brass and Ms Tanya Johnston's term on 27 January 2019.

REPORT

Introduction

As reported to the 30 October 2018 Audit Committee Meeting, Mr Peter Brass (Independent Chair) and Ms Tanya Johnston's term as Independent Members of the Audit Committee, expires on 27 January 2019. Council advertised for Expressions of Interest in local newspapers and on Council's website, with three submissions being received.

Discussion

Clause 3.8 of the Audit Committee Terms of Reference states "All members of the Committee shall be appointed by Council on the recommendation of the Committee".

The Audit Committee, at its 30 October 2018 meeting, approved an interview panel comprising Cr John Angas and Cr Russell Johnston, the Chief Executive Officer and Manager Financial Services. Three Expressions of Interest (EOIs) were received (one being after the closing date).

Interviews were held on 7 December 2018. The applicants' responses to the interview questions (Attachment 1) were considered. A summary of the Panel comments is provided in Attachment 2.

The Panel is satisfied with the interviewees' responses and understanding of the role required for this appointment. The Panel's opinion was that all three of the applicants demonstrated the required level of skill, expertise and experience to meet the requirements of Independent Committee Members. When combined with our ongoing Independent Member's experience, attributes and skills, applicant 1 (Mr Peter Brass) and applicant 2 (Ms Ellen Ewing) would provide greater diversity and balance to the membership. Further information can be provided at the Audit Committee meeting as/if required.

Not Confirmed

Clause 3.6 of the Audit Committee Terms of Reference states "The Committee shall, at its first meeting or at its first meeting following the Periodic Election, nominate a Chairperson, preferably from among the Independent members. The nomination must be approved by Council. Should there be more nominations than required to fill the positions then all voting shall be by secret ballot."

Mr Brass has expressed his desire to nominate as the Chair of the Audit Committee if his appointment is successful.

Summary

The Panel's opinion is that Mr Peter Brass and Ms Ellen Ewing demonstrate the required level of skill, expertise and experience to meet the requirements of an Independent Committee Member and asks the Audit Committee to recommend appointment by Council.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Interview Questions
Attachment 2: Applicant Summary Form

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

Legislative Requirements

Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

Costs related to advertising for the Independent Members are allowed for in the Budget.

Resource

Managed within existing officer resources.

Risk Management

Adherence to the Audit Committee Terms of Reference is a risk management tool.

COMMUNITY CONSULTATION

Not required under legislation or Council's Public Consultation Policy. A public notice requesting Expressions of Interest was placed in The Leader and Bunyip newspapers on 14 November 2018.

Mr Brass returned to the meeting at 11.09am and resumed the Chair.

11.1.4 ITEM EXCLUDED FROM THE CONSENSUS AGENDA

9.1.5 LOCAL GOVERNMENT (RATEPAYER PROTECTION AND RELATED MEASURES) AMENDMENT BILL 2018

Mr Brass led discussion on the Bill with the intent of providing feedback from the Audit Committee to Council and the Local Government Association (LGA).

Mr Swan left the meeting at 11.15am and returned at 11.16am.

Mr Lague advised that the South Australian Local Government Financial Management Group had also provided feedback to the LGA.

MOVED Cr Angas that the Audit Committee supports the feedback submitted by the Local Government Association of SA and Council's Corporate Management Team

Not Confirmed

comments in relation to the Local Government (Ratepayer Protection and Related Measures) Amendment Bill 2018 (the Bill), in particular:

- change to the title of the Bill - suggest it be called the 'Local Government (Ratepayer Accountability and Related Measures) Amendment Bill 2018';
- Clause 126 Membership of Audit committees remain as a mix of Independent and Elected Members;
- Clause 105A Publication of credit card expenditure to exclude personal names and clarify the purpose for expenditure.

Seconded Cr Johnstone

CARRIED 2018-19/23

A Bill for an Act to amend the Local Government Act 1999. SA Labour introduced the Bill into the Legislative Council in November 2018 as an alternative to the Government's rate capping bill. The LGA prepared a preliminary analysis of the Bill (copy attached) and requested feedback from councils by 30 November (Circular 45.7). Page 11/12 contains comments in relation to Amendment of section 126 – Audit Committees. The Audit Committee may consider it appropriate to provide comments or feedback to Council on the proposed reforms. The current inclusion of the Elected Members as members in the Audit Committee enables a direct relationship to Council and its discussions and detailed review at Financial, Governance, Audit and Risk areas. The Bill has passed the Upper House and is now subject to consideration in the Lower House where the Government has the majority numbers.

12. OTHER BUSINESS

Nil

13. NEXT MEETING

Late March 2019 – date to be advised

14. CLOSURE OF MEETING

As Ms Johnston did not seek reappointment to the Audit Committee, and with her current term ending on 27 January 2019, Mr Brass thanked her for her valuable contribution to the Committee and Council during her terms of service on the Audit Committee.

There being no further business, Mr Brass closed the meeting at 11.28am.

Confirmed:

Chairman:

Date: