



**MINUTES OF AUDIT COMMITTEE MEETING HELD IN COMMITTEE ROOMS, 12  
JAMES STREET, SALISBURY ON**

**12 NOVEMBER 2019**

**MEMBERS PRESENT**

Cr G Reynolds (Chairman)  
Cr L Braun (Deputy Chairman)  
Mr N Ediriweera (*via teleconference*)  
Mr C Johnson  
Ms K Verrall

**OBSERVERS**

Mr David Papa, Director Assurance & Advisory, Bentleys  
Mr Matthew Brunato, Manager Audit & Assurance, Bentleys  
Mr Tim Muhlhausler, Partner, Galpins

**STAFF**

Chief Executive Officer, Mr J Harry  
General Manager Business Excellence, Mr C Mansueto  
Manager Governance, Mr M Petrovski  
Risk and Governance Program Manager, Ms J Crook  
Internal Auditor & Risk Coordinator, Mr R Constance  
Manager Financial Services, Ms K George  
Senior Accountant, Mr T Aplin  
Assistant Accountant, Ms M Hamilton

The meeting commenced at 7.15 pm

The Chairman welcomed the members, staff and the gallery to the meeting.

**APOLOGIES**

Nil

**LEAVE OF ABSENCE**

Nil

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## PRESENTATION OF MINUTES

Moved Cr L Braun  
Seconded Mr C Johnson

The Minutes of the Audit Committee Meeting held on 9 July 2019, be taken and read as confirmed.

**CARRIED**

The Chairman advised members of the Committee that, subject to there being no objection, the meeting would proceed to consider those items on the agenda for which external parties were present for purposes on advising the Committee, namely item numbers 4.2.1, 4.2.2, 4.2.4 and 4.2.3.

## REPORTS

### 4.2.1 Report to the Audit Committee for the year ended 30 June 2019, prepared by Bentleys

*Mr David Papa, Director Assurance & Advisory, and Mr Matthew Brunato, Manager Audit & Assurance, Bentleys, were present to provide the Committee with an outline of the External Audit Report and respond to questions of Members.*

Moved Mr C Johnson  
Seconded Cr L Braun

1. That:
  - a. The information be received; and
  - b. Bentleys' Final Report on Audit Findings be endorsed for receipt by Council.

**CARRIED**

### 4.2.2 End of Financial Year Statements and Analysis

*Bentleys declared their independence and provided a letter of Certification of Auditor Independence.*

Moved Cr L Braun  
Seconded Mr C Johnson

1. The information be received.
2. In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2019 and is satisfied they present fairly the state of affairs of Council.

3. In accordance with Regulation 22 of the Local Government (Financial Management) Regulations 2011 clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit Committee sign the statement to certify the independence of the Council Auditor, Bentleys.
4. The draft analysis of the Annual Financial Statements, as presented in Audit Committee Item 4.2.2 November 2019 Attachment 1, be recommended by the Audit Committee for inclusion in the End of Year Financial Statements Report to Council.
5. The letter of Auditor Independence Certification be noted and received.

**CARRIED**

*Bentleys representatives then left the meeting.*

#### **4.2.4 Financial Sustainability Audit, Final Report.**

*Mr Tim Muhlhausler, Partner, Galpins, provided the Committee with an overview of the Financial Sustainability Audit Report and responded to questions.*

Moved Ms K Verrall  
Seconded Mr C Johnson

1. That the information be received.
2. That the Audit Committee accept the final report for the Financial Sustainability Audit as set out in Attachment 1 to this report (Audit Committee item number 4.2.4, 12/11/2019) and endorse the final report for Council approval.

**CARRIED**

*Mr Muhlhausler left the meeting.*

#### **4.2.3 Treasury Policy**

Moved Cr L Braun  
Seconded Mr C Johnson

1. Information be received.
2. The Audit Committee recommend the amended Treasury Policy, as set out in Attachment 1 to this report (Item 4.2.3, Audit Committee, 12/11/2019 be endorsed, noting the only change to the existing policy is a reduction in loan portfolio floor to 20%.

