



District Council of Cooper Pedy

Notice is hereby given that an Ordinary Meeting of Council will be held on Tuesday 2nd April 2019 in the Council Chambers situated in Hutchison Street, Cooper Pedy, commencing at 7.00 pm

Colin Pitman
Acting Chief Executive Officer
Dated 28th March 2019

Agenda

1 Opening

I acknowledge and honour the thousands of years of indigenous heritage in this area and their contribution to our community.

2 Present

In Attendance

3 Public Forum

4 Delegations - Nil

5 Minutes

5.1 Ordinary Council Meeting held 19th March 2019

Recommendation

That the minutes of the Special Council Meeting held 19th March 2019 be adopted as true and accurate record of that meeting.

5.2 **Business Arising**

5.3 **Matters Laying on the Table** - Nil

5.4 **Items Deferred**

Item 6.11 on 19/02/2019 Audit committee Terms of reference and policy

Item 6.9 on 19/03/2019 Long Term financial Plan

6 Reports

6.1 Prepayment metering proposal

Report to: Council
From: Martin Grava, Electricity Manager
Date: 02/04/2019
Subject: Prepayment metering proposal
File: GR.689

Purpose of Report:

For information and resolution

Report:

In response to the \$1.2M of unpaid electricity accounts the Electricity Supply is interested in exploring the implementation of Prepayment Metering Systems. Implementing prepayment metering systems may be effective way of reducing the \$1.2M of unpaid electricity accounts and be a useful tool for customers to control their own debt.

The system of prepayment metering occurs with a special type of meter where the customer pays for energy before they use it, similar to a prepaid mobile. Generally electrical retailers offer a smartcard, token or a key that can be topped-up at a shop or 'one use only' tokens can be bought that are used to enter credit onto the prepayment meter system.

A prepayment meter system will self-disconnect (turn off electricity to the property) if it runs out of credit.

Once credit is entered into a prepayment meter system it will instantly re-connect supply to the property.

As a contingency, prepayment meter systems are required to have an 'Emergency Credit' feature. This feature stores a small amount of credit away so that can it be used if electricity is required after the prepayment system runs out of credit. If this feature is used the prepayment meter system will re-connect electricity supply to the property until this all the emergency credit is used.

Prepayment meter systems have proved to be successful in many locations throughout Australia and the world. There is evidence to suggest that customers who choose to use a prepayment meter system over a traditional energy meter, will have greater control over their own energy use and energy costs.

This lends itself to customers, especially those on low income, by baling them to manage their budgets and potentially share their energy cost throughout the household.

ESCOSA set strict guidelines before a retailer is approved to implement prepayment metering systems. Much research has to be undertaken and DCCP must have a clear understanding of the requirements of the ESCOSA Prepayment Meter System Code. The code is under review as the result of the Manna Hill trial and council must develop policies which explain which customers could be considered for a prepaid meter, whether it would be for customers who have a history of bad debt or any other option that they could select.

The estimated capital cost of meters is \$262 .00 for single phase and \$462 for three phase systems. This compares with current traditional meters at \$120 for single phase and \$240 of three phase. The cost of installation is not included.

If Council is interested in proceeding with an application for a licence amendment for a Prepayment Metering Systems, then staff must prepare a proposal and meet all requirements of the ESCOSA Prepayment Meter System Code.

Electricity Supply staff have prepared a draft presentation, draft terms and conditions document and an information booklet in anticipation for a proposal (attached).

More accurate costings will be produced if Council is supportive Prepayment Metering Systems.

Recommendation:

1. That Council support in principle the implementation of Prepayment Metering Systems for electricity customers; and

2. That Council approves staff beginning the application process for Prepayment Meter Systems with ESCOSA.

3. Staff further report on the implications of the code modifications and the licence changes

FOR INFORMATION, CONSIDERATION AND RESOLUTION

6.2 Report to Council on Motion on Notice

Report To: Council
From: Colin Pitman, Acting Chief Executive Officer
Date: 19/03/2019
Subject: Report to Council on Motion on Notice
File: GR.689

Purpose of Report:

For Information

Background

The following report is in response to the request on notice :

“That a report be prepared for consideration by Council that explores the options available to it to ensure Rate Revenue is not used to subsidise the cost of producing , transporting and retailing potable water “

Report

Two options have been considered in this report with a series of sub options

1 RETAIN THE OPERATION AND OWNERSHIP OF THE WATER BUSSINESS.

When considering this question it is important to initially reflect on our statutory obligations when reporting on regulated businesses.

Reporting on the business units in this way is desirable for the following reasons;

- Section 165 of the local government Act requires it to occur
- The regulator requires full cost attribution including accurate depreciation and overheads to occur for the purposes of transparency in calculating both wholesale and retail costs and charges.
- The separation of the access charge from that of the variable charge is desirable to enable a comparison with base operating costs against variable costs respectively. The allocation of the user charges against the variable costs seems to be a desirable strategy.
- The setting of charges based upon the operating cost and capital cost is important as is the separation of retail cost and wholesale cost for each of the business functions (as is required by regulation). These costs and incomes are not currently separated and appear to have never been so.

