

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
HELD AT THE ADMINISTRATION CENTRE
245 STURT ROAD, STURT
ON 30 MAY 2017**



PRESENT

Mr Greg Connor (Chair), Ms Kathryn Presser, Ms Emma Hinchey, Councillor Telfer and Councillor Kerry

In Attendance

Mr Adrian Skull	Chief Executive Officer
Mr Vincent Mifsud	General Manager Corporate Services
Ms Abby Dickson	General Manager City Development
Mr Tony Lines	General Manager Operations
Mr Ray Barnwell	Manager Finance
Ms Jaimie Thwaites	Acting Manager Corporate Governance
Ms Deborah Horton	Unit Manager Performance Improvement Team (items 8.5 – 8.7)
Ms Carol Hampton	Manager Land and Property (item 8.5)
Mr Colin Heath	Manager Contracts and Operational Support (item 8.6)
Mr Mat Allen	Manager Engineering and Field Services (item 8.6)
Ms Liz Byrne	Manager Community and Cultural Services (8.6)
Ms Sharon Perin	Unit Manager Community Health and Safety (Item 8.6)

1. OPEN MEETING

The meeting commenced at 9.31am. The Chair welcomed all those present to the meeting.

2. KAURNA ACKNOWLEDGEMENT

We begin by acknowledging the Kaurna 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

4.1 Confirmation of Minutes for the Finance and Audit Committee held 28 February 2017

9.33am Moved councillor Telfer, Seconded Ms Presser that the minutes of the Finance and Audit Committee meeting held on 28 February 2017 are confirmed as a true and correct record of proceedings.

Carried Unanimously

5. BUSINESS ARISING

5.1 Review of the Business Arising from previous meetings of the Finance and Audit Committee

Report Reference: FAC3005175.1

9.34am The statement identifying business arising from the previous meetings of the Committee was reviewed and progress achieved against identified actions was noted.

The Committee noted that the Internal Audit Plan July 2017 – June 2019 would be presented at the 15 August 2017 meeting.

6. ELECTED MEMBER REPORT

6.1 9.36am Elected Members' Report

Report Reference: FAC300517R6.1

Councillor Telfer spoke to the report. In speaking to the report, Councillor Telfer noted the following:

- Council will need to reduce the number of new requests (particularly in relation to infrastructure) in order to complete them by the end of this Council term.
- Council resolved to remain with the Local Government Association, however, requested a number of probity actions be carried out.
- Adopted new suites of Corporate and Chief Executive Officer Key Performance Indicators for 2017/18 that are more closely aligned with the budget and strategic plan.
- Approved basic renovations to be carried out at the Marion Outdoor Pool in 2017/18 with further reports to come back to Council for consideration of further upgrades in the next 2 years.
- Service Review Reports in the Finance and Audit Committee agenda are too detailed and need to be more concise.
- Readability of graphs and tables on the iPads is an issue.

Councillor Kerry added that it was positive that Council resolved to remain with Local Government Association (LGA).

The Committee noted the report.

ACTION: An update report be provided on what the LGA is doing in response to the request by Council regarding a number of performance areas listed. (GC140317F02).

ACTION: Opportunities for finding a commercial use for the clay which is being removed from the BMX site be investigated (e.g. Southern Region Waste Resource Authority)

7. CONFIDENTIAL ITEMS

Nil

8. REPORTS

Matters for Discussion

Corporate & Financial Management

9.42am Deloitte Audit Engagement for the Year Ending 30 June 2017 Report Reference: FAC300517R8.1

9.42am Ms Penny Woods, Audit Engagement Partner - Deloitte and Mr Jason Liu, Manager – Deloitte joined the meeting

Ms Penny Woods (Deloitte) and Mr Jason Liu (Deloitte) spoke to the report.

The Committee questioned if it was common practice to essentially advise what areas were not going to be audited. Ms Woods and Mr Liu confirmed that the profiling is done on a balanced approach and only approximately fifty percent of the program is identified. Additional areas outside of this list would also be audited, based on risk.

Ms Woods confirmed for the Committee that the very competitive price of the contract would not mean a reduction in the level and quality of service.

