



AUDIT & RISK MANAGEMENT COMMITTEE MEETING

Friday 19 February 2021 10.30am

Northern Areas Council Chamber Jamestown

Notice is hereby given that the next Audit & Risk Management Committee meeting of the Legatus Group will be held on Friday 19 February 2021, commencing at 10.30am

Note that due to Social Distancing restrictions and hygiene requirements there is no access into the staff area other than using the bathroom facilities.

Ian McDonald will join via Zoom

<https://us02web.zoom.us/j/83061040374>

Meeting ID: 830 6104 0374

Passcode: 244926

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1) MEETING ATTENDANCE AND APOLOGIES

Meeting Attendance

Present - Committee

Mayor Kathie Bowman (Chair)	District Council of Orroroo-Carrieton
Mayor Denis Clark	Northern Areas Council
Mr Colin Byles CEO	Northern Areas Council
Mr Ian McDonald	Independent

In Attendance

Mr Simon Millcock CEO	Legatus Group
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Apologies

Mr Peter Ackland CEO	Port Pirie Regional Council
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2) MINUTES OF PREVIOUS MEETING

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation:

- 1. That the minutes of the Legatus Group Audit & Risk Management Committee Meeting held on 13 November 2020 be taken as read and confirmed.**
- 2. That the Committee notes the reappointment of Ian McDonald for two years from 15 February 2021.**

Background

Mayor Kathie Bowman as Chair of the Committee provided a report which included copies of the minutes of the meeting 13 November 2020 at the Legatus Group meeting on 27 November 2020. The following matters were approved by the Legatus Group:

1. That the Legatus Group investigates options for the provision of financial management services for the Legatus Group.
2. That the Legatus Group uses an external facilitator for the next Legatus Group CEOs performance review.
3. Reappoints Independent member Ian McDonald for a further two years commencing from 15 February 2021.
4. Calls for expressions of interest for the position held by Cr Denis Clark which will expire on 30 April 2021.

Minutes of Audit and Risk Management Committee Meeting 13 November 2020 held at the Northern Areas Council Chambers

The meeting was opened at 10.00am.

1. Attendance

Committee: Mayor Kathie Bowman (Chair), Mayor Denis Clark, Mr Colin Byles, Mr Peter Ackland and Mr Ian McDonald.

In Attendance: Legatus Group CEO Mr Simon Millcock

2. Confirmation of Previous Minutes

Motion: That the minutes of the previous Legatus Group Audit and Risk Management Committee meeting held on 21 August 2020 be taken as read and confirmed

Moved: Colin Byles Seconded: Ian McDonald

CARRIED

3. Business Arising Not Otherwise on the Agenda

3.1 Charter Review.

The Legatus Group CEO provided a report on the variation to the Charter.

Motion: The committee notes the variation to the charter requirements have been complied with.

Moved: Peter Ackland Seconded: Mayor Denis Clark

CARRIED

3.2 Review of Strategic, Business Plan and Budget

The Legatus Group CEO provided a report on the progress of the review.

Motion: That the committee notes that the review has commenced.

Moved: Ian McDonald Seconded: Mayor Denis Clark

CARRIED

4. Financial Report

4.1 Annual Financial Report 2019/2020

The Legatus Group CEO provided a report including a letter from the Legatus Group Auditors and responses from Legatus Group CEO and Finance Officer along with a report showing the Budget Comparison report for the audited 2019/2020 financial year. The meeting discussed the level of management with the regards Human Resources and processes re approval for payments.

Motions:

1. That the committee recommends the Legatus Group investigates options for the provision of financial management services for the Legatus Group.

Moved: Mayor Denis Clark Seconded: Peter Ackland

CARRIED

2. That the Budget Comparison report for the audited 2019/2020 financial report is noted and presented to the Legatus Group for their confirmation.
3. That the Legatus Group be provided with uniformed presentation of Finances statements as required in the Local Government (Financial Management) Regulations 2011, section 7 and 9 for all budget reviews.
4. That the Committee notes the Legatus Group now has a Policy Register.
5. That a review and update of the effectiveness of internal controls operating throughout the Group is undertaken in consultation with the Legatus Group Audit and Risk Management Committee.
6. That the Legatus Group CEO provides a report on disaster recovery procedures in consultation with the Legatus Group Audit and Risk Management Committee on all the Legatus Group business operations to identify areas that can reduce the risk of future events having an adverse impact on the Legatus Group.