Reporting on the manner in which the financial aspects of the general accounts is recorded has on the whole has not been satisfactory. Council has not separated wholesale and retail income and expenditure. Reporting on the operating and capital expenditure position for the wholesale and retail function for each of the business units has traditionally occurred but not separately. (refer to the attached charts for further explanation).

Budgets and their reviews have been traditionally reported up until 2017 / 18 with overheads being met from rates. Historically the full cost attribution of overheads has not occurred and as a consequence the setting the general rates has included in excess of \$500,000 of power and water overheads. This oversight has been at the core of the problem of not reporting accurately per business unit. This has meant that whilst the operating position of the business unit appears to be historically correctly reported there has been a reliance on general rates to meet the overheads. Whilst an attempt at correcting this was made in 2018/19 budget the RAES scheme did not accept the overheads allocated and a shortfall in revenue from RAES is now evident. Negotiation on this matter is not finalised.

2. TO LEASE OR SELL or DONATE THE BUSSINESS

The option to sell or lease the water business has not been explored in detail but the following issues should be explored if this was to occur:

- A decision would be required on the three options for sale which include
 1. Sale of the whole water facility
This option has the following implications
 - a. A full discovery of all income and operating costs would be required
 - b. The operating staff costs would decrease by 3 FTE
 - c. The capital cost of the distribution pipe upgrade would be avoided
 - d. Depreciation costs would decrease.
 - e. The council will yield a cash injection of potentially the book value of the asset \$8.6 mill.
 - f. The overhead costs for the remainder of the councils functions including power and other functions would in the short term increase
 - g. Debt could be reduced.
 - h. Staff reductions could occur over the long term could result in making a small saving of on rates.
 - i. The capacity of the council would generally decrease overall due to reduced staffing
 - j. The cost of water to the community would inevitably go up as the whole sale costs are not regulated.
 - k. The land tenure of the land on which the asset exists is complex and AMYAC would need to approve a variation to the ILUA where it exists and a variation to the Community plans would be required.
 - l. Staff redundancy payments would be required.

2. Sale of the wholesale production facility only and the council remains as a retailer
 This option has the following implications
 - a. Full discovery of all costs would be required
 - b. Council operating costs would decrease.
 - c. Depreciation would decrease
 - d. A cash injection would result potentially the equivalent to as the full sale option because the distribution net work has limited value
 - e. Debt would be reduced.
 - f. The pipe network repair costs would remain.
 - g. Overhead costs would not decrease.
 - h. There is a potential for water costs to increase as wholesale costs are not regulated
 - i. Staff redundancy payments would be required

3. Sale of the retail function only and council remains as the wholesaler
 This option has the following implications;
 - a. Full discovery of the asset condition would be required .
 - b. The sale of the asset would probably not yield a great deal due to the condition of the distribution pipe
 - c. The council would avoid the pipe replacement costs
 - d. Operating costs would decrease.
 - e. The cost to the community would inevitably rise
 - f. The council remains in control of the net cost to the community as retail costs are regulated and the wholesale input costs are controlled by the council.
 - g. Staff redundancy payments would be required.

4. A long term lease of the whole or part of the of the retail and wholesale functions
 This option has the following implications;
 - a. Full discovery would be required
 - b. Council retains ownership
 - c. A lease income is possible
 - d. The lease would involve a very complicated agreement which would require an agreement with AMYAC
 - e. The council would not be involved in funding asset renewal
 - f. The cost to the community would inevitably rise.
 - g. The wholesale costs are not regulated
 - h. Overhead costs to the council would rise in the short term and in the long term decrease
 - i. Staff redundancy payments would be required
 - j. Land tenure issues are as complex as option 1.

5. The option of donating the asset to the state government
This option has a number of implications and these include
 - a. The council are unlikely to receive a financial contribution from the government
 - b. The council would not have to fund the capital upgrade for the asset
 - c. Staff redundancy payments would be required.
 - d. The state may offer a rate concession as applies to the remainder of the state but it is a gamble and would need to be negotiated.
 - e. The state government may refuse to accept the donation
 - f. The overhead costs would increase in the short term
 - g. Lend tenure issues would need to be resolved

