

ALICE SPRINGS TOWN COUNCIL
RISK MANAGEMENT AND AUDIT COMMITTEE MEETING
MINUTES OF MEETING
HELD FRIDAY 5 OCTOBER 2018 AT 12:00 NOON
ARUNTA ROOM, CIVIC CENTRE

PRESENT:

Mr Iain Summers (*Chair*)
Mayor Damien Ryan
Deputy Mayor Matt Paterson
Councillor Jimmy Cocking (*Arrived at 12.10pm*)

OFFICERS:

Mr Rex Mooney, Chief Executive Officer
Mrs Biggi Gosling, Acting Director Corporate and Community Services
Mr Madhava Dudipalli, Acting Director Finance
Mrs Natasha Taylor, Risk and Compliance Officer
Ms Kiri Milne, Acting Executive Assistant (*Minutes*)

GUESTS:

Ms MunLi Chee, Director – Merit Partners

13th Alice Springs Town Council RISK MANAGEMENT & AUDIT COMMITTEE	<i>Oct-17</i>	<i>Mar-18</i>	<i>May-18</i>	<i>Aug-18</i>
Iain Summers	✓	✓	✓	✓
Mayor Damien Ryan	✓	✓	✓	✓
Councillor Marli Banks	✓	A	✓	✓
Councillor Jamie de Brenni	✓	✓	✓	✓
Councillor Jimmy Cocking	✓	✓	✓	✓
Councillor Jacinta Price	A	A	✓	A

13th Alice Springs Town Council RISK MANAGEMENT & AUDIT COMMITTEE	<i>Oct-18</i>
Iain Summers	✓
Mayor Damien Ryan	✓
Deputy Mayor Matt Paterson	✓
Councillor Jamie de Brenni	A
Councillor Jimmy Cocking	✓
Councillor Glen Auricht	A

The meeting opened at 12.05 pm.

1. **APOLOGIES:**

Councillor Jamie de Brenni
Mr Scott Allen, Director Technical Services
Councillor Glen Auricht

The Chair welcomed the new members of the Committee; Deputy Mayor Matt Paterson and Councillor Glen Auricht and acknowledged continuing Committee members Councillor Jamie de Brenni and Councillor Jimmy Cocking.

The Chair acknowledged that Councillor Price and Councillor Banks are no longer Committee members and offered a formal thank you to them for their time and efforts on the Committee.

2. **CONFLICT OF INTEREST DECLARATION**

Nil

3. **MINUTES OF THE PREVIOUS MEETING**

RECOMMENDATION:

That it be a recommendation to Council:

That the minutes of meeting held 13 August 2018 be confirmed as a true and correct record of the proceedings of that meeting.

Moved: Mayor Ryan
Seconded: Councillor Cocking

4. **BUSINESS ARISING FROM THE PREVIOUS MINUTES**

4.1 **2019 Risk Management and Audit Committee meeting schedule**

The Risk Management and Audit Committee Terms of Reference has established that the Committee will meet at least four times a year, with a special meeting being held to review Council's audited financial statements.

Discussion ensued regarding changing the dates of RMAC meetings to Mondays to align with Ordinary or Standing Committee meetings when possible. The dates have been amended as such.

IT IS RECOMMENDED

That it be a recommendation to Council:

That the following 2019 Risk Management and Audit Committee meeting dates be received and noted:

- **25 February**
- **13 May**
- **12 August**
- **4 October**

Moved: Mayor Ryan
Seconded: Councillor Cocking

4.2 Status of external auditor appointment for 2018/19 - 2020/21

The Risk and Compliance Officer reported that Merit Chartered Accountants (Merit Partners) have been appointed as external auditors for a period of three years, commencing with the 2015/16 financial year.

Council's contract with Merit Partners is due to end at the completion of services for the 2017/18 financial year. The contract with Merit Partners contains an option for a two year service extension. If exercised, Council will retain the services of Merit Partners through to completion of the 2019/20 financial year.

