

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

In Attendance

Members:

Cr Malcolm Herrmann	Presiding Member
Sarah Beesley	Independent Member
David Moffatt	Independent Member
Pamela Lee	Independent Member
Cr Melanie Selwood	Council Member

In Attendance:

Greg Georgopoulos	Chief Executive Officer
Gary Lewis	Director Corporate Services
David Waters	Director Environment and Infrastructure
Zoë Gill	Governance and Performance Coordinator
Skye Ludzay	Minute Secretary

1. COMMENCEMENT

The meeting commenced at 6.00pm.

1.1. Acknowledgement of Country

Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kurna 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

2.2 Leave of Absence

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

2.3 Absent

3. MINUTES OF PREVIOUS MEETINGS

3.1 Audit Committee Meeting – 20 May 2024

**Moved Pamela Lee
S/- David Moffatt**

AC26 /24

That the minutes of the Audit Committee meeting held on 20 May 2024 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried Unanimously

4. PRESIDING MEMBER’S OPENING REMARKS

The Presiding Member remarked that the Council has:

1. Approved the Business plan for FABRIK committing Council to \$450k p.a.
2. Adopted a Sustainable Procurement Policy
3. Approved the BR3 which at the time showed a surplus of \$558k within the approved ratio range 1 to 5 %
4. Appointed Cr Melanie Selwood as Deputy Mayor
5. Approved fees and charges generally in line CPI
6. Approved the ABPlan which generally increased rates by 5.8%, but the surplus of 0.8% - \$457k is outside the currently approved range of 1 to 5%
7. Authorised the CEO to examine options for Council to withdraw from the Gawler River Floodplain Management Authority
8. Commenced work in earnest on the Amy Gillett Bikeway

5. DELEGATION OF AUTHORITY

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. There are no Recommendations arising to be submitted to Council for consideration.

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

Nil

7. QUESTIONS ON NOTICE

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

7.1 Cr Malcolm Herrmann – Purchase Cards

1. How many cards are on issue to staff and Elected members?

The number of cards issued to staff (49) and EMs (0)

2. What is the lowest classification of the staff to whom Purchase Cards have been issued?

The lowest classification is GO3.3.

3. For the year 2023/24, what was the estimated value of transactions conducted by the use of Purchase Cards?

The total value of transactions by the use of purchase cards for financial year 2023-24 is \$440,952.15.

4. For the year 2023/24, how many transactions were conducted by way of Purchase Cards? (if information is readily available)

The number of transactions by purchase card for financial year 2023-24 is 2,275.

5. What internal controls are in place to ensure correct use?

If a staff member requires a credit card for materials and services for Council business, the staff member needs to complete and sign, with approval from their people leader, a request for a new purchase card and also a NAB Corporate Card (Add a Cardholder Request) form. The staff member will then need to provide 100 points worth of identification and show this to the Verifying Officer in Finance. Once this has been done the card can be ordered.

All cardholders are provided with instructions on how to use flexipurchase (Cardholders guide) and the "AHC Purchase Card Procedure" when they receive their card. It is the cardholder's responsibility to ensure they use their card correctly.

Each item of expenditure must be coded, and an appropriate tax invoice or other supporting documentation provided by the cardholder during the monthly reconciliation of their credit card. All expenditure is then reviewed and approved by the cardholders Manager. Managers may request additional supporting documentation through flexipurchase which has the functionality to allow managers to query a transaction.

Finance also reviews all purchases once the manager has approved the cardholders' transactions. This is to ensure we can claim back the GST as part of our BAS lodgement.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

Finance will also review the larger purchases and ensure receipts have been appropriately attached. Incorrect uses of the card will be advised back to the cardholder.

AHC uses "Flexipurchase" a credit card management tool operated through the NAB.

If a personal transaction is incorrectly made, the cardholder must submit a form "Declaration of Personal Purchase" which is attached in flexipurchase to the transaction. The cardholder is then responsible for reimbursing Council. Finance will periodically check to ensure repayments are being made.

If a receipt is lost or not provided, the cardholder must submit a form "Declaration of Lost Corporate Card Purchase Invoice" which is attached in flexipurchase to the transaction.

The Accounts Payable Officer and Team Leader Finance are Administrators and can lock/cancel a card at any stage if there is any misuse of a purchase card.

It should be noted that expenditure on purchase cards can be attributed to a staff member with detailed information with regards to the transactions being easily available. The use of credit cards is an efficient and controllable method for procurement of materials and services for Council business.

6. *Is the CEO satisfied that the internal controls in place are sufficient to ensure misuse does not occur?*

Currently, the CEO is satisfied with the internal controls.

Council's internal controls are compliant with those set out in the 'Better Practice Model – Model – Internal Financial Controls' which is prescribed in the Local Government Act 1999. These are subject to annual audit by Councils appointed auditors. The Auditors findings with regards to the internal controls are reported to the Audit Committee on an annual basis for their review.

However, it is important to review all internal controls to ensure that they remain both effective and relevant. Any advice on this matter that the Audit Committee has will be considered promptly.

7. *What role does the external Auditor play in scrutiny of the use of Purchase Cards?*

As noted above, Council's appointed Auditors audit the internal controls on an annual basis.