**CARRIED**

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The Chairman advised members of the Committee that the meeting would now proceed to consider the remaining items on the agenda.

*Administration*

**4.0.1 Future Reports for the Audit Committee of Council**

Moved Cr L Braun  
Seconded Mr C Johnson

1. The information be received.

*8.00pm Craig Johnson left the meeting.*

*8.02pm Craig Johnson returned to the meeting.*

**CARRIED**

**4.0.2 Actions List**

Moved Cr L Braun  
Seconded Ms K Verrall

1. The information be noted.

**CARRIED**

**4.0.3 Proposed Audit Committee meeting schedule for 2020**

*The committee requested, given that General Manager Business Excellence Mr C Mansueto and Ms K Verrall will be apologies and that Mr N Ediriweera indicated he may also be an apology, that the July meeting be considered for rescheduling.*

*The Administration will consider the agenda dates and report at the February Audit Committee meeting.*

Moved Mr C Johnson  
Seconded Ms K Verrall

1. That the information be received.

**CARRIED**

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## REPORTS

### 4.2.5 Risk Management and Internal Controls Activities

*New Action Item to be raised - A presentation will be given to the Audit Committee in February 2020 on the process for creation of the Operational Risk Registers.*

*Consideration to be given to the IT Steering Committee action being brought forward and reported on at the February 2020 Meeting.*

*Committee has requested a presentation from Manager Business Systems and Solutions, Mr D Bevan to the April or June 2020 Audit Committee.*

*Self-Assessment Questionnaires to include a general comments section.*

Moved Mr C Johnson  
Seconded Ms K Verrall

1. The information be received.
2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item 4.2.5, Audit Committee, 12/11/2019) be endorsed for approval by Council.
3. The Audit Committee notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 3 to this report (Item 4.2.5, Audit Committee, 12/11/2019).

**CARRIED**

### 4.2.6 Update on Internal Audit Plan

Moved Cr L Braun  
Seconded Ms K Verrall

1. That the updates made to the 2018 - 2022 Internal Audit Plan as set out in Attachment 1 to this report be endorsed and forwarded to Council for adoption.

**CARRIED**

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**4.2.7 Draft 2018/19 Annual Report**

*The Committee requested inclusion of a short statement to reflect the Audit Committee Terms of Reference is to be included within the Draft Annual Report 2018/2019.*

Moved Ms K Verrall  
Seconded Cr L Braun

1. That the Draft 2018/19 Annual Report forming attachment 1 to this report be recommended to Council for endorsement, subject to any amendments by the Audit Committee.

**CARRIED**

**OTHER BUSINESS**

**A-OB1 Final Audit Committee Meeting – Cr L Braun**

Cr L Braun advised the Audit Committee that she has resigned as the Deputy Chairman and as an Audit Committee member. The resignation is effective as at the 1<sup>st</sup> December 2019. The Chair thanked Cr L Braun for her service to the Audit Committee.

**CONFIDENTIAL ITEMS**

**4.4.1 External Audit Contract**

Moved Cr L Braun  
 Seconded Ms K Verrall

1. Pursuant to Section 90(2) and (3)(d)(i) and (d)(ii) and (k) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:

- it relates to commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
- commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest; and
- tenders for the supply of goods, the provision of services or the carrying out of works.

2. In weighing up the factors related to disclosure,

- disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations
- the disclosure of the material related to the external audit contract extension could prejudice the commercial position on a third party and disclose commercial information contrary to the public interest. Tenders for the supply of goods, provision of services or the carrying out of works.

*On that basis the public's interest is best served by not disclosing the **External Audit Contract** item and discussion at this point in time.*

3. Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.

**CARRIED**

The meeting moved into confidence at 8.43pm

The meeting moved out of confidence and closed at 8.47pm

CHAIRMAN.....

DATE.....