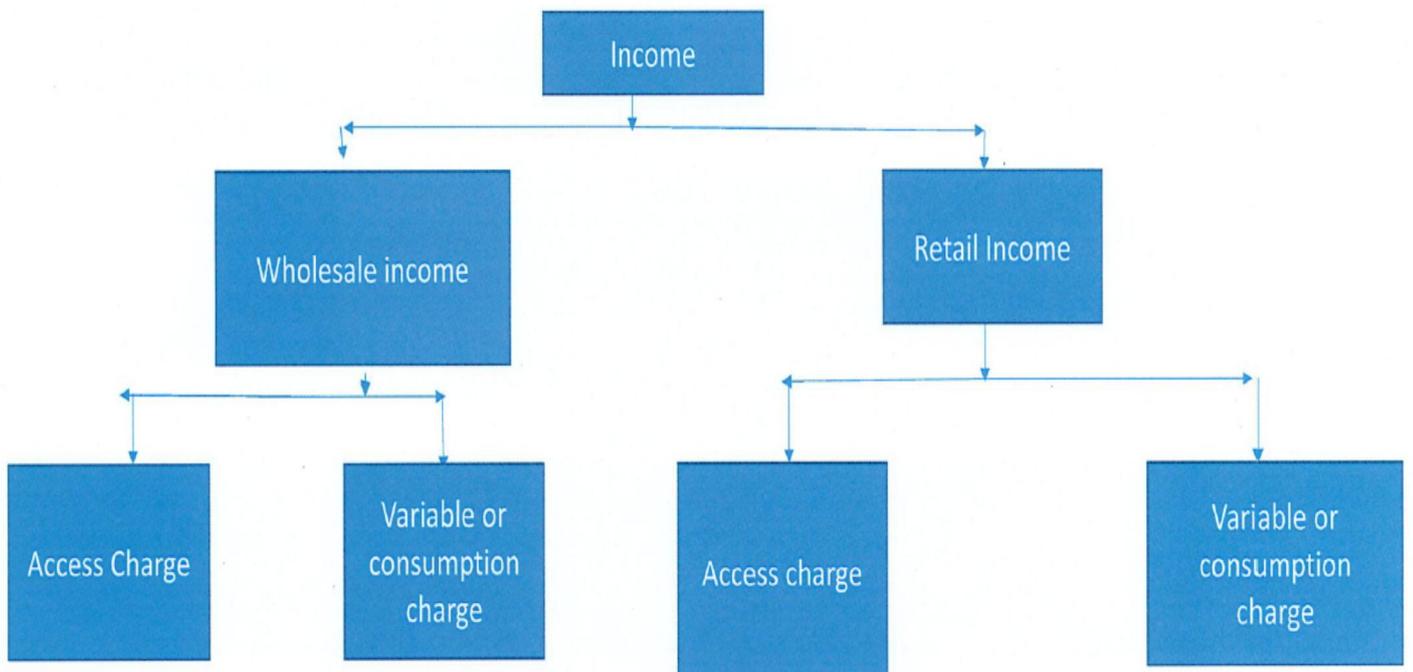
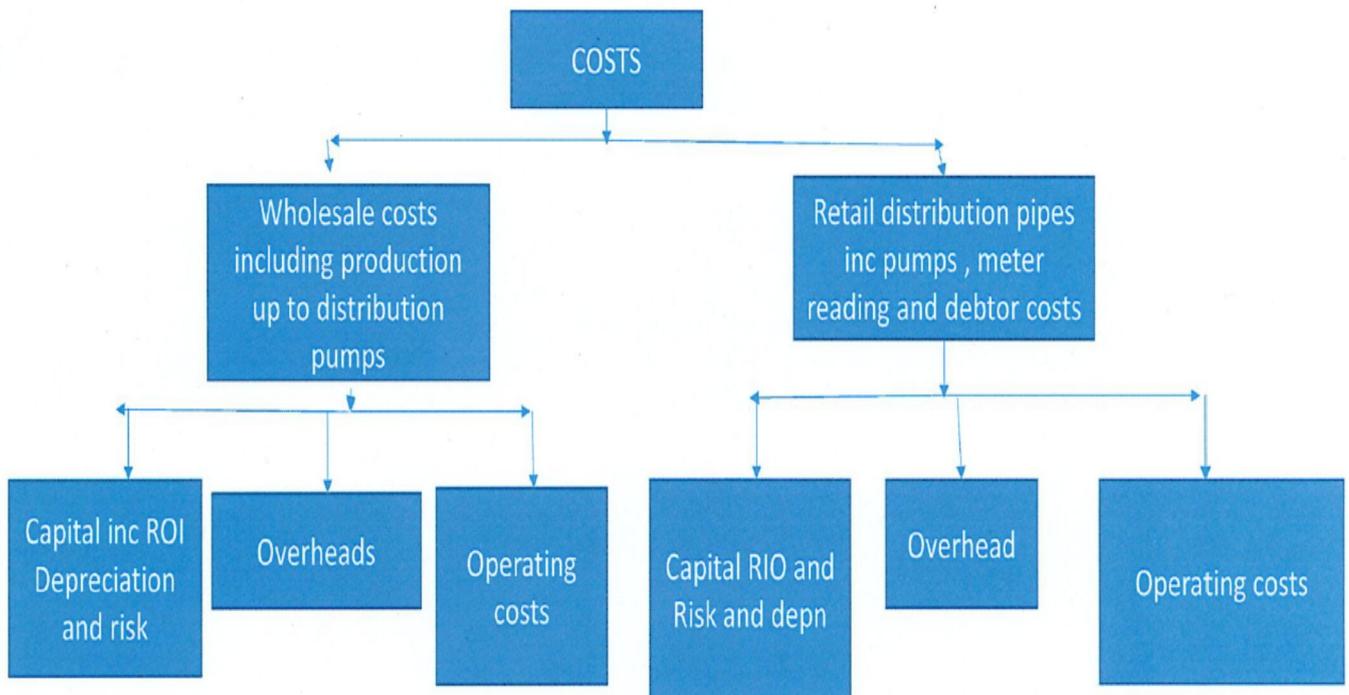
Conclusion

All of the sale or lease options require market testing before a true realisation the net worth of the business is known.