Moved Ms Presser, Seconded Ms Hinchey that the Finance and Audit Committee:

1. Considers the outline of Deloitte's Audit Plan for the financial year ending 30 June 2017.
2. Notes the scope of the audit to be carried out by Deloitte for the year ending 30 June 2017.
3. Notes that the Chief Executive Officer will execute the acknowledgement of the engagement letters.

Carried Unanimously

9.55am Ms Penny Woods, Audit Engagement Partner - Deloitte and Mr Jason Liu, Manager – Deloitte left the meeting

9.55am Annual Business Plan 2017/18 and Long Term Financial Plan Report Reference: FAC300517R8.2

The Manager Finance gave an overview of the Annual Business Plan 2017/18 and Long Term Financial Plan.

The Committee noted the report and provided the following feedback:

- The public consultation is a quite detailed document, even though the report has reduced compared to previous years.
- To date the document has been downloaded 26 times.
- Eight responses relating to the downloads have been received so far.
- On Page 77 of the agenda change the term relating to Council's Cash Funding position from 'better' to 'positive'
- The limitation of the rate increase to 2.2% is a great achievement and should be highlighted further in the report.
- The document should include examples where the City of Marion is leading the way (e.g. LED street lighting, soccer and BMX facility)

- The financial indicator targets on Page 85 need clarification.
- 'Other Infrastructure services' – can they be broken down further to provide more details?
- Commentary on 'Other expenses' on page 80 should be provided.
- A further elaboration of 'Employee costs' on page 82 would be beneficial.
- Simplify / clarify the information on Page 82, perhaps with the use of a pie chart.
- On Pages 87-90 the term 'various' should be better defined where possible to provide more detail.
- The Cash Surplus/Deficit on Page 86 should provide more details and tell the story.

Subject to these amendments, the Committee noted the report.

10.35am Auditor-General Report – Examination of governance arrangements in local government: February 2017
Report Reference: FAC300517R8.3

The Acting Manager Corporate Governance provided an overview of the report.

The Committee noted the report and acknowledged that 'adequate' by the Auditor-General translates to 'meets the expected standards'. Steps will need to be taken to ensure that the procedures referred to in Appendix 1 are finalised and do not just remain as drafts.

ACTION: A copy of the Auditor General's report should be provided to the internal auditors for their consideration in planning the 2017/18 internal audit schedule.

ACTION: Advise the Auditor-General in writing once all recommendations have been completed.

Risk Management

10.40am WHS Annual Risk Report
Report Reference: FAC300517R8.4

The Acting Manager Corporate Governance gave an overview of the report.

10.42am Ms Presser left the meeting

10.44am Ms Presser re-entered the meeting

The Committee noted the report and the following points were highlighted:

- SA Work Health and Safety regulatory requirements place an onus on People Conducting a Business or Undertaking (PCBU's) to have an appropriate safety management system in place. This must have a much higher focus on WHS and requires adequate resources.
- Additional Key Performance Indicators (lead and lag) should be reported to Council in addition to the Lost Time Injuries metrics, for example this could include the number of hazards reported.
- The implementation of an appropriate system will assist with additional reporting.

Service Reviews and Internal Audit

10.46am Internal Audit Program 2015 – 2017 (2016/17 Report to date) Report Reference: FAC300517R8.5

10.46am Mr Justin Jamieson, Engagement Partner - KPMG and Jared Lawrence, Engagement Director – KPMG joined the meeting.

The Committee noted that not all of the 2015-2017 Internal Audit Program is completed yet. KPMG acknowledged that the program is a bit back ended, however worst-case scenario is that all remaining audits would be completed by mid-July 2017.

Mr Jamieson (KPMG) and Mr Lawrence (KPMG) spoke to the attached Property Portfolio Management Internal Audit report.

The Manager Land and Property spoke to the attached Property Portfolio Management Internal Audit report.