Items 2 -6 Moved: Peter Ackland

Seconded: Ian McDonald

CARRIED

4.2 Financial Report 2020/2021

The Legatus Group CEO provided a report including (1) current balance sheet and profit and loss statement for the July-Sept 2021 period (2) Budget Comparison report for the first quarter 2020/2021 and (3) Interim report on the LGA Research and Development Scheme Funding. General discussion on the progress of projects and that reports to the Legatus Group on these projects could include their current progress of outcomes.

Motion: That the committee notes the report.

Moved: Colin Byles Seconded: Mayor Denis Clark

CARRIED

5. Legatus Group Work Plan

The Legatus Group CEO provided a report with the agenda on the Legatus Group Work Plan.

Motion:

1. That the committee notes the work plan is up to date and that it will now include (1) investigating options around financial management services subject to the board's approval and (2) reviews and report on internal controls and disaster recovery procedures.

Moved: Colin Byles Seconded: Peter Ackland

CARRIED

Motion:

2. That the Legatus Group considers using an external facilitator for the next Legatus Group CEOs performance review.

Moved: Mayor Denis Clark Seconded: Ian McDonald

CARRIED

6. Other Business

Nil

7. Next meeting

Friday 19 February 2021 10.30am Council Chambers Jamestown.

Meeting Closed at 11.35am

3) BUSINESS ARISING NOT OTHERWISE ON THE AGENDA

3.1 Financial Management Services

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation:

1. **For discussion – including possible advice for the Cahir and Deputy Chairs re contract.**
2. **That the Legatus Group thanks the Flinders Ranges Council of their support during the past 3 years.**

Background

Following the Legatus Group meeting held 27 November 2020 a meeting was held with the Flinders Ranges Council CEO and Finance Manager to discuss the current and future arrangements for the Legatus Group Financial Management Services. They advised that their current financial services for the Legatus Group will cease upon the completion of the financial year 20/21. Assistance is to be provided for the handover to new providers.

The Finance Manager assisted the Legatus Group CEO in developing an expression of interest which included anticipated services will be provided for via a 3-year fixed term agreement, commencing 1 May 2021 allowing for a 2-month hand over. The Flinders Ranges Council will manage the 20/21 financial statements and audit processes, but the new service provider would be involved in assisting with the process of the audit and financial statements as this will be part of the hand over process.

On 13 January 2021, the EOI was released to all Member Councils, Regional LGAs, RDAYMN, RDABLGAP and some individuals and accounting firms. The closing date was 3 February 2021.

There was 1 response from C J Davies Consulting (attached) received on 1 February 2021.

The 2020 AGM allows for the appointing of tenders, contracts and consultancies over the value of \$5,000 by the Legatus Group CEO after an assessment panel and with approval from Chair and Deputy Chairs. In this case the Audit Committee could become the assessment panel.

The Legatus Group Procurement Policy has been complied with noting that appropriate method of procurement will be determined by reference to a number of factors>

Value of Purchase (\$) ex GST	Possible Method of Procurement
Less than \$20,000	Direct Sourcing - No quotations necessary
Between \$20,001 and \$50,000	Quotations (Quotations x2min)
Between \$50,001 and \$100,000	SRFT (Select Request for Tender)
Over \$100,000	RFT (Request for Tender)
As Required	REOI (Request for Expression of Interest)

3.2 Review of Strategic Plan

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee considers input to the review.

Background

The Legatus Group CEO held meetings with all member Councils apart from Goyder during Oct-Dec 2020. The proposed workshop in November 2020 was rescheduled due to COVID-19 restriction until 5 February 2021. A background paper (attached) was developed including the survey results and provided to all Councils Mayors and CEOs. Due to the Legatus Group CEO returning from Perth on 1 February 2021 and required to enter self-isolation due to COVID-19 the workshop was postponed until the 5 March 2021.

The Legatus Group February 2021 CWMS, VIS Advisory Committee meetings and Management Group (CEOs) have included this as an agenda item for their meetings. Responses will be contained in their reports / minutes to the 5 March 2021 Legatus Group meeting. A Community Connections Workshop was held on 2 February 2021 with Council Community Development, Youth Development and Communications Officers which will also assist with input to the review.