The council risk a community reaction and may oppose such an option and these options would inevitable require considerable community discussion before the sale or lease is market tested...

In any event an expensive prudential review process would be required which includes extensive consultation

FOR INFORMATION



6.3 Financial Performance Indicators

Report to: Council
From: David Hope, Financial Consultant
Date: 02/04/2019
Subject: Financial Performance Indicators
File: GR.695

Purpose of Report

To satisfy Council's statutory responsibilities pursuant to and in accordance with Sections 122 and 123 of the Local Government Act 1999 and Regulations 6 and 7 of the Local Government (Financial Management) Regulations 2011 in relation to Financial Performance Indicators

Background

Sections 122 and 123 of the Local Government Act 1999 require Council to develop Strategic Management Plans and to adopt an Annual Business Plan. The strategic management plans and the annual business plan must include financial performance indicators.

The Local Government Association has issued advice to councils on the requirements for financial performance indicators through the medium of Financial Sustainability Information Paper 9 – Financial Indicators. This information paper recommends that a Council should have the following three financial performance indicators:

1. Operating Surplus Ratio – the percentage that operating income exceeds (or is less than) operating expenses as a percentage of operating income.
2. Net Financial Liabilities Ratio – total liabilities less financial assets as a percentage of operating income.
3. Asset Sustainability Ratio – the percentage outlay on the renewal or replacement of Council's assets as a percentage of the planned asset renewal/replacement of the Council's asset management plan.

The information paper recommends targets for each of the ratios.

Discussion

Council currently reports on the financial performance indicators as calculated in its strategic management plans and annual business plans but has not set overall targets to be met. Council needs to set targets so that its performance in meeting those targets can be assessed by stakeholders.

Operating Surplus Ratio The discussion in the information paper centres on the need for a council to be financially sustainable and that a primary determinant of a council's ability to meet that need is the achievement of a modest operating surplus on a year by year basis. A modest operating surplus achieves two things:

1. Council's revenues, by exceeding its operating expenses, ensures that operating expenses can be met from current resources and make a contribution to Council's capital expenditures.
2. Current ratepayers fund current service delivery, avoiding issues of inter-generational inequity.

The recommended Operating Surplus Ratio is between 0% and 10%.

It is recommended that the target operating surplus ratio be in the range of 0% to 3%.

Net Financial Liabilities Ratio This is a broader ratio than borrowings to total revenue. It recognises all of Council's liabilities, including employee leave entitlements, and is net of Council's financial assets. The comparison to operating income reflects the Council's ability to meet its financial liabilities from its recurrent revenue. It shows:

- When the ratio is decreasing, Council's ability to meet its financial liabilities from operating income is improving; and
- When the ratio is increasing, Council's ability to meet its financial liabilities is deteriorating.

An increase in borrowings will increase financial liabilities and reduce the operating surplus (from interest charges) adversely impacting the net financial liabilities ratio.

If the ratio is negative, then it indicates that Council will have difficulty in meeting its financial obligations in the short term and that action needs to be taken to increase its operating surplus or reduce its financial liabilities.

The recommended Net Financial Liabilities Ratio is between 0% and 100%. This recognises that there is no optimal range for this ratio.

It is recommended that the range for this ratio be set at 0% to 75%.

Asset Sustainability Ratio This ratio gives an indication of how well a Council is renewing and replacing its assets by measuring the level of asset renewal as a percentage of the required renewal expenditure in a Council's asset management plan. It is an indication of the timeliness of asset renewal. Well-constructed asset management plans provide a good indication of the need for funds to renew and replace assets in the long term.

The recommended Asset Sustainability Ratio is between 90% and 110%, recognising that some assets will require earlier than planned replacement and some assets may last longer than planned.

It is recommended that the Asset Sustainability Ratio be set at 90% to 110%.

Each of these indicators provides a single assessment each year of one aspect of a Council's finances. However, it is important that the year on year trend is monitored. Trend analysis can provide early indication that corrective action is needed to prevent a deteriorating financial situation from becoming worse. Council is required to have year on year financial performance indicators in its Long Term Financial Plan. This provides a first indication of the financial sustainability of Council. However, the actuals achieved should be reported and analysed every year over a five year time frame, with a report to Council and its Audit Committee explaining variances from budget, the reasons for the trend and any corrective action considered necessary.

Recommendations:

- 1. That the target range for the Operating Surplus Ratio be 0% to 3%.**
- 2. That the target range for the Net Financial Liabilities Ratio be 0% to 75%.**
- 3. That the target range for the Asset Sustainability Ratio be 90% to 110%.**
- 4. That the actual results of the financial performance indicators be analysed annually trending over a five year timeframe and a report provided to Council and its Audit Committee explaining the variances from budget, the reasons for the trend and any corrective action necessary.**

FOR INFORMATION, CONSIDERATION AND RESOLUTION

6.4 Finance Report

Report To: Council
From: Ravi Ravikumaran – Finance Manager
Date: 02/04/2019
Subject: Finance Report
File: GR.689

Purpose of Report:

To provide council with information on the revenue and expenditure compared to budget as at 28 Feb 2019. Council will receive at the second council meeting of each month a year to date report based on the previous month end.

