

**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT THE ROXBY DOWNS COUNCIL BOARDROOM
22 DECEMBER 2009**

MEETING COMMENCED AT 2.05PM.

PRESENT

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

IN ATTENDANCE

Mr Bill Boehm (Administrator), Mrs Bronwyn Warren (Administration Manager) and Ms Anna Syta (Financial Accountant)

Mr Peter Brass (Chairman) welcomed all in attendance.

APOLOGIES

Nil

CONFIRMATION OF MINUTES

MOTION Warwick Koster moved that minutes of the Audit Committee Meeting of 29 October 2009 be confirmed as a true and correct record.
Seconded Mark Booth

CARRIED

BUSINESS ARISING

Summary of the following list of action items

| No | Meeting | Action / Comments | By Whom | Date Completed |
|----|-------------|--|-----------------|----------------|
| 1 | 29 Oct 2009 | Bill Boehm to bring back an amended work plan that covers the next twelve (12) months | Bill Boehm | 20 Nov 2009 |
| 2 | 29 Oct 2009 | Peter Brass requested that a timetable of Council's Strategic Documents be prepared to show when documents are produced | Bill Boehm | 20 Nov 2009 |
| 3 | 29 Oct 2009 | Council Lawyers to prepare a report on the provisions and application of the Roxby Downs (Indenture Ratification) Act | Michael Kelledy | |
| 4 | 29 Oct 2009 | The reports from MHM, John Comrie and Tonkin Consulting be provided to the Audit Committee for review. | Bill Boehm | 20 Nov 2009 |
| 5 | 29 Oct 2009 | That Michael Kelledy be requested to raise the matter of desirability of the Roxby Downs Advisory Reference Group Meeting Minutes being made available to the Audit Committee. | Michael Kelledy | 16 Nov 2009 |
| | | Bill Boehm advised that Michael Kelledy had raised the matter with the RDARG who had agreed in principle to the request subject to appropriate confidentiality provisions being adhered to | Bill Boehm | 22 Dec 2009 |

| No | Meeting | Action / Comments | By Whom | Date Completed |
|----|-------------|--|-----------------|----------------|
| 6 | 29 Oct 2009 | Administrator to prepare a calendar of proposed Audit Committee meeting dates. | Bill Boehm | 20 Nov 2009 |
| | | Audit Committee discussed proposed meeting dates. General agreements to the following program subject to flights and other factors such as availability of Auditors. 12 or 15 Feb 2010, 13 May 2010, 12 August 2010 & 11 Nov 2010 | Audit Committee | 22 Dec 2009 |

ADMINSTRATORS REPORT

Work Plan

An updated copy of the adopted Audit Committee Work Plan for the 2009/10 year was forwarded on 19 November 2009 and reviewed by the Committee. Work Plan to be reviewed and updated between each meeting.

MOTION Mark Booth moved that the Audit Committee Work Plan for the 2009/10 year forwarded on 19 November 2009 be received and noted.
Seconded Warwick Koster

CARRIED

2008/09 General Purpose Financial Reports

Section 126(4)(e) of the Local Government Act requires the Committee to review the Annual Financial Statements to ensure that they present fairly the state of affairs of Council. Copies of the general purpose financial reports have been provided to the Committee and various queries raised by Committee Members have been addressed prior to Council formally adopting the reports.

MOTION Warwick Koster moved:

1. that the 2008/09 General Purpose Financial Reports year forwarded on 19 November 2009 be received and endorsed as fairly representing the state of affairs of Council;
2. the actions of the Presiding Member in signing the Certification of Auditor Independence be noted.

Seconded Mark Booth

CARRIED

2009 Balance Date Audit

Committee reviewed the 2009 Balance Date Audit Management Letter and 2009 Audit Opinion. Administrator agreed with comments raised in the correspondence and to provide a formal response to the Auditor. Following morning inspection of Landfill and briefing provided by Municipal Works Manager, Committee noted Auditors comments under Note 17 of the Financial Report relating to the need to quantify the extent of financial liability associated with the contractual obligation between the EPA and Council for the capping and post closure rehabilitation work for the landfill as an issue that the Committee would monitor.

MOTION Warwick Koster moved that the 2009 Balance Date Audit Management Letter and 2009 Audit Opinion be received and noted.
Seconded Mark Booth

CARRIED

2008/09 Annual Report

Copy of the 2008/09 Annual Report was tabled.