3.3 Review of 20/21 Budget

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendations:

- I. That the committee notes the Budget Review has been completed in accordance with the charter and as there is no additional financial contribution being sought from Constituent Councils the Legatus Group can consider adopting the revised budget at their 5 March 2021 Board meeting.**

Background

On 9 December 2020, the Legatus Group CEO provided a report to the Finance Manager which included the review of the 20/21 budget. This was discussed during a meeting with the Finance Manager on the following day. The revised budget was to be ready for consideration at the February 2021 Strategic Plan Review Workshop, Management Group and Audit Committee meetings so it could be considered by the Legatus Group at their 5 March 2020 meeting.

The revised budget (Attached) was made available on 16 February 2021 and shows that at 30 June 2020 there will be an improved budget position of \$54,000, Total Assets of \$811,000 and Reserves of \$779,000. This is due to the following:

- Income variation (increase \$76,000)
 - Decrease from Federal and State Grants – grants not applied for
 - Decrease from Council Contributions as no new Brighter Futures Projects
 - Increase from LGA Grants
 - Increase from NRM Grants
 - Increase from reimbursements PhD Intern Program
- Expenses variation (increase \$22,000)
 - Increase in employee expenses offset by decrease in contractors / consultants due to short term employment contracts of Community Collaborator, Roads Coordinator and Creative Facilitator as opposed to contracting consultants.
 - Increase of employee travel reimbursement
 - Increase in accounting fees allowing for new contractor to commence for hand over
 - Refer to item 4.1 on project updates.

The relevant sections of the Legatus Group Charter are:

- The Legatus Group must reconsider its Budget in accordance with the Act and in a manner consistent with the Act and may amend its Budget for a Financial Year at any time before the year ends.
- The Legatus Group must submit to each Constituent Council for approval, any proposed amendment to the Budget that provides for an additional financial contribution by the Constituent Councils.

3.4 External facilitator for the next Legatus Group CEOs performance review

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the report and provides feedback on the proposed questionnaires.

Background

The Legatus Group CEO sought and received quotes from 3 companies McArthur, Hays and Frontline Human Resources to deliver the Legatus Group CEO performance review in 2021. These were assessed by the Chair and Deputy Chairs who have the delegated power to both approve contracts and the performance management of the CEO.

McArthur were selected with the process to commence from 8 March 2020 and for any specific requirements from the board by McArthur to be include as agenda item for the 5 March. The timing would ensure that the final report be available for the 11 June Legatus Group meeting.

Attached are the draft questionnaires to be presented to 5 March 2021 Legatus Group meeting:

1 x Internal - Board, Staff and Regional Management Group

1 x External - Regional Partners RDA's CEOs x 3, Landscape Board Manger, LGA Secretariat x 3, SAROC Chair and Regional LGA EOs x 5

3.5 Expressions of interest for the position held by Cr Denis Clark

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: For discussion

Background

The November Legatus Group meeting approved the call for Expressions of Interest (Eol) for the position held by Cr Denis Clark on the Legatus Group Audit & Risk Committee which will expire on 30 April 2021. Cr Clark's position is 1 of the 2 elected members of councils who form the committee. An email was distributed to all Council Mayors and CEOs on 16 January 2021 advising that if any Board member (Mayor) or an elected member nominated by your Council would like to submit an Eol for this position to respond before Friday 12 February 2021.

As of the 16 February 2021 there has been no response received.

3.6 Internal Controls / Disaster recovery

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee considers this at their next meeting.

Background

The Legatus Group noted that the Audit Committee in collaboration with the Legatus Group CEO was to undertake a review and update of the effectiveness of internal controls and disaster recovery procedures operating throughout the Group is undertaken in consultation with the Legatus Group Audit and Risk Management Committee. There has been no progress made to date.

4 FINANCIAL REPORTS

4.1 20/21 Financial Report

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the report.

Background

Attached is:

1. Budget Comparison report for the first half 2020/2021 which has been provided to Legatus Group Councils.
2. Profit and Loss by Job - January 2021 report.

The Balance Sheet July 2020 – January 2021 and Profit and Loss reports are listed below.