Report

Attached is report outlining the revenue and expenses of the council as at 28 Feb 2019. The allocation of overhead in this report is based on the budgeted overhead. Future reports will have overhead allocated based on actual expenditure.

As at the end of February 2019 Council has a positive variance of \$117,000 against 2018/19 revised budget. Managers are currently revising the forecast for the 2018/19 results and have been advised of the importance of staying within budget.

The major variances from budget are:

Administration Department: The positive variations are the result of timing variations in the allocation of Rate revenue and Financial Assistance Grant revenue. The timing variations will be resolved at the end of financial year.

Works Department: The major contribution to the negative variance is that plant operating costs have not yet been allocated. When this charges are allocated the variance in the works department will be much smaller.

Water Department: The major contribution to the positive variance is reduced expenditure in wages and material cost.

Sewerage: The positive variation is largely a result of the timing variations in sewerage rate revenue.

Electricity Department: The major contribution to the negative variance is increased expenditure on transformers.

Community Services: The major contribution to the negative variance is a reduction in numbers in childcare attendance.

DISTRICT COUNCIL OF COOBER PEDY								
Operating Statement								
for the reporting period ended 28 Feb 2019								
Income/Expenditure Categories	Administration	Works Department	Water	Sewarage	Electricity	Community Services	Total	Forecast post Budget Review2
Income Categories								
RATES	1,607	-	432	187	-	-	2,226	2,176
STATUTORY CHARGES	-	-	-	-	-	11	11	25
USER CHARGES	1	138	799	0	2,571	116	3,627	5,597
GRANTS & SUBSIDIES	327	-	-	-	2,464	388	3,179	5,358
INVESTMENT INCOME	0	-	-	-	-	-	0	-
REIMBURSEMENTS	54	-	-	-	-	-	54	-
OTHER INCOMES	18	56	8	-	5	171	257	166
TOTAL Income Categories	2,007	194	1,240	187	5,041	686	9,354	13,322
Expenditure Categories								
EMPLOYEE COST	623	633	300	22	487	724	2,789	4,458
MATERIALS, CONTRACTS & OTHER EXPENSES	1,052	186	309	10	4,549	218	6,325	9,437
DEPRECIATION	94	281	199	20	147	3	743	1,109
FINANCE CHARGES	31	148	135	33	-	10	358	356
TOTAL Expenditure Categories	1,800	1,248	944	86	5,182	955	10,215	15,360
Allocation of OH	-	1,093	349	218	21	285	220	0
Operating Surplus/(Deficit)	1,300 -	1,403	78	81 -	426 -	489 -	861 -	2,038
Budgeted Operating Surplus/(Deficit)	731 -	915 -	82	39 -	341 -	410 -	979	
Variance	569 -	488	160	41 -	85 -	80	117	

FOR INFORMATION

6.5 Corporate Governance Committee Policy

Report to: Council
From: David Hope, Financial Adviser
Date: 2/4/2019
Subject: Corporate Governance Committee Policy
File: GR.695

Purpose of Report

To adopt a revised Audit Committee policy, with the Audit Committee being renamed the Corporate Governance Committee.

Report

Attached is a revision of the Audit Committee policy.

This revision:

- Renames the committee to Corporate Governance Committee;
- Expands the role of the Committee beyond that envisaged in Section 126(4) to include oversight of Council's corporate governance and public integrity;
- Includes both policy elements and a charter for operation of the Committee.

This revised policy has not yet been to the Audit Committee for review and it is recommended that the Council endorse the attached policy prior then refer it to the Audit Committee for its endorsement prior to final adoption by Council.

Recommendation:

That the Corporate Governance Policy be endorsed by Council then referred to the Audit Committee for its endorsement.

	<h2>District Council of Coober Pedy</h2>	<p>Issued: 02/04/2019</p> <p>Next Review: As required</p>
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Policy Name: **Corporate Governance Committee Policy**

A. POLICY STATEMENT

- A.1 The District Council of Coober Pedy establishes a Corporate Governance Committee (the Committee) pursuant to Section 41 of the Local Government Act 1999 (the Act) as an independent and objective advisory committee to Council. The role of the Committee encompasses the role and functions of Council's Audit Committee as set out in Section 126 of the Local Government Act 1999 and Regulation 17 of the Local Government (Financial Management) Regulations 2011.
- A.2 The Committee's broad role is to express opinions to the Council and the community regarding whether or not the Council is meeting minimum corporate governance requirements and standards, including compliance with its obligations under the Act. In coming to those opinions the Committee will consider and report on the extent that the Council is adopting and maintaining best practice and the effectiveness and efficiency of Council operations.
- A.3 The primary objective of the Committee is to encourage and assist Council to fulfil all of its roles as set out in the Act. It will assist Council through a systematic and disciplined approach to evaluating and advising on improvements to governance, organisational policies, practices and procedures, internal controls, risk management and the adoption and maintenance of best practice in all areas of Council's operations and in its relationship with the community of Coober Pedy, other levels of government and other parties with which the Council interacts.
- A.4 Section 8 of the Local Government Act 1999 provides, among other things, that the role of a Council is to:
- A.4.1 provide open, responsive and accountable government;
 - A.4.2 be responsive to the needs, interests and aspirations of individuals and groups within its community;
 - A.4.3 seek to facilitate sustainable development and the protection of the environment and to ensure a proper balance within its community between economic, social, environmental and cultural considerations;
 - A.4.4 manage its operations and affairs in a manner that emphasises the importance of service to the community;
 - A.4.5 seek to ensure that council resources are used fairly, effectively and efficiently;

