



MINUTES OF THE AUDIT COMMITTEE MEETING

**Held at the Offices of PIRSA
Meeting Room 1, Level 14, 25 Grenfell Street, Adelaide 5000**

25 NOVEMBER 2010

MEETING COMMENCED AT 1.00 PM

PRESENT

Mr Peter Brass (Chairman), Mr Mark Booth. Mr Warwick Koster

APOLOGIES

Nil

IN ATTENDANCE

Mr Cleve Coyle (Financial Advisor) in person, Mr Bill Boehm (Administrator) by telephone conference,

Note arrangements were made for any interested person located in Roxby Downs be in attendance via remote access within the Council Office. No such person took up this opportunity.

Mr Peter Brass (Chairman) welcomed all in attendance.

CONFIRMATION OF MINUTES

MOTION Mark Booth moved that minutes of the Audit Committee Meeting of 8 July 2010 be confirmed as a true and correct record.
Seconded Warwick Koster

CARRIED

BUSINESS ARISING**Action Items**

Summary of the following list of action items

No	Meeting	Action / Comments	By Whom	Date Completed
Ongoing				
1		Update Work Plan between each Meeting		
4		Council's policies and procedures to be reviewed on a staggered basis throughout the year	Audit Committee	
		Comments on Policies P1, P5, I6, I7, I8, I9, I13, & I26 from Audit Committee Meeting 8 July 2010 referred to Cleve Coyle for further review. P5 subject to further amendment	Cleve Coyle Audit Committee	
Outstanding				
3	29 Oct 2009	Council Lawyers to prepare a report on the provisions and application of the Roxby Downs (Indenture Ratification) Act	Michael Kelledy	10 March 2010
		Update report requested 13 April 2010 Follow up reminders sent	Michael Kelledy	
6	22 Dec 2009	Committee to monitor and review investigatory work to be undertaken regarding the extent of financial liability for capping and post closure rehabilitation work for the Opal Road Landfill as noted in the Auditors comments under Note 17 of the 2008/09 Financial Report.	Audit Committee	Ongoing
		Draft 1 Tonkin's Report presented and received Draft 2 Tonkin's Report presented and received		10 March 2010 13 April 2010
2	15 Feb 2010	Review progress in Council's Service Level Financial Review with a view to incorporating substantial amounts of financial information into Councils 2010/11 budget.	Audit Committee	Ongoing
		Update reports presented & received		15 Feb 2010 10 Mar 2010 13 April 2010 8 July 2010
3	15 Feb 2010	Review information that could affect potential financial implications of Council's current and possibly future operations	Audit Committee	
4	15 Feb 2010	Review some of the assumptions contained with Council's Draft LTFP relating to inflation increases and new capital and update current draft.	Bill Boehm	
		Work commenced and in progress		19 Nov 2010
1	8 July 2010	Work Plan Meeting with Auditors arranged for 25 November 2010	Bill Boehm Audit Committee	19 Nov 2010

MOTION Warwick Koster moved that in relation to Outstanding item 3 – 29 October 2009 that Michael Kelledy be requested to advise when the updated advice on the provisions and application of the Roxby Downs (indenture ratification) Act will be received.

Seconded Mark Booth

CARRIED

CORRESPONDENCE

Letter from Council's Auditor dated 18 November 2010 concerning past Internal Control issues tabled at the Audit Committee meeting with the Auditor on 25 November 2010.

The letter to be forwarded to Council with no further comment required.

ADMINISTRATORS REPORT

Service Level Project Briefing Report November 2010

Update Report from Corpor8solutions provided as per the following summary.

