

Minutes of the meeting of the Audit Committee of the City of Holdfast Bay held in the Mawson Room, Civic Centre, 24 Jetty Road, Brighton on Monday 31 October 2016 at 6:00pm.

PRESENT

Members

Chairman – Councillor J Smedley
Ms V Brown
Mr J Wood
Mr S Spadevecchia

Staff

Manager Finance – Mr J Newton
Asset Accountant – Mr C Blunt
Manager Finance & Administration Alwyndor Aged Care – Ms P Warburton

Guest

Mr Geoff Edwards from BDO

1. OPENING

The Chairman declared the meeting open at 6:02 pm.

2. APOLOGIES

- 2.1 Apologies Received – Councillor Snewin
- 2.2 Absent - Nil

3. DECLARATION OF INTEREST

Members were reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 5 October 2016 including the amendment to Item 8.2, be taken as read and confirmed.

Moved by Mr S Spadevecchia, Seconded by Mr J Wood

Carried

5. QUESTIONS BY MEMBERS - Nil

6. MOTIONS ON NOTICE - Nil

7. ADJOURNED ITEMS - Nil**8. REPORTS BY OFFICERS****8.1 Standing Items – October 2016 (Report No: 267/16)**

The Audit Committee is provided with a report on standing items at each scheduled meeting.

Motion

That the Audit Committee advises Council it has:

- 1. Received and considered a Standing Items Report addressing:**
 - **Monthly financial statements**
 - **Internal control**
 - **Risk management**
 - **Whistleblowing**
 - **Internal audit**
 - **Economy and efficiency audits**
- 2. Requested that a report be provided to the next Audit Committee on the outcomes of the risk management workshop including any planned risk management practices, session outcomes including number of attendees and absentees, and proposed timetable for actions.**
- 3. Requested that the Audit Committee be informed on the practice of advising new staff on the Whistleblower Policy.**
- 4. Reviewed the asset management internal audit project scope and requests that management ensures that the internal audit team has sufficient skills and experience to undertake this audit.**

Moved Mr Wood, Seconded Mr Spadevecchia

Carried

8.2 Budget Update – as at 30 September 2016 (Report No: 275/16)

This report covers the first update of Council's 2016/17 budget conducted as at 30 September 2016.

For Municipal funds it has resulted in an unchanged operating surplus forecast of \$363,852, with increased expenditure being offset by grant and fee income including \$75,000 for the Jetty Road Masterplan. Capital expenditure has increased by \$1.3 million also offset by income grants including \$325,600 for upgrading the Jetty Road, Brighton railway crossing and \$1,031,013 for the continuation of the Coast Park footpath. For Alwyndor operations there are no changes to the forecast.

Motion

1. That the Audit Committee advises Council it has considered and noted the first 2016/17 budget update for Council's municipal operations including:
 - (a) no change in the forecast operating surplus for 2016/17 of \$363,852 (compared to an operating surplus of \$472,779 in the original budget);
 - (b) an increase in the forecast capital expenditure of \$1,356,613 from \$17.030 million to \$18.387 million (compared with \$8.585 million in the original budget);
 - (c) an increase in the forecast capital revenue of \$1,356,613 from \$5.714 million to \$7.071 million (compared with \$2.495 million in the original budget);
 - (d) no change in forecast net financial liabilities of \$25.453m at 30 June 2017 (compared to a net financial liabilities amount of \$26.069 million in the original budget).

2. That the Audit Committee advises Council it has considered and noted the first 2016/17 budget update for Alwyndor operations including:
 - (a) a projected operating surplus for 2016/17 of \$466,362 (unchanged from the original budget);
 - (b) forecast capital expenditure for 2016/17 \$476,260 (unchanged from the original budget);
 - (c) a forecast funding surplus for 2016/17 of \$852,582 (unchanged from the original budget).

Moved Mr Spadavecchia, Seconded Mr Wood

Carried

8.3 **CONFIDENTIAL – Loan Receivables** (Report No: 276/16)

(Mr Geoff Edwards from BDO was in attendance)

Motion

1. That under provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer, General Managers, administrative staff and external auditor in attendance in order to consider in confidence this item.

2. That in accordance with Section 90(3) of the *Local Government Act 1999* Audit Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 276/16 on the following grounds:

:

- d. pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item, Loan Receivables (Report No: 276/16) is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, because it relates to the operations of the Glenelg Football Club.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Audit Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances as the benefit or detriment to Council in not disclosing information relating to Glenelg Football Club outweighs the public interest at this time.

Moved Mr Wood, Seconded Mr Spadevecchia

Carried

Order to Retain in Confidence

Motion

1. That an order be made under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that the documents relating to Report No: 276/16, including minutes, report and attachment, having been dealt with on a confidential basis under Section 90 of the Act, should be kept confidential on the grounds of information contained in Section 90(3)(d) of the Local Government Act.
2. This resolution will be reviewed within 12 months by the Council.

Moved Mr Wood, Seconded Mr Spadevecchia

Carried

8.4 2015-16 Financial Statements (Report No: 268/16)

The financial statements for the year ended 30 June 2016 have been completed and audited. The preliminary statements were presented to the Audit Committee on 5 October 2016 and, subject to amendments, they are presented to the Audit Committee for final review.

Motion

That the Audit Committee advises Council that:

1. It has met with Council's external auditor, BDO, and received a report in relation to the audit of Council's 2015-16 financial statements.
2. In accordance with paragraph (a) of sub-section 126(4) of the Local Government Act 1999, the Committee confirms that it has reviewed the draft financial statements for the year ended 30 June 2016 and is satisfied that they present fairly the state of affairs of Council subject to the following amendments:
 - (a) Providing \$400,000 for Loans Receivable impairment.
 - (b) Increasing depreciation by \$150,506 for new assets completed and ready for use during 2015/16.
3. In accordance with regulation 22(3) of the Local Government (Financial Management) Regulations 2011, the Committee recommends that the Presiding Member of the Audit Committee co-sign with the Chief Executive Officer the following statement to be included with the financial statements for the year ended 30 June 2016:

"To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the City of Holdfast Bay for the year ended 30 June 2016, the Council's Auditor, BDO, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act."
4. During the 2015-16 year, it has received regular reports on internal controls from the Internal Auditor and is satisfied that the internal controls provide a reasonable assurance that Council's financial records are complete, accurate and reliable and were effective throughout the financial year.

Moved Mr Wood, Seconded Mr Spadavecchia

Carried

9. **REPORTS BY MEMBERS – Nil**

10. **ACTION ITEMS**

The Action Items were tabled and discussed.

11. **VERBAL REPORTS BY OFFICERS - Nil**

12. **URGENT BUSINESS – SUBJECT TO THE LEAVE OF THE MEETING - Nil**

13. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 25 January 2017 in the Mawson Room, Civic Centre, 24 Jetty Road, Brighton.

14. CLOSURE

The Meeting closed at 7:47 pm.

CONFIRMED Wednesday 25 January 2017