- A.4.6 seek to provide services, facilities and programs that are adequate and appropriate and seek to ensure equitable access to its services, facilities and programs;
- A.4.7 achieve and maintain standards of good public administration; and
- A.4.8 ensure the sustainability of the council's long-term financial performance and position.

A.5 The Committee's role is to:

- A.5.1 facilitate the Council to achieve its objectives in an efficient and orderly manner;
- A.5.2 monitor and encourage the Council to operate in a financially sustainable manner;
- A.5.3 monitor Council's compliance with laws and regulations;
- A.5.4 encourage the adoption of best practice in all Council operations;
- A.5.5 carry out the functions outlined in Section 126(4) of the Act;
- A.5.6 enhance the credibility and objectivity of internal and external financial reporting;
- A.5.7 monitor the effective management of risk and the protection of Council assets;
- A.5.8 monitor the effectiveness of the internal audit function and the maintenance of a reliable system of internal control; and
- A.5.9 monitor the provision of an effective means of communication between the external auditor, internal audit, management and Council.

Corporate Governance Committee - Charter

This Charter must be read in conjunction with the Corporate Governance Committee Policy, as amended from time to time.

B. TERMS OF REFERENCE

B.1 The Committee is responsible to Council. It has no management functions and is independent of management.

B.2 The Committee shall comprise four (4) members consisting of three (3) Independent Members and the Administrator. The Administrator has no voting rights.

B.3 The Committee has the following delegations:

B.3.1 appoint a Presiding Member from the members of the Committee;

B.3.2 develop and approve the Committee's Work Plan; and

B.3.3 approve the Committee's minutes as a true and accurate record of proceedings.

B.4 The Executive Officer, in consultation with the Presiding Member, may receive a deputation where the request for a deputation to be heard is on business that is consistent with this Charter.

B.5 The Committee may not receive a petition. All petitions are to be received by Council.

B.6 The Presiding Member shall be appointed by the Committee for a period of twelve months and shall be eligible for re-appointment. For the purposes of clarity the next date for appointment of a Presiding Member is 13 September 2019.

B.7 The role of the Presiding Member is to:

B.7.1 call the meetings of the Committee;

B.7.2 liaise with the Executive Officer in all matters relating to the calling of meetings, the preparation and distribution of the agenda for Committee meetings, the taking of minutes and any other matter relating to the effective and efficient operation of the Committee;

B.7.3 oversee the conduct of Committee Meetings in accordance with the Local Government Act 1999 and Code of Practice for Council, Special and Committee Meetings; and

B.7.4 ensure that all Committee Members have the opportunity to participate in the debate and discussion in an open and transparent manner.

B.8 The role of Committee Members is to:

- B.8.1 actively participate in debate and discussion in a professional manner at all times; and
 - B.8.2 be prepared and informed of meeting matters prior to the meeting.
- B.9 An Executive Officer, appointed by the CEO, will support the administration and operation of the Committee. The Executive Officer will:
- B.9.1 liaise with the Presiding Member as set out in B.7.2 above;
 - B.9.2 provide advice during the meeting in order to aid informed decision making;
 - B.9.3 ensure that the minutes of the meeting are faithfully recorded;
 - B.9.4 ensure that each member of the committee has access to an up-to-date copy of the documentation set out in Section E – Supporting Documentation.
- B.10 The Committee will meet at least quarterly as determined by the Presiding Member.
- B.11 The quorum for a meeting of the Committee is two Independent Members.
- B.12 The agenda will be prepared and distributed to all Committee Members electronically.
- B.13 Special Meetings of the Committee may be necessary from time to time and will be called in accordance with the Act. A minimum of four (4) hours notice is required for the calling of a Special Meeting.
- B.14 Reporting and Review
- B.14.1 The Committee will undertake an annual self-assessment (in an election year this will be incorporated into the external review) to assess the on-going role and effectiveness of the Committee and report any recommendations to Council as required.
 - B.14.2 In the year leading up to a Council Election the Committee will undertake an external review of the Committee's effectiveness. Any relevant recommendations will be provided to Council to assist with the ongoing structure of the Committee.
 - B.14.3 As determined by the Committee, the Committee may communicate with the Administrator and the CEO on issues of importance to the Council. This communication may be delivered by the Presiding Member or Executive Officer in the form of a presentation to Council Members, a communique or a written memo and Council Report.
 - B.14.4 The Committee will present an annual report to Council on Committee business within three months of the end of the financial year.