Key items to note re the budget are:

- Projects not yet commenced or with variations are:
 - IT data gathering and digital research project \$25,000 original budget being progressed
 - Transport - Bridges report \$30,000 recommended in revised budget and request for quote being developed
 - Wellbeing decrease by \$50,000 in expenses as only likely project is research project via University
 - Smart irrigation decreases by \$8,000 as only 2 councils take up the initial offer
 - Community Development Officer Training \$15,000 being progressed
 - Reconciliation Action \$15,000 being progressed
 - Transport - \$5,000 allocation to SAROC State Road Priority not yet commenced
 - Remarkable Sth Flinders Alliance \$15,000 research project commenced

Balance Sheet

Legatus Group As at 31 January 2021

Assets

Bank	31 Jan 2021	30 Jun 2020
Bank SA Cheque Account	39,326	52,686
Bendigo Business Banking Acc	-	25,070
Total Bank Current Assets	39,326	77,756
Accounts Receivable	4,400	93,409
Accrual: Interest Income	-	437
LGFA General	1,237,241	1,180,250
Total Current Assets	1,241,641	1,274,095
Non-current Assets		
Computers & S/w : Accum Depn	(3,948)	(3,948)
Computers & Software	3,948	3,948
Motor Vehicles : Accum Depn	(4,117)	(4,117)
Motor Vehicles at Cost	28,967	28,967
Total Non-current Assets	24,850	24,850
Total Assets	1,305,817	1,376,701

Liabilities

Current Liabilities		
Accounts Payable	12,849	18,799
Accruals	-	5,890
GST	(2,098)	-
Income Received in Advance	-	110,500
Prov : Annual Leave	10,314	10,314
Total Current Liabilities	21,065	145,503
Non-Current Liabilities		
Prov for Long Service Leave (NC)	7,070	7,070
Total Non-Current Liabilities	7,070	7,070
Total Liabilities	28,134	152,572
Net Assets	1,277,682	1,224,129

Equity

Accumulated Surplus B/F	704,359	166,358
Current Year Earnings	53,554	223,308
Reserve - General	269,770	269,770
Reserve - Rubble Royalty Projects	-	250,000
Transfer from Reserves (To AS)	250,000	1,408,941
Transfer to Reserves (From AS)	-	(1,094,247)
Total Equity	1,277,682	1,224,129

Profit and Loss

Legatus Group 1 July 2020 to 31 January 2021

	31 Jan 21
Income	
41000 - Council Contributions	171,525
42001 - Grants : State Government	34,000
42002 - Grants : LGA	144,151
42003 - Grants : NRM	120,000
43000 - Interest : Bank Account	3
43001 - Interest : LGFA	6,555
Total Income	476,234
Gross Profit	476,234
Less Operating Expenses	
61001 - Payroll : Gross	139,966
61002 - Annual Leave	6,396
61003 - Sick Leave	1,686
61005 - Public Holidays	4,683
61006 - Superannuation Contributions	14,632
61007 - Workers Comp Premium	1,515
61009 - Professional Development	400
62001 - Accounting Services	414
62002 - Advertising & Promotion	880
62003 - Audit Fees	2,238
62004 - Bank Fees & Charges	32
62005 - Consultants	107,941
62006 - Contractors	114,500
62009 - Rent/Hire of Premises/Equip	2,104
63001 - Catering	711
63003 - Meals (non FBT)	134
63004 - Registration	529
63006 - Telephone & Internet	2,992
63007 - Postage & Stationery Supp	256
63009 - Fuel - Unleaded	1,683
63011 - Vehicle Maintenance	1,228
63012 - IT & Web	4,750
64001 - FBT	3,234
69001 - Accommodation	558
69002 - Airfares	58
69004 - Insurance	6,330
69005 - Members Allowances	2,150
69006 - Travel : Reimbursement	601
69008 - Taxi & Other Fares	27
69009 - Other Sundry Expenses	-
69010 - Parking	52
Total Operating Expenses	422,680
Net Profit	
53,554	

5 WORK PLAN

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the work plan is up to date.

Background

Legatus Group				
Work Program 2018 – 2021				
Updated February 2021				
Activity	Timeframe	Status / Outcomes / Benefits Achieved	Date for review	Follow-up Action
CEO				
Review of CEO performance	April	Independent consultant approved	April 2021	Report to the June 2021 Board meeting
Set KPI's for next financial year	May	Agreed prior to the start of financial year	June 2021	Waiting the approval of the 21/22 Business Plan
Terms and conditions of the engagement reviewed annually	May	Within 1 month of completing the performance review	June 2021	For discussion at June 2021 Board meeting
Appointment of CEO	June 2022	Contract expires June 2022	Feb 2022	
Audit & Risk Committee				
Meetings at least twice in financial year	August / February / April	August to include review of the Annual report, February mid year review of the budget and April draft budget for next financial year	Each meeting	21/8/20, 13/11/2020 & 19/2/21
Membership	March 2021	Review to be held	March 2021	Membership updated June / August 2020
Annual report	June/July	Annual report to the board summarising its activities during the previous year	August 2021	
Review of performance	August	Committee required to review its performance on an annual basis and this can occur at August	August 2021	

