

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 12 DECEMBER 2022  
63 MT BARKER ROAD STIRLING**

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**In Attendance****Members:**

Cr Malcolm Herrmann	Presiding Member
Peter Brass	Independent Member
David Moffatt	Independent Member
Natalie Johnston	Independent Member
Cr Melanie Selwood	Council Member

**In Attendance:**

David Waters	Chief Executive Officer
Lachlan Miller	Executive Manager Governance & Performance
Mike Carey	Manager Financial Services

**Guests in Attendance:**

Geoff Edwards	BDO
Linh Dao	BDO

**1. COMMENCEMENT**

The meeting commenced at 6.30pm.

**1.1 Acknowledgement of Country**

Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kaurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.

**2. APOLOGIES/LEAVE OF ABSENCE****2.1 Apology**

Nil

**2.2 Leave of Absence**

Nil

**2.3 Absent**

Nil

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**3. MINUTES OF PREVIOUS MEETINGS**

**3.1 Audit Committee Meeting – 17 October 2022**

Moved Natalie Johnston

S/- Peter Brass

AC46/22

**That the minutes of the Audit Committee meeting held on 17 October 2022 as supplied, be confirmed as an accurate record of the proceedings of that meeting.**

<b>Carried Unanimously</b>
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**4. PRESIDING MEMBER'S OPENING REMARKS**

Cr Herrmann advised the Committee that Council adopted the Audited Financial Statements at its 26 October 2022 meeting.

Cr Herrmann advised the Committee that he and Cr Selwood have been appointed to the Audit Committee for one year and Cr Herrmann has been appointed as the Presiding Member for one year.

Each of the Committee Members briefly introduced themselves and their professional experience.

**5. DELEGATION OF AUTHORITY**

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers.

**6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE**

**6.1 General Conflict of Interest, Cr Malcolm Herrmann, Item 8.2 – Budget Review 1**

Under Section 75 of the *Local Government Act 1999* Cr Malcolm Herrmann disclosed General Conflict of Interest in Item 8.2 – Budget Review 1, the nature of which is as follows:

*Cr Herrmann's brother is the President of the Lobethal Hall Committee which is referred to in the report.*

Cr Herrmann intends to leave the meeting when this item is discussed.

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**7. PRESENTATIONS, ACTION REPORT & WORKPLAN**

**7.1 Risk Presentation**

Nil

Leave of the meeting was granted to move Item 10.1 – External Audit Tender forward in the agenda.

**PARTIAL RELEASE 20 FEBRUARY 2023 - (APPENDIX 2 REMAINS IN CONFIDENCE)**

**10.1 External Audit Tender – Exclusion of the Public**

Moved Peter Brass  
S/- Natalie Johnston

AC47/22

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

- A/CEO, David Waters
- Executive Manager Governance & Performance, Lachlan Miller
- Manager Financial Services, Mike Carey
- Partner BDO, Geoff Edwards
- Partner BDO, Linh Dao

be excluded from attendance at the meeting for Agenda Item 10.1: (External Audit Tender) in confidence.

The Committee is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified in (a) above, be excluded to enable the Committee to consider the report at the meeting on the following grounds:

Section 90(3)(d) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) that would, on balance, be contrary to the public interest, the disclosure of which could reasonably be expected to prejudice the commercial position of the business which supplied the information and to confer a commercial advantage on a third party.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

<b>Carried Unanimously</b>
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**PARTIAL RELEASE 20 FEBRUARY 2023 - (APPENDIX 2 REMAINS IN CONFIDENCE)**

Geoff Edwards and Linh Dao made a presentation and left the meeting

**10.2 External Audit Tender – Confidential Item**

Moved Natalie Johnston  
S/- Peter Brass

AC48/22

The Audit Committee resolves:

1. That the report be received and noted.
2. To recommend to Council the appointment of BDO Audit Pty Ltd for the provision of external audit services for a period of three (3) years commencing with the audit for the financial year ending 30 June 2023, with an option of a further period of up to two (2) years, as per the tender in Appendix 2.
3. To recommend to Council that the proposed fee structure for BDO Audit Pty Ltd is appropriate to enable a legislatively-compliant audit to be conducted.