- Review of Council's Service Levels is linked to its ongoing Organisational Review and its Continuous Improvement (CI) process recognising that that for the Key Stakeholders to achieve their respective Strategic Goals, Roxby Downs must provide amenities and a level of services that can attract and retain a quality workforce, a viable business community and a stable contingent of government support service personnel and their families to ultimately lead to Roxby becoming a world class Hub for regional mining activities.
- Further meetings and discussions have taken place with Tonkin's who have been delayed by the volume and complexity of the work involving Councils Buildings and facilities but a strong linkage to Community Importance and Service Satisfaction levels is to be included as soon as Tonkin's have finalised the facilities component of their review or the RDC Survey is completed.
- Brian Cunningham, former CE of the Department of Trade and Economic Development, has been contracted to assist with the review of Community Recreation and Sporting Facilities and to liaise with local groups to assess their support for the developments outlined in the 'Council Submission to Olympic Dam Expansion: Draft Environmental Impact Statement' (August 2009).
- Review of the Cultural, Recreation and Sporting Facilities supported or managed by Council was undertaken and meetings arranged with key community leaders to discuss their perceptions, aspirations and concerns regarding future developments. This included both services provided by Council and those for which Council was not responsible for and assisted the helped refine the survey content.
- Meeting with members of the Community Board undertaken to explore their perceptions of the general level of satisfaction with the services provided (including service quality). Consideration of the implications for service provision as the township expansion progresses was addressed and provided input into a draft survey document which was completed and results outlined.
- As a result of dialogue including community feedback from the meetings Tonkin's have been able to make various assumptions in the development of the asset reporting to date. This allows reporting that can be compared to best practice through work Tonkin has undertaken for other Councils across the state.
- It is anticipated that when both this Asset Data and the Community Survey is concluded that we will have sufficient quality information for the assessment of the status of Council's Assets, the determination of service levels and the identification of those areas where service levels may in the perception of the community, be need to be develop further. As was the aim of this project, this information should further improve both community satisfaction with Council's services and the accuracy of Council's LTFP.

- The following tables were provided:
 - preliminary results from pilot Community Survey;
 - benchmarking with other regional LGA's for age profile, and leisure / recreational facilities; and
 - service levels for main core assets based on the quality of the asset register, planned renewal programs, maintenance programs and depreciation charges for roads, stormwater, water, electricity, sewer, and buildings.
- As part of Council's Continuous Improvement program including Council's Organisational Structure a large array of internal services have been updated.

The Audit Committee requested that a project end date be identified given the project commenced in February 2010. The Administrator concurred and advised that he was satisfied with the progress thus far given operational constraints. Further, the Administrator believes positive community feedback from the Community Board and BHP Billiton's own independent community perception surveys have greatly assisted Council's aim of a holistic approach which he said was essential for long term planning but not considered as critical for immediate budgets.

The Audit Committee expressed reservations that it appeared that little substantive progress appeared to have been regarding the financial aspects of the review because of other priorities and that the project methodology may not achieve the outcomes anticipated at the commencement of the project.

MOTION Mark Booth moved that the Audit Committee:
receive the Corpor8solutions Service Level Project Briefing Report
November 2010 and express their concern at the progress of the project
since commencement and an estimated project completion date be
provided as soon as possible;
Seconded Warwick Koster

CARRIED

2010/11 Budget

Audit Committee received a copy of Council's adopted 2010/11 Budget and Summary Flyer and noted that at this stage formal budget approval had not be received from BHP Billiton and the State Government

MOTION Mark Booth moved that:
Council's 2010/11 Budget be received and noted; and the Audit
Committee recommended that Council write to the State Government and
BHP Billiton expressing the concern of the Audit Committee that formal
agreement had not been reached between the parties on the size of the
deficit.
Seconded Warwick Koster

CARRIED

2010/11 Budget Review

Audit Committee reviewed Council's 2010/11 Budget - September Budget Review noting that:

- Notwithstanding the lack of formal advice the municipal deficit funding is assumed to be \$600k;
- Electricity Water and Sewerage Income billing occurs in October;
- A few items including Municipal Rates and Garbage charges shown in the ytd are for the full financial year; and
- Investment Income needs to be reviewed and an appropriate journals undertaken

MOTION Warwick Koster moved that the 2010/11 Budget - September Budget Review be received and the explanations provided by the Administrator be noted.
Seconded Mark Booth

CARRIED

Policies and Procedures

Audit Committee conducted a detailed review of a draft Policy P5 – Contracts and Tendering Policy.