C. Specific Tasks

C.1 Corporate Governance

- C.1.1 Assess the culture and leadership demonstrated across the Council and its operations and whether governance systems and processes are fit for purpose within an ethical framework.
- C.1.2 Keep under review whether the services provided by the Council are being provided efficiently, effectively and successfully.
- C.1.3 Ensure the performance of service delivery is optimised by good planning, performance monitoring, evaluation and review, innovation, and risk assessment and engagement.
- C.1.4 Ensure that Council and its administration are demonstrating high levels of accountability to the community and complying with all relevant legislation, through openness, transparency and integrity.
- C.1.5 How well the Council participates in collaborative partnerships with other levels of government and other agencies to effectively deliver services.

C.2 Financial Reporting

- C.2.1 The Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements.
- C.2.2 The Committee shall review and challenge where necessary:
 - C.2.2.1 The consistency of, and any changes to, accounting policies on a year on year basis;
 - C.2.2.2 The methods used to account for significant or unusual transactions where different approaches are possible;
 - C.2.2.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - C.2.2.4 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
 - C.2.2.5 All material information presented with the financial statements, such as the operating and financial review and the External Auditor statement (in so far as it relates to the audit and risk management).
- C.2.3 The Committee shall meet as needed with the External Auditor, but at least once a year, without management being present, to discuss their remit and any other issues arising from the External Audit.

C.3 Internal Control, Audit & Risk Management Systems

C.3.1 The Committee shall:

- C.3.1.1 Keep under review the effectiveness of the Council's internal controls, audit and risk management systems.
- C.3.1.2 Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.
- C.3.1.3 Receive reports on the activities of the Chief Executive Officer's Strategic Risk and Internal Audit Program.
- C.3.1.4 Consider and make recommendations on the program of the internal controls and audit including the adequacy of resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

C.4 Public Integrity and Whistle Blowing

- C.4.1 The Committee shall review the Council's policies and arrangements for the community and Council employees to raise concerns, in confidence, about possible wrongdoings in financial reporting and other matters. The Committee shall ensure these arrangements allow independent investigations of such matters and appropriate follow-up action.

C.5 Strategic Management Plans

- C.5.1 The Committee shall propose and provide information relevant to a review of the Council's strategic management plans including the Annual Business Plan, and review and provide recommendations on the sustainability of Council's financial performance giving consideration to Council's financial indicators.

C.6 Other Investigations

- C.6.1 The Committee shall, when necessary, propose and review the exercise of Council's powers under Section 130A of the Local Government Act 1999, in relation to the conduct of Economy Audits that would not otherwise be addressed or included as part of an annual External Audit.

D. DEFINITIONS

Act for the purpose of this policy means the *Local Government Act 1999*.

Chief Executive Officer (CEO) means the Chief Executive Officer of a council and includes a deputy or other person acting in the office of Chief Executive Officer.

Committee includes Section 41 Committees, other Committees and Panels established by Council.

Council Member OR Administrator means the administrator or the member or councillor elected by the community

Executive Officer is a staff member appointed by the Chief Executive Officer to support a Section 41 Committee, other committee or advisory group.

Independent members Are members who are not elected members.

Mayor is the person elected as mayor and who has the role as the principal member.

Staff includes Council staff, contractors, volunteers and all others who perform work on behalf of Council.

Strategic Management Plans are defined as Council's Long Term Financial Plan, Council's Strategic Plan, Council's Asset Management Plan and the Council's Annual Business Plan.

E. SUPPORTING DOCUMENTATION

- Corporate Governance Committee Policy
- Local Government Act 1999
- Local Government (Financial Management) Regulations 2011
- Local Government (Procedures at Meetings) Regulations 2013
- Code of Practice for Council and Committee Meetings
- Code of Practice for Public Access to Meetings and Associated Meeting Documents
- Code of Conduct for Council Members
- LGA Financial Sustainability Information Paper No.3 – Audit Committees

6.6 Draft Minutes of the Audit Committee meeting of 26 March 2019

Report to: Council

From: David Hope, Financial Adviser

Date: 2/4/2019

Subject: Draft Minutes of the Audit Committee meeting of 26 March 2019

File: GR.695

Purpose of Report

To provide Council with the draft minutes of the Audit Committee's meeting of 26 March 2019.

Report

Attached are the draft minutes of the Audit Committee's meeting of 26 March 2019.

The minutes include an update of the Audit Committee's Work Program which has now been prepared on a rolling 12 month basis. Items discussed by the Audit Committee that did not result in a formal resolution but are worthy of future follow-up are noted in the Work Program.

Minutes of the Audit Committee meeting held on 26 March, 2019 in the Council Offices, Hutchison Street, Coober Pedy, commencing at 4:00 pm.

1. **OPENING** The meeting opened at 4:00pm

2. **ATTENDANCE** **RECORD**

In Attendance

Presiding Member:	Mr Neville Hall
Committee Members:	Mr Tim Jackson
	Ms Kath Mitchell
	Mr Richard Younger

Staff and others present

Acting Chief Executive Officer:	Colin Pitman
Finance Manager:	Ravi Ravikumaran
Financial Adviser:	David Hope

3. **MINUTES OF THE PREVIOUS MEETING**

Moved: Kath Mitchell Seconded: Neville Hall

Recommendation:

That the Minutes of the Audit Committee Meeting of Council held on 19 February 2019 be adopted.

