

**MINUTES OF THE AUDIT COMMITTEE MEETING**  
**HELD ON MONDAY 19 JULY 2021 AT 11.05 AM IN THE COUNCIL CHAMBER**

**PRESENT:** Mr A Rushbrook (*Chair*), Mayor C McLaughlin, Crs S Stuppos, I Adair and Mr P Klobucar

**OBSERVERS:** Chief Executive Officer (*Mr J Commons*)  
Director Corporate Services (*Ms K Jarrett*)  
Manager Finance (*Mr G Jennings*)  
Finance Co-ordinator (*Mrs S Vigar*)

**1. Acknowledgement**

**2. Attendance Record**

Apologies – Nil

Leave of Absence – Nil

**3. Declaration of Members' Conflict of Interests – Nil**

**4. Minutes of Previous Meeting**

**4.1 Confirmation of the Minutes of the previous Audit Committee Meeting held on Monday 3 May 2021**

Moved Cr Stuppos, seconded Mr Klobucar

**AC311-2021**

That the Minutes of the previous Audit Committee Meeting held on Monday 3 May 2021, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

**Carried**

**4.2 Business Arising**

Discussion

Discussion was held on various items of business arising with the following being noted:

- Council's budget was adopted on the basis of a 4.3% rate increase as well as \$175,000 annual savings to commence in the 22/23 financial year, which in turn off-set an additional 1% rate increase. This strategy is in line with the Audit Committee's request for a return to surplus position around year 6 or 7 of the Long Term Financial Plan.
- The \$175,000 savings will be identified in the next 12 months for inclusion in the 2022/23 Annual Business Plan and Budget.

- The Audit Committee requested further details as to the rigour / plan / program of how 175,000 savings are going to be achieved. In this regard, the Committee further noted:
  - structural adjustments will need to be made and consideration of a reduction in services over the term of the Long Term Financial Plan may need to be considered, inclusive of community engagement;
  - further work will be undertaken to ensure Council understands the impact of the \$175,000 savings, as well as how this might be challenging in terms of ongoing inclusion within the Long Term Financial Plan and impact on the community if service changes are recommended / needed; and
  - the \$175,000 is on top of other savings targets built into the Long Term Financial Plan prior to the resolution of the Council.

**5. Deputations/Presentations – Nil**

**6. Reports – Council Officers**

**6.1 Corporate Services– Ordinary Reports**

**6.1.1 Interim Management Report**

**Discussion**

Discussion was held on the outcomes of the interim audit and clarification provided on IT system access mapping and delegations relating to credit card transactions. Clarification was also provided on changes to the capping of the landfill site and the impact on the provision made for this purpose. Additional points of clarification were made including:

- It is not usual practice to forward non-rebateable property listings to Council, given it is a statutory process with no discretion.
- The process adopted for the recovery of aged debtors is the same as for outstanding rates. The difference being that debtors' invoices are mainly not secured and so are more likely to become unrecoverable, particularly in the case of bankruptcy.
- COVID relief is not included in the budget for the 2021/22 financial year as Council's Financial Hardship Policy can provide relief in these circumstances.

Moved Cr Stuppos, seconded Mr Klobucar

**AC312-2021**

The Audit Committee receive and note the Interim Management Report.

**Carried**

### 6.1.2 *Internal Financial Control Self-assessment*

#### **Discussion**

Manager Finance outlined that following on from the work undertaken by UHY Haines Norton in 2019, this is an ongoing framework for the internal financial control self-assessment process, which will assist the external auditor in undertaking external audits.

Items noted during discussion included:

- when making assessments against identified risk areas, Council's risk framework is used;
- risk assessments appear to be on the 'high' side; and
- items assessed as catastrophic/high risk will be included on the Audit Committee's action statement to introduce monitoring of progress achieved.

In conclusion, the Chair noted the new system being implemented to control risks and provide assurance that they are being controlled has brought together multiple, disparate information sources which in turn will assist in the monitoring and management of risk.

Moved Cr Stuppos, seconded Cr Adair

#### **AC313-2021**

The Audit Committee endorse the proposed Internal Financial Control Self-assessment framework.

**Carried**

### 6.1.3 *Asset Accounting Policy*

#### **Discussion**

Manager Finance provided a summary of minor proposed changes to the Asset Accounting Policy, including the addition of irrigation assets into the Policy, as well as the addition of reference to green assets, which Council currently capitalises and depreciates over a period of 30 years.

Discussion was held on the proposed changes, summarised as follows

- Capitalisation of trees has been occurring for the last 3 years or so, with a current value of approximately \$150,000. It was further noted that spend on street trees will increase over time as part of Council's objective to green the City as a contribution to well-being.
- The value of street trees value included within the financial statements only represents a small part of the network and a question was raised as to whether this should be included?
- Noting the broader objective of increasing liveability, the Committee understands the direction Council is taking and recommends more detail be included in the notes to the accounts in this regard or alternatively, undertake a full assessment of the tree network.

- A question was raised as to whether the capitalisation of green assets is allowed from a technical accounting perspective. In this regard, it was requested that the auditor's views on this be sought prior to incorporating the item in the Asset Accounting Policy, noting the auditors have commented in their interim report that this item should be expensed.

Moved Cr Stuppos, seconded Mayor McLaughlin

**AC314-2021**

The Audit Committee recommends:

1. the updated Asset Accounting Policy to Council for adoption with the removal of green assets; and
2. requests a further report on the benefits or otherwise of the inclusion of green assets within the Asset Accounting Policy.

**Carried**

**6.1.4** *Corporate Credit Card and Entertainment and Hospitality Policies*

**Discussion**

These are high value policies to Council, due to the public interest in these types of expenditure. The Committee expressed their approval of the clear statements of intent in these policies.

Moved Mayor McLaughlin, seconded Cr Adair

**AC315-2021**

The Audit Committee recommends:

1. the updated Corporate Credit Card Policy and Procedure to Council for adoption; and
2. the proposed Entertainment and Hospitality Policy to Council for adoption.

**Carried**

**6.1.5** *Quarterly Report – Procurement*

**Discussion**

The value of local buy was acknowledged. Excellent information provided.

Moved Cr Stuppos, seconded Mr Klobucar

**AC316-2021**

The Audit Committee receive and note the Procurement Quarterly report.

**Carried**

7. **Consideration of Confidential Items** – Nil
8. **Closure** – 12.21 pm
9. **Date of Next Meeting** – Monday 27 September 2021