

CITY OF WEST TORRENS



**Minutes**  
**of the**  
**AUDIT AND RISK COMMITTEE**

Members: Councillor A Mangos (Presiding Member),  
Councillor J Woodward, Mr R Haslam, Ms E Moran, Mr S Spadavecchia.

**of the**

**CITY OF WEST TORRENS**

held in the Mayor's Reception Room, Civic Centre  
165 Sir Donald Bradman Drive, Hilton

on

**TUESDAY, 12 APRIL 2016**  
**at 6.00 PM**

**Terry Buss**  
**Chief Executive Officer**

**City of West Torrens Disclaimer**

Please note that the contents of this Committee Minutes have yet to be considered by Council and recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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## 1. MEETING OPENED

The Presiding Member declared the meeting open at 6.00pm.

### 1.1 Evacuation Procedure

The evacuation procedures were taken as read.

## 2. PRESENT

### Committee Members:

Cr A Mangos (Presiding Member)  
Cr J Woodward  
Mr R Haslam, Ms E Moran

### Officers:

Mr T Buss (Chief Executive Officer)  
Ms P Koritsa (General Manager Business and Community Services)  
Mr B Ross (General Manager Corporate and Regulatory)  
Ms E Pollard (Manager HR and Service Centre)  
Mr D Whicker (Program Leader Internal Audit and Risk)

## 3. APOLOGIES

### Committee Members:

Mr S Spadavecchia

### RECOMMENDATION

That the apologies be received.

### COMMITTEE DECISION

MOVED Cr Woodward SECONDED Mr Haslam that the recommendation be adopted.

### CARRIED

## 4. DISCLOSURE STATEMENTS

Nil

## 5. CONFIRMATION OF MINUTES

### RECOMMENDATION

That the Minutes of the meeting of the Audit and Risk Committee held on 9 February 2016 be confirmed as a true and correct record.

### COMMITTEE DECISION

MOVED Cr Woodward SECONDED Ms Moran that the recommendation be adopted.

### CARRIED

## **6. COMMUNICATIONS BY THE CHAIRPERSON**

Nil

## **7. PRESENTATIONS**

Nil

## **8. OUTSTANDING REPORTS/ACTIONS**

### **8.1 Open Actions**

This report presented an update on the current status of open actions from previous meetings of the Audit and Risk Prescribed General Committee.

### **RECOMMENDATION(S)**

It is recommended to the Audit and Risk Prescribed General Committee that it notes progress against the reported open actions.

### **COMMITTEE DECISION**

MOVED Mr Haslam SECONDED Ms Moran that the recommendation be adopted.

### **CARRIED**

### **8.2 Audit Quote**

This report advised the status of the resolution of Council to source a quote to undertake a high level probity review of the sale of St Martins aged care facility.

### **RECOMMENDATION(S)**

It is recommended to the Audit and Risk Prescribed General Committee that this report be received and consideration be given to whether it wishes to make any recommendation to Council.

### **COMMITTEE DECISION**

MOVED Cr Woodward SECONDED Ms Moran that the Audit and Risk Prescribed General Committee recommends to Council that a probity audit of the sale of St Martins aged care facility as per Galpins fee proposal and scope be undertaken.

### **CARRIED**

## **9. REPORTS OF CHIEF EXECUTIVE OFFICER**

### **9.1 FINANCIAL REPORTING AND SUSTAINABILITY**

#### **9.1.1 Financial Reporting**

This report listed the finance related reports which were considered by Council between 3 February 2016 and 5 April 2016.

#### **RECOMMENDATION(S)**

It is recommended to the Audit and Risk Prescribed General Committee that this report be received.

#### **COMMITTEE DECISION**

MOVED Cr Woodward SECONDED Mr Haslam that the recommendation be adopted.

#### **CARRIED**

### **9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS**

Nil

### **9.3 INTERNAL AUDIT**

#### **9.3.1 Internal Audit Program Update**

This report presented the 2015-2016 Internal Audit Program Update.

#### **RECOMMENDATION(S)**

It is recommended to the Audit and Risk Prescribed General Committee that this report be received.

#### **COMMITTEE DECISION**

MOVED Cr Woodward SECONDED Ms Moran that the recommendation be adopted.

#### **CARRIED**

## **9.4 EXTERNAL AUDIT**

### **9.4.1 2015 LGAWCS KPI Evaluation**

This report presented the outcome of the Local Government Association Workers Compensation Scheme KPI Evaluation undertaken in November 2015

#### **RECOMMENDATION(S)**

It is recommended to the Audit and Risk Prescribed General Committee that this report be received.

#### **COMMITTEE DECISION**

MOVED Mr Haslam SECONDED Cr Woodward that the recommendation be adopted.