- MOTION** Mark Booth moved that updated draft Policy P5 – Contracts and Tendering Policy be further amended to incorporate all of the Audit Committee's suggestions and circulated out of session for comment.
Seconded Warwick Koster

CARRIED

2009/10 Annual Financials

The Audit Committee received the Administrators updated report on the progress of the preparation of the 2009/10 Financial Statements supplemented by advice from Council's Financial Consultant and noted:

- Council's lack of resources due to the loss of its Accountant and the time consumed by the resource intensive investigations relating to the rate ledger;
- Council has completed an internal replacement for the rates position and is in the process of recruiting externally for a Finance Officer;
- the engagement of Vanessa McDonald from Mt Gambier to assist Cleve Coyle in preparing the annual financial statements. Work is nearing finalisation with very few enquires received from Council's Auditors;
- On 2 November 2010 Council advised the Office for Local Government that Council may not be able to meet the 30 November 2010 deadline for producing Council's 2010/11 Annual Financial statements and by implication a complete 2010/11 Annual Report and has been verbally advised that this should not present a major issue; and
- a lack of available flights coinciding with Auditors work schedule meant that this work will now be completed between 30 November and 2 December 2010.

- MOTION** Warwick Koster moved that:
1. the Administrators Report supplemented by advice from Council's Financial Consultant on the status of the 2009/10 financials be received and the explanations provided noted; and
 2. the Audit Committee remains concerned about the lack of financial expertise and resources available to Council.

Seconded Mark Booth

CARRIED

Work Plan

A revised copy of the adopted Audit Committee Work Plan for the 2010/11 years was updated and reviewed by the Committee with minor adjustments. .

- MOTION** Warwick Koster moved that the revised Audit Committee Work Plan for the 2010/11 year as updated for the 25 November 2010 meeting and amended by the Committee be received and noted.

Seconded Mark Booth

CARRIED

OTHER BUSINESS

Other Committee Work

The following Informal briefing workshops of the Audit Committee were undertaken between meetings.

4 August (Adelaide)	Meeting with the Roxby Downs Advisory Reference Group
4 August (Adelaide)	Brief discussion on rates receivables
21 Oct 2010 (Adelaide)	Informal meeting with Councils Financial Advisor regarding contract and tendering policy
25 November 2010	Annual meeting with Council's Auditors

CONFIDENTIAL MATTERS

3:43pm

MOTION Mark Booth moved that these items be considered in confidence
Seconded Warwick Koster

CARRIED

Discussion in confidence relating to the following matters:

- Items raised from ongoing reports regarding rates receivables be considered in confidence pursuant to Section 90(3)(i) of the Local Government Act on the basis that information relating to actual litigation that the council or council committee believes on reasonable grounds will take place, involving the council

3.46pm

MOTION Mark Booth moved that pursuant to Section 91(7) of the Local Government Act, the Audit Committee makes an order that the reports, items and discussions relating to the above confidential items having been considered in confidence remain in confidence for a period of 12 months and this would be reviewed prior to the expiration of this period.
Seconded Warwick Koster

CARRIED

Reopen Meeting to the Public

The Chairman declared that the section of the meeting closed to the members of the public had come to an end and that the meeting was again open to members of the public.

OTHER BUSINESS

Council Resources

As raised at the 25 November 2010 meeting with Council's Auditors the Auditor and Audit Committee whilst noting the Administrators efforts and constraints imposed to remain concerned about the quantity and quality of Councils resources, particularly in the finance area.

MOTION Mark Booth moved that:
the Audit Committee notes and concurs with the Auditors comments about the quantity and quality of Councils resources, particularly in the finance area.
Seconded Warwick Koster

CARRIED

NEXT MEETING

To be advised but likely December 2010 to consider Annual Financial Report and other matters

MEETING CLOSURE

The Chairman declared the meeting closed at 3:55pm.