		meeting and be contained in the annual report		
Strategic Plan / Budgets				
Strategic Plan and Long term financial plan	March 2021	Completed in April 2018. The strategic plan is required to have an operational period of 10 years and is reviewed at least ever 4 years	March 21	Survey undertaken and meetings with councils by Legatus Group CEO. Advisory committee meetings including review as agenda item. Strategic plan workshop to be held in March 2021 with Legatus Group Board
3-Year Action Plan review	May 2021	3-year action plan approved 2018 and to be reviewed in line with annual business plan	April - May 2021	Update in line with Strategic Plan
Annual Business Plan and Budget	April	Before 30 April prepare and submit a draft annual business plan and budget to councils for the ensuing financial year. Legatus Group must adopt after 31 May and within 6 weeks of endorsement by councils.	March 2021	All councils approved and review being undertaken
Asset Management Plan		The only asset by Legatus Group is motor vehicle and this is managed through purchase based on board approvals.	Sept 21	Vehicle - not yet in need of review
Adopted Budget	June/July	Within 5 business days of the Legatus Group adopting the budget must provide to councils	August 2020	20/21 distributed to Legatus Group Councils
Reports / external Audit				

Quarterly financial reports	October/January/April/July	Prepare and present quarterly reports summarising the financial position with copies to constituent councils.	April 21	Financial report July – Dec 2020 distributed to councils and presenting to Feb 21 Audit Committee and March 21 Board meetings
Annual report	July	To be distributed to the councils in time to incorporate in their annual reports	Sept 2021	19/20 adopted and distributed now available on website
Annual financial statements / audit	July	Ensure that the financial statements are audited and that they are submitted to the board and councils by 30 September	August 2021	19/20 report was completed and approved by the Board and is on Legatus Group website
Appointment of auditor	August	Legatus Group must appoint an Auditor in accordance with the Act	AGM 2021	Auditor Dean Newberry & Partners continues confirmation at Sept 2020 AGM
Policies / procedures / charter				
Review of charter	Every 4 years	The charter will be reviewed by councils at least once every 4 years. The last review was undertaken in 2020 and adopted September 2020	Sept 2024	Approved variations and available on website and distributed to councils.
Communications	Annual	Review of the Legatus Group website and ensure charter, strategic plan and reports are easily accessible. Report to Audit and Risk Committee April meeting for website upgrades.	May 2021	website updated in July 2020 and FB page developed
Review of policies	Annual	This will be a 2 year review of the policies established in 2017	Jan 2022	Policies current and up to date

Insurance / motor vehicle registrations / workers compensation	August	Annual review by the Audit and Risk Committee that all legal obligations are being met and provide value for money	June 2021	Current insurances are in place through LGA Mutual Liability Scheme and car is registered - Workers Comp advised of increased number of employees August 2020
Review and update of the effectiveness of internal controls operating	Annual	Initial review to be undertaken in consultation with Audit Committee	May 2021	For inclusion in agenda May 21 Audit Committee
Report on disaster recovery procedures	Bi-annual	Initial review to be undertaken in consultation with Audit Committee	May 2021	For inclusion in agenda May 21 Audit Committee
Meetings / membership				
Annual General meeting	August	To be held no later than 30 September and for 2019/2020 it is listed for Friday 4 Sept 2020.	Sept 2021	Held 4 September 2020
Confirm membership of the board	August	Confirm with constituent councils their Principal Member at AGM	Sept 2021	Confirmed
Appointment of Chair and Deputy Chairs	July	Call for nominations for the Chair and Deputy Chair positions for the Annual General has been made	Sept 2021	Request for nominations distributed for 2020 - and decided AGM 4 September 2020
Committees				
Review of all committees and their terms of reference	October	CEO to prepare a report annually to the board on the status of all Legatus Group committees with recommendations on their terms of reference including their length of operation	Feb 2021	Board approved formation of Visitor Information Services Advisory Committee and continuation of CWMS and Roads and Transport Advisory committees reviewed in 2020

6 OTHER BUSINESS

7 NEXT MEETING

Friday 28 May 2021 10.30am Council Chambers Jamestown