The Committee noted the Property Portfolio Management Internal Audit report and acknowledged the following:

- Council hold a diverse range of properties.
- An improved system (or better utilisation of the current system) is required to better manage properties.
- The Land and Property team need support from Corporate Services to assess governance structures for new leases and licenses and compliance with discount entitlements.
- Council has endorsed a new leasing and licensing Policy, which is being transitioned in, starting with those agreements that have expired but are on hold.
- A number of the issues are legacy issues, however these have been recognised and are being addressed.

ACTION: The Committee be provided with an update report on the KPMG Property Portfolio Management recommendations at the August 2017 meeting

ACTION: A brief update report be presented at the December 2017 Finance and Audit Committee meeting on the new leasing approach adopted by Council.

11.13am Organisational Service Reviews 16/17 Update Report Reference: FAC300517R8.6

The Unit Manager Performance and Improvement provided an overview of the report. The Committee provided feedback on each of the service reviews as listed below:

- Organisational Service Review – overall status (Appendix 1) – noted.
- Organisational Service Review – recommendation status (Appendix 2) – noted.
- Management of Recycling Depot and Stores Report (Appendix 3) and Storage and Inventory Management (Appendix 4) -

The Manger Contracts and Operational Support provided an overview of the reports.

The Committee noted the report, raising the following points:

- The City of Marion holds a higher level of inventory when compared to other Councils.
- It is difficult to compare Councils as they are structured differently and some are more outsourced.
- Spot checks should be done and reported on regularly.
- 'Just-in-time' purchasing practices should be considered where appropriate.
- A visual scorecard for metrics would be useful.

11.26am Mr Justin Jamieson, Engagement Partner - KPMG and Jared Lawrence, Engagement Director – KPMG left the meeting

- Drainage Service Review (Appendix 5) –

Manager Engineering and Field Services provided an overview of the report.

11.28am Councillor Kerry left the meeting

11.30am Councillor Kerry re-entered the meeting

The Committee noted the report and provide the following feedback:

- Consideration should be given to how much detail is required in the report.
- The focus of the service reviews need to be on key issues and should be seen as a way to highlight the issues and not include everything.
- The reporting methodology should be assessed to get the balance right between funding and resources.
- Pictures and graphics in the report can be difficult to read particularly on iPads.
- When comparing with other Councils, are the concerns with contractors due to our high standards or are we getting the wrong contractors?
- Is contractor management the issue?
- Work needs to be done to address the City of Marion's high unit rate cost.

- Marion Celebrates Festival Service Review (Appendix 6) –

Manager Community and Cultural Services provided an Overview of the report. The Committee noted the biggest challenge for the Festival planning is determining where to hold it and at what time.

- Parking Management and Regulation Service Review (Appendix 7) -

Unit Manager Community Health and Safety provided an overview of the report. In response to a question from the Committee, the Unit Manager Community Health and Safety advised that a 'good day' for a Community Safety Inspector would be one where everyone is complying, there are no safety issues and no fines are being issued because there are no compliance breaches. It was recognised that compliance would affect revenue from expiations. The requirement for better data to assist in prioritising work was acknowledged.

The Committee noted the report and provide the following feedback:

- Note the typo in paragraph two on page 344
- The overarching strategy for parking management should be clearly articulated.

12.08am Proposed Service Review Schedule 2017/18 Report Reference: FAC300517R8.7

The Unit Manager Performance and Improvement provided an overview of the report.

The Committee recommended that an additional step 5 should be included in the methodology, namely, 'a report with recommendations be presented'. The Executive Leadership team need to ensure that the 'real benefit' of doing a particular service review is appropriately assessed.

The Committee suggested a Service Review of the organisation's ICT business application systems may be worth considering.

The Committee noted the report.

9. ANY OTHER BUSINESS

The Chief Executive Officer provided the Committee with an overview of the organisational re-structure.

10. MEETING CLOSURE

The meeting was declared closed at 12.30pm.

11. NEXT MEETING

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

General Meeting of the Finance and Audit Committee

Time: 4.00pm – 6.00pm

Date: 15 August 2017 (including joint workshop with Council from 7.00pm – 9.00pm)

Venue: Council Chamber, Administration Building

.....

CHAIRPERSON

/ /