#### **CARRIED**

The Chief Executive Officer agreed to provide an initial analysis on the gaps in the Work Health Safety and Injury Management Plan 2014-2017 in relation to training the August 2016 meeting of the Committee.

## **9.5 COMMITTEE PERFORMANCE AND REPORTING**

Nil

## **10. OTHER BUSINESS**

The Chief Executive Officer agreed to include the Budget Assumptions in the minutes, as provided via email to the Committee by the General Manager Corporate and Regulatory.

### **10.1 Role of the Audit and Risk Committee**

MOVED Mr Haslam SECONDED Ms Moran that Kelledy Jones undertakes a presentation to the Committee at its next meeting in relation to the role of the Committee and the application of the conflict of interest provision, particularly in relation to the role being that of advisory and review.

#### **CARRIED**

## **11. NEXT MEETING**

Wednesday 13 July 2016, 6.00pm in the Mayor's Reception Room.

## **12. MEETING CLOSE**

The Presiding Member declared the meeting closed at 6.48pm.

# Budget 2016/17

## Key Assumptions and Considerations

<b>Budget Area</b>	<b>Assumptions &amp; Considerations</b>
Wages growth	<p>Staff cost increases for 2016/17 are based on negotiated EB agreement outcomes and contractual arrangements. Pay increases of 3.0 per cent in all EB agreements are effective from 1 July 2016. The most recent wage price index movement published by the ABS shows an annual movements for the public sector of 2.6 per cent (2.2 per cent overall).</p> <p>A level of vacancy has been assumed during the year and allowance has been made for this in the budget.</p>
Superannuation	<p>A superannuation guarantee contribution rate of 9.5 per cent has been budgeted from 1 July 2016 (unchanged from 2015/16).</p>
Fringe benefits tax	<p>Now based on a single flat rate of 20 per cent for motor vehicles.</p>
Workers compensation insurance	<p>Based on 4.4 per cent of relevant staff and related costs.</p>
General insurance premium	<p>Increased by 5.4 per cent on the premium paid in 2015/16 (St Martins excluded), following an increase of 5.3 per cent in the previous year. Allowance made for increases in both sums insured and premium rates.</p>
Telephone and internet	<p>Has been reduced by 6.9 per cent on what was budgeted in 2015/16 (St Martins excluded), but is based on actual expenditure during 2015/16 plus 2.0 per cent.</p>
Loan principal and interest	<p>Based on loans being paid out in 2015/16 using part proceeds from the sale of St Martins and no new loans being taken in 2016/17.</p>
Member allowances	<p>Based on allowances set by the SA Remuneration Tribunal plus a CPI increase in November 2016.</p>
Street lighting	<p>No increase budgeted for 2016/17 over what was budgeted in 2015/16, the expectation being that expenditure in 2015/16 will be under budget.</p>
NRM levy	<p>Increased by 2.8 per cent based on information provided by the NRM Board.</p>

# Budget 2016/17

## Key Assumptions and Considerations

Budget Area	Assumptions & Considerations
Waste management	<p>EPA levy increased from \$57 to \$62 per tonne from 1 July 2016.</p> <p>Disposal rates based on current contract.</p> <p>Indexes on waste collection contract increased by 1.5 per cent.</p> <p>Hard waste collection budget based on at-call arrangements in the first quarter and a campaign service subsequently.</p>
Light, power and related costs	<p>Has been reduced by 5.6 per cent on what was budgeted in 2015/16 (St Martins excluded), given actual expenditure in 2015/16 is running under budget. A reduction of 2.2 per cent occurred in 2015/16.</p>
Water	<p>Water budget is being increased by 4.4 per cent over what was budgeted in 2015/16, following an increase of 3.5 per cent last budget. The increase is based on estimated increases in both usage and rates. The weather will impact costs actually incurred.</p>
Consumer price index	<p>Adelaide CPI was 1.0 per cent for the 12 months to 31 Dec 2015. A similar CPI increase is predicted for the March quarter.</p>
Local Government price index	<p>Has been much higher historically than CPI, but the most recently published annual movement to 31 Dec 2015 was 0.9 per cent.</p>
Rate increase	<p>An increase of 2.6 per cent is being proposed (2.7 per cent in 2015).</p>
Rate growth	<p>1.5 per cent is being budgeted (1.5 per cent achieved in 2015).</p>
Interest rates	<p>Based on the latest advice received from the LGFA on 30 March 2016, the 15 year debenture rate is 4.25 per cent and the 24 hour cash rate is 2.00 per cent. Investment rates for funds under investment range from 2.00 per cent to 2.66 per cent. The rate on our CBA working account is 1.25 per cent.</p>
Grants Commission grants	<p>Increased by CPI.</p>
LTFP assumptions	<p>Refer draft Budget &amp; Annual Business Plan 2016/17.</p>