

**MINUTES OF THE AUDIT COMMITTEE MEETING  
HELD AT THE ADMINISTRATION CENTRE  
245 STURT ROAD, STURT  
ON TUESDAY 18 AUGUST 2015**

---



**PRESENT**

Mr Greg Connor (Chair), Mr Lew Owens, Ms Kathryn Presser, Councillor Tim Pfeiffer

**In Attendance**

Mr Geoff Whitbread	Acting Chief Executive Officer
Ms Kathy Jarrett	Director
Ms Kate McKenzie	Manager, Governance
Mr Ray Barnwell	Manager Finance
Ms Sherie Walczak	Unit Manager Risk
Ms Fiona Harvey	Manager Strategy
Mr Kyffin Thompson	BDO

**1. OPEN MEETING**

The meeting commenced at 4.01 pm. The Chair welcomed all those present to the meeting.

**2. KAURNA ACKNOWLEDGEMENT**

We begin by acknowledging the Kurna people, the traditional custodians of this land and pay our respects to their elders past and present.

**3. MEMBERS DECLARATION OF INTEREST**

The Chair asked if any Member wished to disclose an interest in relation to any item being considered at the meeting. No interests were disclosed.

**4. CONFIRMATION OF MINUTES**

**Moved Ms Presser, Seconded Councillor Pfeiffer** that the minutes of the Audit Committee meeting held on 15 June 2015 be confirmed as a true and correct record of proceedings.

The Committee requested that the minutes reflect suggestions of the Committee as actions, to monitor progress.

**Carried**

**5. BUSINESS ARISING**

The statement identifying business arising from previous meetings of the Committee was reviewed and progress achieved against identified actions was noted.

Confirmation was sought regarding the deferral of the Valuation Report to the October 2015 Meeting. The Committee was advised that the delay had occurred as the valuation process is connected to a change in accounting standards for the residual values of the assets. Clarity was sought from Council's external auditor who advised that no change was required for the 2014/15 financial year but the valuation process would require change for 2015/16.

The Committee also queried the process regarding improvements to previously upgraded buildings/assets and how this is built into the valuation process, to ensure Council complies with the requirements of the Auditor General.

Advice was provided that these matters are addressed through the physical and desk top valuation process and reviewed via the external audit.

**Action: The Audit Committee requested that the process regarding how further improvements to buildings/assets are captured be reported to the next Audit Committee Meeting.**

## **6.1 Elected Member Representative Report to Audit Committee Report Reference: AC180815R6.1**

Councillor Pfeiffer provided further detail to the written report confirming that Council had now set its budget with an average rate increase of 2.9% and achieved a \$3.2m savings with no impact on current service delivery outcomes. Council had also looked to the future and had adopted a 2.75% p.a. average rate increase over the course of the long term financial plan.

Council has also achieved a reduction in employee costs and has adopted an assumption of 2% employee cost increase per annum over the next 10 years.

Councillor Pfeiffer indicated that the asset management plans had been adopted and were now out to public consultation. The consultation was due to conclude at the end of August 2015.

Councillor Pfeiffer invited comment from other Elected Members in the gallery who confirmed that Council was making good progress on its goals.

The Committee noted the report.

## **7. REPORTS**

### **CONFIDENTIAL ITEM**

#### **Program Evaluation**

**Meeting with Program Evaluation Service Provider (BDO) (in Confidence)**  
**Ref No: AC180815F8.1**

Moved Mr Owens, seconded, Ms Presser, that this matter be considered in confidence under Section 90(2) and (3 (g) of the Local Government Act 1999 and orders that all persons present with the exception of Mr Kyffin Thompson (BDO) and Councillors Bryam and Telfer be excluded from the meeting as the Committee meets with the Council's program evaluation service provider, in order to ensure that the Council does not breach any law, order or direction of a court or tribunal by law, any duty of confidence or other legal obligation or duty.

**Carried**

4.15pm All staff and members of the public left the meeting and the meeting moved into confidence.

4.50pm the meeting came out of confidence.

The Audit Committee requested that the following comments be recorded within the minutes.

The Committee and Elected Members had a general discussion with the internal auditor and service review provider with regard to the provision of both services. There were no major issues identified.

## **Risk Management**

### **Insurance Claims Management Activity Report Report Reference: AC180815R7.1**

The Unit Manager Risk provided an overview of the report indicating that the number of vehicle incident reports had increased over the last period. This had been attributed to the introduction of an online reporting tool. Although the incident reports had increased, the claims loss value had decreased from the previous year.

The Committee queried the number of incidents suggesting that 136 seemed high and asked what corrective measures had been undertaken? Clarity was provided that the claims relate to any incident where a registered motor vehicle is involved (e.g. damage to Telstra cables by backhoe, stone from a mower). Driver safety training was provided by SAPOL in 2009 and update sessions have occurred through staff meetings.

The Committee queried if driver safety training or defensive driving could provide some benefit for staff that drive corporate vehicles. It was agreed this would be investigated.

The Committee noted that alcohol and other drugs training was occurring and queried if this was reactive or proactive? Confirmation was provided that this was a proactive program.

The Committee noted that 9 asset claims had been received and queried why some incidents had costs allocated to them. It was advised that this occurred when an incident was under the excess and therefore paid direct by Council. For example, a white ant incident was paid direct by the City of Marion and not submitted to the insurer.

The Committee discussed that road/path trips and falls continue to be prevalent. The Committee suggested that some further analysis of the claims would be beneficial to determine if this data would influence the risk management plans.

#### **Action:**

- **Investigate if the cost and benefit of driver safety training or defensive driving could provide some benefit for staff that drive corporate vehicles.**
- **Complete further analysis on the claims data to determine any area with high incidents and how the claims data can influence the risk management plans.**

## **8. CONFIDENTIAL ITEMS**

### **Program Evaluation**

#### **Internal Audit & Service Reviews – Tender Assessment Report Reference: AC180815F8.2**

**Moved Councillor Pfeiffer, Seconded Ms Presser** that pursuant to Section 90(2) and (3)(k) of the Local Government Act 1999 the Committee orders that all persons present, with the exception of the following persons Councillors Telfer and Byram, Geoff Whitbread (Acting Chief Executive Officer), Kathy Jarrett (Director), Kate McKenzie (Manager Governance), Heather Falckh (Manager Organisational Excellence), Fiona Harvey (Manager Strategy) and Ray Barnwell (Manager Finance) be excluded from the meeting as the Committee receives and considers information relating to the tender for the provision of Internal Audit and Service

Review Services upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to a tender for the provision of services to the City of Marion.

**Carried**

**5.06 pm the meeting went into confidence**

**5.31 pm the meeting came out of confidence**

## **9. ANY OTHER BUSINESS**

**Moved Mr Owens, Seconded Ms Presser** that in accordance with Section 91(7) and (9) of the Local Government Act 1999 the Committee orders the minutes arising from this item be considered in confidence under Section 90(2) and (3)(b) to ensure no commercial advantage on a person with whom the Council may conduct business and be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the December 2015 Council meeting.

**Carried**

## **10. MEETING CLOSURE**

The meeting was declared closed at 5.45 pm

## **10. NEXT MEETING**

The next meeting of the Audit Committee is scheduled to be held on:

**Time: 3.00 pm - 6.00 pm**

**Date: 13 October 2015**

**Venue: Chamber, Administration Building, 245 Sturt Road, Sturt**

.....  
**CHAIRPERSON**

/ /