MOTION Mark Booth moved That the 2008/09 Roxby Downs Council Annual Report be received and noted
Seconded Warwick Koster

CARRIED

2009/10 BUDGET

Council's adopted 2009/10 Budget and Business Plan was provided and considered by the Audit Committee at the last Committee Meeting.

Committee noted that verbal consent from BHP Billiton and the State Government of an approved Municipal deficit of \$1,200k has been given but not confirmed in writing and indicated that this concern should be expressed with each party. Administrator explained legal and practical application of the requirements under the Indenture for BHP Billiton and the State Governments to meet its municipal deficit obligations.

Committee reviewed Council's December 2009 Budget review and noted the following

- Projected increases in on Current Assets (Infrastructure, property and plant) of \$57,425k to \$79,394k resulted from more accurate information available following Tonkin's Asset revaluation work
- Projected increases in Non Current Liability (Provisions) from \$8k to \$23k and in Other Reserves \$3,654k to 4,347k resulted from more up to date information being proved as a result of an outcome from the 2008/09 audited financials.
- Other Reserves can be fully 'cased up'
- Intention of the Committee to endeavour, where possible, to have budget reviews coincide with future meetings

MOTION Warwick Koster moved that:

1. the December 2009/10 Budget Review be received and explanations noted;
2. that the Audit Committee is concerned that the Council funding parties have only provided verbal consent for the Municipal deficit and that they, be requested to provide formal written confirmation they will fund the Municipal budget deficit.

Seconded Mark Booth

CARRIED

CORRESPONDENCE

Nil

OTHER BUSINESS

Other Committee Work

Audit Committee Members noted that much of their preparatory work involved research, briefings and information gathering outside of the normal meeting structure and that this should be summarised and recorded. No formal records were kept nor any decisions made at any of these information and briefing sessions.

MOTION Mark Booth moved that any of the briefing and information sessions conducted outside of the normal meeting by noted in the minutes of the next Audit Committee meeting.

Seconded Warwick Koster

CARRIED

October 2009 Meeting

Committee members received a number of documents for pre reading including 2008/09 unaudited budget to actual figures with comments for budget management operations, Council's Strategic Management Plan, 2008/09 Annual Business Plan & Budget, 2007/08 Annual Report, 2009/10 Annual Business Plan & Budget, Council's Long Term Financial Plan and 2009 External Audit Management Letter & Update of actions taken

Briefings and explanations were also provided by the Administrator, Financial Accountant Administration Manager and Electrical Manager prior to the meeting.

November 2009 Gathering

Committee members met informally in Adelaide on 27 November 2009 to discuss the 2008/09 draft Financial Reports

December 2009 Meeting

Briefings and explanations were provided by the Administrator and Municipal Works Manager with a tour of the township and landfill prior to the meeting

Policies & Procedures

Committee members discussed the approach that they should take in reviewing Councils policies and procedures with a preference that they be staggered throughout the year. Chairman also raised the practice of other Council's forming up a Whistleblower Protection Policy with reference to the Audit Committee in an oversight capacity and that advice from Michael Kelledey would be worthwhile..

MOTION Mark Booth moved that Councils policies and procedures should be reviewed on a staggered basis throughout the year and that Council's solicitors be approached with a view to advising on a Whistleblower Protection Policy being developed with reference to the Audit Committee acting in an oversight capacity.
Seconded Warwick Koster

CARRIED

CONFIDENTIAL MATTERS

State Government Documentation

2:50pm

MOTION Warwick Koster moved that this item be considered in confidence:
Seconded Mark Booth

CARRIED

That the State Government commissioned reports received by the Council be considered in confidence pursuant to Section 90(3)(j) of the Local Government Act on the basis that they contain information the disclosure of which would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the council, or a person engaged by the council); and would, on balance, be contrary to the public interest, with the exception of the Administrator.

Mrs Bronwyn Warren (Administration Manager) and Ms Anna Syta (Financial Accountant) left the Board Room

MOTION Mark Booth moved that pursuant to Section 91(7) of the Local Government Act, the Audit Committee makes an order that the reports 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

3.25pm.

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.

NEXT MEETING

Subject to availability of flights the next meeting was scheduled for Friday 12 February 2009. (Note this was later changed to Monday 15 February 2009 after consultation with the Chairman)

MEETING CLOSURE

The Chairman declared the meeting closed at 3.26pm.