IT IS RECOMMENDED

That it be a recommendation to Council:

That the two year extension option is exercised and Merit Partners continue to provide external audit services until the 2019/20 year is finalised

Moved: Mayor Ryan

Seconded: Deputy Mayor Paterson

4.3 Status of the development of a three year Internal Audit Plan

The Risk and Compliance Officer reported that quotations from three service providers were sought for the development of a three year Internal Audit Plan.

The Officer noted that three quotations were received and assessed by management and that the preferred provider Assurance Advisory Group was appointed.

Work on the Internal Audit Plan is due to be conducted in November 2018. A finalised report is due to the CEO by 7 December 2018.

1. OTHER BUSINESS

5.1 Draft financial statements and narrative analysis 2017/18

Iain Summers explained that it is a responsibility of the Committee to review how Council reports on compliance with reporting obligations and on its financial performance. The draft financial statements and narrative analysis for the 2017/18 financial year are therefore tabled for review by the Committee.

Iain Summers referred to the *Statement of Comprehensive Income* tabled in the draft financial statements document, and the budgeted statement of financial performance (*Budget*).

Mayor Ryan enquired as to why the waste management figures and rates are reported together as one income figure in the budget.

Councillor Cocking suggested that the format and naming conventions in both the *Statement of Comprehensive Income* and the budgeted statement of financial performance (*Budget*) match for consistency and ease of understanding.

Discussion ensued in regards to how and when grants affect the financial figures.

The Chief Executive Officer explained that a report is being prepared for the October Finance Committee meeting, which details how Council will propose to spend the reserves.

5.2 Auditor's Closing Report for 30 June 2018

MunLi Chee from Merit Chartered Accountants presented an overview of their audit activities and findings, referring to the Auditor's Closing Report document. MunLi's presentation included observations and comments regarding the draft financial statements.

The Committee was pleased to hear that there were no significant issues needing to be brought to Council's attention arising from the audit's findings.

Action: Acting Director Finance to provide a report on data analytics (per minutes of August meeting).

IT IS RECOMMENDED

That it be a recommendation to Council:

That the Statement of Comprehensive Income adopts the format of the Budget presentation for income and expenditure.

That in note 17 of the Draft Financial Statements that Power Water Corporation street lighting repairs and maintenance charges are disclosed and identified as being in dispute.

That Council adopt the new revenue standard *AASB 1058 Income for Not-for-Profit Entities* for 2018/19 financial year.

Moved: Mayor Ryan

Seconded: Councillor Cocking

MunLi Chee left the meeting at 1.40pm

5. OTHER BUSINESS

Nil

6. NEXT MEETING: TBA

The meeting stands adjourned and resumes in the Confidential Section.

The meeting adjourned at 1.49 pm.

Confirmed on: Friday 5 October 2018

**Iain Summers
CHAIRPERSON**

**ALICE SPRINGS TOWN COUNCIL
RISK MANAGEMENT AND AUDIT COMMITTEE
5 OCTOBER 2018**

KEY ISSUES FROM THE MEETING FOR THE COUNCIL'S ATTENTION:

1. The Committee reviewed the annual financial statements, the narrative analysis, and the audit closing report from Merit Partners. MunLi Chee from Merit Partners attended the meeting.

The Committee was pleased to hear that there were no significant issues needing to be brought to Council's attention arising from the audit's findings.

Based on their review and discussions with management and the auditor, the committee recommended to Council:

- That the Statement of Comprehensive Income adopts the format of the Budget presentation for income and expenditure.
- That in note 17 of the Draft Financial Statements that Power Water Corporation street lighting repairs and maintenance charges are disclosed and identified as being in dispute.
- That Council adopt the new revenue standard *AASB 1058 Income for Not-for-Profit Entities* for 2018/19 financial year.

The Committee identified no other matters that the Chief Executive Officer should consider before certifying the financial statements

2. The Committee reviewed the recommendation from management and, based on the performance to date, agreed to recommend to Council that the two year extension option is exercised and Merit Partners continue to provide external audit services until, and including, the 2019/20 year.
3. The Committee noted that Assurance Advisory Group had been appointed to develop the three year internal audit plan.
4. The following 2019 Risk Management and Audit Committee meeting dates were received and noted:
 - 25 February
 - 13 May
 - 12 August
 - 4 October