<b>Carried Unanimously</b>
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**PARTIAL RELEASE 20 FEBRUARY 2023 - (APPENDIX 2 REMAINS IN CONFIDENCE)**

**10.3 External Audit Tender – Duration of Confidentiality**

Moved Peter Brass  
S/- Natalie Johnston

AC49/22

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 10.1 in confidence under sections 90(2) and 90(3)(d) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	31 December 2024
Related Attachments	31 December 2024
Minutes	Until Council has appointed an External Auditor for the 30 June 2023 financial year.
Other (presentation, documents, or similar)	Nil

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

Carried Unanimously

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**8. OFFICER REPORTS – DECISION ITEMS**

**8.1 Action Report and Work Plan Update**

Moved Natalie Johnston

S/- Cr Melanie Selwood

AC50/22

1. That the report be received and noted.
2. That the status of the Action Report and Work Plan be noted.
3. That the Draft Audit Committee *Work Plan 2023* be adopted.

<b>Carried Unanimously</b>
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**8. OFFICER REPORTS – DECISION ITEMS**

**8.1 Audit Committee Meeting Dates 2023**

Moved Peter Brass

S/- Cr Melanie Selwood

AC51/22

The Audit Committee resolves:

1. That the report be received and noted.
2. To approve the Audit Committee meeting schedule, timings and locations for 2023 as follows:

<b>Commencement</b>	<b>6.00pm</b>
<b>Meeting Dates and Locations</b>	<b>20 February 2023, 63 Mt Barker Road, Stirling</b>
	<b>17 April 2023, 63 Mt Barker Road, Stirling</b>
	<b>15 May 2023, 63 Mt Barker Road, Stirling</b>
	<b>21 August 2023, 63 Mt Barker Road, Stirling</b>
	<b>16 October 2023, 63 Mt Barker Road, Stirling</b>
	<b>20 November 2023, 63 Mt Barker Road, Stirling</b>

3. The CEO be authorised to adjust the Ordinary Committee Meeting schedule, including time and place of the meeting, where matters necessitate a change such as a meeting date occurring on a public holiday, catastrophic fire danger day or other valid reason.

<b>Carried Unanimously</b>
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Presiding Member \_\_\_\_\_ 20 February 2023

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**8.2 Budget Review 1**

7.18pm - Cr Herrmann declared a General COI and left the meeting.

Peter Brass assumed the Presiding Member role.

**Moved Natalie Johnston**

**S/- Cr Melanie Selwood**

**AC53/22**

**The Audit Committee resolves:**

- 1. That the report be received and noted.**
- 2. To recommend to Council the proposed budget adjustments presented in Budget Review 1 which result in:**
  - a. An increase in the Operating Surplus from \$676k to \$830k for the 2022-23 financial year.**
  - b. Changes to Capital Works, reducing capital income by \$926k and increasing capital expenditure by \$580k for the 2022-23 financial year resulting in a revised capital expenditure budget for 2022-23 of \$27.369m.**
  - c. An increase in Council's current Net Borrowing Result from \$6.934m to \$8.342m for the 2022-23 financial year as a result of the proposed operating and capital adjustments.**
- 3. To note that the proposed financial ratios based on the budget adjustments presented in Budget Review 1 would result in:**

<b>Operating Surplus Ratio</b>	<b>1.6%</b>
<b>Net Financial Liabilities Ratio</b>	<b>52%</b>
<b>Asset Renewal Funding Ratio</b>	<b>106%</b>

<b>Carried Unanimously</b>
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Cr Malcolm Herrmann did not vote for the item, the majority of Committee members voted in favour of the item.

7.35pm - Cr Malcolm Herrmann returned to the meeting and resumed the chair.

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**9. QUESTIONS WITHOUT NOTICE**

Peter Brass – Substantive CEO Recruitment

The Presiding Member thanked Cr Leith Mudge for his contribution to the Audit Committee during the last term of Council.

**10. CONFIDENTIAL ITEMS**

Dealt with earlier in the meeting.

**11. NEXT MEETING**

The next ordinary meeting of the Audit Committee will be held on Monday 20 February 2023 from 6.00pm at 63 Mt Barker Road, Stirling.

**12. CLOSE MEETING**

The meeting closed at 7.39pm.