CARRIED

3.1 **2017/18 ANNUAL FINANCIAL STATEMENTS**

Moved: Richard Younger Seconded: Tim Jackson

Recommendation:

That the Audit Committee expresses its disappointment that Council's external auditors have not yet scheduled an audit of the 2017/18 financial statements and requests an estimated timing for the audit.

CARRIED

3.2 FINANCIAL REPORTING TO AUDIT COMMITTEE

Moved: Tim Jackson

Seconded: Richard Younger

Recommendations:

- 1. That the Audit Committee receives at each meeting a financial report in the format attached to these minutes.**
- 2. That the Audit Committee receives on a quarterly basis an aged debtors report for electricity, water, rates and sundry debtors including such comparative information as is available.**

CARRIED

3.3 AUDIT COMMITTEE WORK PROGRAM

It was agreed that the Audit Committee Work Program would be maintained on a rolling 12 month basis and that old items would be deleted as necessary.

The updated Work Program as at 26 March 2019 is attached to these minutes.

4. CLOSURE

The meeting closed at 5:49pm.

The next meeting of the Audit Committee will be in the Council Administration building on 18 April 2019 at 8:00am

District Council of Coober Pedy					
Audit Committee Work Program for the period March 2019 to March 2020					
Item	Activity	Timeframe/Meeting	Current Status/Outcomes/Benefits Achieved	Date Completed	Follow-up Action
1. Financial Reporting					
1.1	Standing Item - Financial report	All Meetings		Ongoing	Format of required finance report to be discussed at April 2019 meeting.
1.2	Standing Item - Aged debtors listing	First Meeting after the end of each quarter		Ongoing	
1.3	Review further progress in rectifying deficiencies identified in the 2016/17 financial statements by the Council's Auditor.	April 2019; May 2019; June 2019; August 2019; November 2019; February 2020			Future reports to include notation on whether progress towards completion is satisfactory, with explanation if progress not satisfactory or reasons why target date changing.
1.4	Receive and review report on progress in resolving issues raised in Auditor's Management Letter for 2017/18 financial statements	May 2019; June 2019; August 2019			Auditor's management letters for last three years to be provided to the committee.
1.5	Presiding Member (and CEO) to provide certificate of auditor independence for 2018/19 financial year.	August 2019			
1.6	Review Draft Annual Financial Statements for 2018/19	August 2019			
1.7	Review audited financial statements for 2018/19 and Auditor's Management letter. Meet with Council's Auditor, (possible teleconference).	November 2019			
1.8	Review progress in resolving issues raised in Auditor's Management Letter for 2018/19 financial statements.	February 2020			
2. Strategic and Annual Planning					
2.1	Receive and review report on Asset Management project, including review of Draft Asset Management Plan	April 2019; May 2019; June 2019; August 2019			
2.2	Review Draft Long Term Financial Plan	April 2019			
2.3	Review Draft Annual Business Plan and Budget for 2019/20	May 2019			

District Council of Coober Pedy					
Audit Committee Work Program for the period March 2019 to March 2020					
Item	Activity	Timeframe/Meeting	Current Status/Outcomes/Benefits Achieved	Date Completed	Follow-up Action
1. Financial Reporting					
3. Internal Controls and Risk Management Systems					
3.1	Receive and review report on the actions undertaken through the Work Program to implement the Action Plan of the Internal Controls Framework project.	April 2019; May 2019; June 2019; August 2019; November 2019; February 2020			
3.2	Receive and review report on Risk Register project including Draft Risk Management Plan	April 2019; May 2019; June 2019; August 2019; November 2019			
4. Annual Report					
4.1	Review Annual Report for 2018/19.	November 2019			
5. Financial Governance and Policies					
5.1	Standing Item - Assess the efficacy of new and reviewed Council policies	All meetings		Ongoing	Policies on Financial Performance Indicators and Corporate Governance Committee to be provided to April 2019 meeting. This will allow for further discussion on the Audit Committee Terms of Reference following discussions at the March 2019 meeting.
5.2	Review list of policies scheduled for review in 2020.	November 2019			
6. Audit Committee Operations					
6.1	Standing Item - Update Audit Committee Work Program for status and necessary changes, maintaining a rolling 12 month focus	All meetings		Ongoing	
6.2	Finalise report to Council on 2018/19 operations of the Audit Committee	August 2019			
	Scheduled Meetings	Note: Where necessary, reports to the Audit Committee are to include an Executive Summary which highlights the key points to be considered by the committee.			
	18 April 2019				
	14 May 2019				
	11 June 2019				
	13 August 2019				
	12 November 2019				
	11 February 2020				

7 Petitions - Nil

8 Questions on Notice

Received from: Tim Jackson, Administrator
Received on: 28th March 2019

“A recent edition of the Coober Pedy Regional Times raised the issue of the Council’s sewage operation.

What is the current year to date actual revenue for our sewage operation compared to budget? If a negative variance exists why is this? What are the sources of income for this revenue line?”

9 Questions Without Notice

10 Motions on Notice

11 Motions Without Notice

12 Delegates Reports

13 Urgent Business

14 Next Meeting and Closure – 16th April 2019