

**ALICE SPRINGS TOWN COUNCIL
RISK MANAGEMENT AND AUDIT COMMITTEE MEETING
MINUTES OF MEETING**

HELD MONDAY, 9 OCTOBER 2017 AT 11:00AM
ARUNTA ROOM, CIVIC CENTRE

1. ATTENDANCE:

PRESENT:

Iain Summers (*Chair*)
Mayor Damien Ryan
Deputy Mayor Jamie de Brenni
Councillor Jimmy Cocking

OFFICERS IN ATTENDANCE:

Rex Mooney, Chief Executive Officer
Skye Price, Director Corporate and Community Services
Dinesh Pillay, Director Finance
Scott Allen, Director Technical Services (*arrived at 12:00pm*)
Jackie Hawkins, Manager Finance
Natasha Taylor, Risk and Compliance Officer
Telly Ociones, E/A Corporate and Community Services (*minutes*)

IN ATTENDANCE:

MunLi Chee, Director Merit Partners

APOLOGIES:

Councillor Marli Banks
Councillor Jacinta Price

The meeting opened at 11:00am.

2. MINUTES OF THE PREVIOUS MEETING

Mayor Ryan noted a typographical error in one of the recommendations regarding risk registers on page three of the previous minutes. The word 'to' on the second line of the recommendation should be omitted.

The Committee noted that the Council recently included the Deputy Mayor as a member of the Committee.

RECOMMENDATION:

That it be a recommendation to Council:

That the minutes of meeting held 25 July 2017 be confirmed as a true and correct record of the proceedings of that meeting, with the following amendment:

- **Item 3.2, page 3 - Remove the word 'to' in the second line of the second recommendation**

Moved: Mayor Damien Ryan
Seconded: Iain Summers

3. ACTIONS ARISING FROM THE PREVIOUS MINUTES

3.1 Operational Registers Residual Risks and Treatment Plans

Operational Risk Register Summary

The Chair advised at the next meeting, the committee should consider the progress with listed “Potential Treatments/Management Plans” which is to be reported upon by management.

The Risk and Compliance Officer has met with every Manager to review the current internal controls, addressing those with high and medium residual ratings.

Councillor de Brenni requested clarification on whether the school based police officer program still exists.

Library Services list youth attending the library rather than attending school, as well as Residual risks for collaboration with school based police and truancy officers. School based police are now referred to as Youth Engagement Officers, of which there are four in Alice Springs. Truancy officers are officially titled, Attendance and Truancy Officers.

4. GENERAL BUSINESS

4.1 Draft Financial Statements and Narrative Analysis 2016/17

Role of committee is to review how ASTC reports on compliance with reporting obligations and on its financial performance.

Compliance – is endorsed by the statement that the CEO signs on page two. This indicates that financial statements are in accordance with accounting standards and other records of Council.

Performance – Committee needs to review how the information presented refers to the performance of the organisation in the specified financial year and the narrative analysis is an important contribution to this.

Chair advised that the general theme is to refer to what is listed in the Municipal Plan; and what has happened as illustrated in the financial statements; and what caused variations. Other important considerations are the asset valuations, additional funding sources, and analysis of reserves.

The financial statements and narrative analysis were reviewed in accordance with those considerations

Director Finance advised that Council is now depreciating assets more realistically due to componentisation of assets that has now taken place with the Valuers, this now extends the life span of the assets.

Addition of commentary around how electricity savings were related to solar use was suggested.

Reserves of \$29 million should be better described and linked to the long term financial plan. During March 2018, a 10 year capital works plan will be prepared, enabling reassessment of financial reserves allocations.

Page 29, Financial Indicators – Suggestion from Chair for the addition of a ratio showing how depreciation contributes to the funding of capital expenditure.

The CEO noted that street lighting and solar are to be added to the narrative.

Scott Allen arrived at the meeting 12:00pm

Financial Snapshot – Suggestion from Chair for additional figures reflected in a line or bar graph for year-on-year comparisons.

Councillor Cocking enquired about trend lines during the past four years to be demonstrated for the new Council, with focus upon operating income and expenditure. The CEO advised that there are time constraints to get these documents to the October 2017 Ordinary Council meeting.

4.2 Auditor's Closing Report for 30 June 2017

Auditor's observations and comments to the draft accompanying report:

- No significant findings
- Significant areas of audit focus – assets
- Ratios – balance sheet is relatively strong with a strong cash balance
- Fraud Assessment and fraud control plans – reminding staff of code of conduct
- Landfill – value of assets
- Street Lighting
- Land under roads
- Financial statement disclosures – main change is related to party transactions
- Control environment
- Audit procedures were undertaken to obtain sufficient and appropriate evidence for the purpose of providing an audit opinion on the financial circumstances. Responsibility lies with the Council.
- Core processes - proposed some control improvements but not considered significant.
- Complied with all laws and regulations. Prepared to issue an unqualified audit report.
- Appendix A - Draft Audit Report - slightly different format

The Chair thanked the Finance team for their work with the timely completion of the financial statements, and expressed thanks similarly to the auditor.

RECOMMENDATION

That it be a recommendation to Council:

- A. That having reviewed the draft financial statements and received a presentation from Merit Partners, the committee would recommend that:**
- 1. The Chief Executive Officer can consider the financial statements for certification**
 - 2. The financial statements be presented to Council for inclusion in the Annual Report, together with accompanying narrative analysis.**

- B. That the committee recommends that the narrative analysis as presented be reviewed for alignment with the Municipal Plan for 2016/17 and for further presentation of trend information.**

Moved: Iain Summers (Chair)

Seconded: Mayor Damien Ryan

- 5. NEXT MEETING: February 2018 – date TBA**

- 6. CLOSURE OF MEETING**

The meeting concluded at 1:05pm.

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9 OCTOBER 2017**

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

1. The Committee is satisfied with the format of the Operational Risk Register Summary, but will focus on more detailed analysis of the progress with implementing risk mitigations at the next meeting.
2. The following recommendations were made to Council:
 - 2.1 That having reviewed the draft financial statements and received a presentation from Merit Partners, the committee would recommend that:
 - The Chief Executive Officer can consider the financial statements for certification
 - The financial statements be presented to Council for inclusion in the Annual Report, together with accompanying narrative analysis.
 - 2.2 That the committee recommends that the narrative analysis as presented be reviewed for alignment with the Municipal Plan for 2016/17 and for further presentation of trend information.

Iain Summers
Chair
9 October 2017