With regards to the external audit of the financial statements, credit cards are not automatically reviewed. A credit card transaction may come up in their sample testing of expenditure over the entire organisation with supporting documentation then provided from the Accounts Payable team.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

6:06pm: Cr Melanie Selwood arrived.

8. PRESENTATIONS, ACTION REPORT & WORKPLAN

8.1 Infrastructure and Environment Risk Presentation

David Waters, Director Environment and Infrastructure

8.2 Action Report and Work Plan Update

Moved Cr Melanie Selwood

S/- Sarah Beesley

AC27 /24

- 1. That the 2024 Action Report and Work Plan Update report be received and noted.**
- 2. That the 2024 Action Report, August 2024, be noted.**
- 3. That the 2024 Work Plan and Reporting Schedule be adopted.**

Carried Unanimously

With leave of the meeting, the Presiding Member brought forward item 11.1 of the Agenda.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

11. CONFIDENTIAL ITEMS

11.1 Financial Management Council Report – Exclusion of the Public

Moved Cr Melanie Selwood
S/- Pamela Lee

AC28 /24

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

- Chief Executive Officer, Greg Georgopoulos
- Director Corporate Services, Gary Lewis
- Governance and Risk Coordinator, Zoë Gill
- Minute Secretary, Skye Ludzay

be excluded from attendance at the meeting for Agenda Item 11.1: (Financial Management Council Report) 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)(g) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is in relation to matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty;

Section 90(3)(h) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item relates to legal advice.

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.

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

11.2 Financial Management Council Report

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

11.3 Financial Management Council Report – Duration of Confidentiality

Moved Pamela Lee
S/- Sarah Beesley

AC30 /24

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 11.1 in confidence under sections 90(2) and 90(3)(g) and (h) 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	Until further order
Related Attachments	Until further order
Minutes	Until further order
Other (presentation, documents, or similar)	Until further order

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

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

9 OFFICER REPORTS – DECISION ITEMS

9.1 End of Financial Year Update

Moved Sarah Beesley
S/- Pamela Lee

AC31 /24

That the Audit Committee recommends to Council:

1. That Council notes the 2023-24 preliminary financial position as presented which include:

1.1 Total operating income of \$55.289m (budget \$57.021m)

1.2 Total operating expenditure of \$61.152m (budget \$56.462m)

1.3 An operating deficit of \$4.863m (budget \$559k surplus), primarily arising from:

a) the receipt of Federal Assistance Grants in July instead of June (\$1.71m)

b) reassessment of depreciation assumptions (\$0.86m)

c) detailed review of the approach to works in progress (\$0.752m)

d) reassessment of the assumptions applied for the capitalisation of payroll expense (1.2 million)

1.3.1 That this represents an operating deficit ratio of 8.8%

1.4 Capital works program expenditure of \$17.988 (budget of \$21.890m)

2. Notes the results presented are subject to external audit review and are subject to change.

3. Notes the capital works update.

4. Notes the capital carry forwards.

Carried Unanimously

9.2 Interim Audit Management Letter

7:54pm: Cr Melanie Selwood left the meeting room.

Moved David Moffatt
S/- Sarah Beesley

AC32 /24

1. That the Interim Audit Management Letter report be received and noted.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

2. Notes the communication received from BDO Audit from their Interim visit relating to the 2023-24 Annual Financial Statement and Internal Financial Control Audits and the Management Responses to their findings from the Interim Audit, as contained in Appendix 1.

Carried Unanimously

9.3 Debtors Report – 30 June 2024

7:56pm: Cr Melanie Selwood returned to the meeting room.

**Moved Pamela Lee
S/- David Moffatt**

AC33 /24

1. That the Debtors Report - 30 June 2024 be received and noted.
2. To acknowledge Staff efforts in debt recovery for rates.

Carried Unanimously

9.4 Placement of Council's Insurance Portfolio – 2024-25

**Moved David Moffatt
S/- Pamela Lee**

AC34 /24

That the Placement of Council's Insurance Portfolio 2024-25 report be received and noted.

Carried Unanimously

9.5 Audit Actions Implementation Update

**Moved David Moffatt
S/- Sarah Beesley**

AC35 /24

1. That the Audit Actions Implementation Update report be received and noted.
2. To note the implementation status of Internal and External Audit actions.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

Carried Unanimously

9.6 Quarterly Risk Management Report

Moved Pamela Lee
S/- Cr Melanie Selwood

AC36 /24

1. That the Quarterly Risk Management Report be received, accepted and noted.
2. That a workshop will be held on strategic and operational risks on a date to be confirmed by the CEO.

Carried Unanimously

9.7 Risk Management and Audit Review Plan

Moved Sarah Beesley
S/- David Moffatt

AC37 /24

That the Risk Management and Audit Review Plan report be received and noted.

Carried Unanimously

10 QUESTIONS WITHOUT NOTICE

Nil

11. CONFIDENTIAL ITEMS

11.2 Financial Management Council Report – Exclusion of the Public

This item was moved to earlier in the Agenda.

12 NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on 14 October 2024 from 6.00pm at 63 Mt Barker Road, Stirling.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 19 August 2024
63 MT BARKER ROAD STIRLING**

13 CLOSE MEETING

The meeting closed at 8.29pm.