



## AUDIT & RISK MANAGEMENT COMMITTEE MEETING

Thursday 3 June 2021 10.30am

Northern Areas Council Chamber Jamestown

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Notice is hereby given that the next Audit & Risk Management Committee meeting of the Legatus Group will be held on Thursday 3 June 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.

Zoom Details

<https://us02web.zoom.us/j/82549181477>

Meeting ID: 825 4918 1477

Passcode: 791577

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## **1) MEETING ATTENDANCE AND APOLOGIES**

### **Meeting Attendance**

#### **Present - Committee**

Mayor Kathie Bowman (Chair)	District Council of Orroroo-Carrieton
Mayor Rodney Reid	Wakefield Regional Council
Mr Colin Byles CEO	Northern Areas Council
Mr Peter Ackland CEO	Port Pirie Regional Council
Mr Ian McDonald	Independent

#### **In Attendance**

Mr Simon Millcock CEO	Legatus Group
Mr Colin Davies	Legatus Group Financial Services

## **2) NEW COMMITTEE MEMBER**

Welcome to Mayor Rodney Reid who's membership commenced 30 April 2021.

## **3) 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 19 February 2021 be taken as read and confirmed.**

#### **Background**

Mayor Kathie Bowman as Chair of the Committee provided a report which included copies of the minutes of the meeting 19 February 2021 at the Legatus Group meeting on 5 March 2021. The following matters were approved by the Legatus Group:

- That the Legatus Group notes the report and thanks the Flinders Ranges Council for the provision of Financial Management Services.
- That Mayor Rodney Reid is appointed for 2 years to the Legatus Group Audit and Risk Management Committee commencing 30 April 2021.

Minutes of Audit and Risk Management Committee Meeting 19 February 2021 Northern Areas Council Chambers & via Zoom. The meeting was opened at 10.30am.

#### **I. Attendance**

Committee: Mayor Kathie Bowman (Chair) and Mr Colin Byles in person with Cr Denis Clark and Mr Ian McDonald via zoom.

In Attendance: Legatus Group CEO Mr Simon Millcock

Apology: Mr Peter Ackland

## 2. Confirmation of Previous Minutes

Motion:

1. That the minutes of the previous Legatus Group Audit and 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.

Moved: Colin Byles      Seconded: Cr Denis Clark

CARRIED

## 3. Business Arising Not Otherwise on the Agenda

### 3.1 Financial Management Services

The Legatus Group CEO provided a report on the Expression of Interest for the provision of Financial Management Services and the quote received from CJ Davies Consulting. The committee discussed the quote and the current arrangements.

Motion:

1. The committee recommends that the Legatus Group accepts the quote from CJ Davies Consulting for a 3-year term commencing from 1 April 2021 and that the Legatus Group CEO consults with the Chair and Deputy Chairs in compliance with the Legatus Group Policy to gain their approval for a contract to be entered.
2. That the Legatus Group thanks the Flinders Ranges Council for their support during the past 3 years.

Moved: Cr Denis Clark      Seconded: Ian McDonald

CARRIED

### 3.2 Review of Strategic Plan

The Legatus Group CEO provided a report on the progress of the review and the committee discussed with the following points noted:

1. The value of Legatus is through its strength in collaboration and advocacy whereby individual members can raise matters which can be debated, researched to form a collective response / approach to progress to SAROC and to the LGA.
2. There is a variance in how some councils use their membership of Legatus and consideration on ways to support member councils in leveraging this support should be considered.
3. There is a need for flexibility around project development and resourcing which may include sub-regional and for projects which arise during the financial year that may not have been initially in the business plan or budget.
4. Support for the continuation of this committee.

### 3.3 Review of the 20/21 Budget

The Legatus Group CEO and Finance Manager provided a report and revised budget for 20/21 and the variances were outlined.

Motion: 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.

Moved: Colin Byles      Seconded: Ian McDonald

CARRIED

### 3.4 External facilitator for CEOs Performance Review

The Legatus Group CEO provided a report that advised McArthur had been appointed as the consultants along with a copy of the proposed questionnaire to be used and who would receive.

Motion: That the committee notes the report and agrees with the questions and the people identified in the report to be approached.

Moved: Ian McDonald      Seconded: Cr Denis Clark

CARRIED

### 3.5 Expression of interest for filling vacancy on the committee

The meeting noted the report by the Legatus Group CEO that there had been no response to the call for Expressions of Interest for the vacancy of Cr Denis Clark from 30 April 2021 and that this be listed as an agenda item for the 5 March 2021 Legatus Group meeting.

### 3.6 Internal Controls / Disaster Recovery

The meeting discussed the value in progressing this once the new financial management is in place.

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

Moved: Colin Byles Seconded: Cr Denis Clark

CARRIED

## 4. Financial Report

### 4.1 20/21 Financial Report

The Legatus Group CEO provided a report including (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 (3) The Balance Sheet January 2021 and (4) Profit and Loss reports January 2021. The Legatus Group CEO provided an update on the progress of projects which have yet to commence or have variations.

Motion: That the committee notes the report.

Moved: Ian McDonald Seconded: Cr 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.

Moved: Colin Byles Seconded: Ian McDonald

CARRIED

## 6. Other Business

The Committee noted that Cr Denis Clark is not seeking reappointment to the Committee and wished to acknowledge the important contribution that he has made not only to the Committee but also to the Legatus Group and that his contributions have been extremely valuable.

## 7. Next meeting

Friday 28 May 2021 10.30am Council Chambers Jamestown.

*Meeting Closed at 11.25am*

## **4) BUSINESS ARISING NOT OTHERWISE ON THE AGENDA**

### **4.1 Financial Management Services**

Reports for Discussion

From: Simon Millcock Chief Executive Officer

**Recommendation: For noting.**

Background

Note Colin Davies will attend the meeting.

Following the recommendation by the Legatus Group Audit and Risk Management Committee the Legatus Group approved the contracting of CJ Davies Consulting for 3 years and the contract commenced on 1 April 2021.

The Flinders Ranges Council are continuing to process the current finances for this financial year including the annual financial statements.

Colin Davies assisted with the 2021/2022 draft budget and is currently working on Internal Controls / Disaster Recovery matters. Colin will work on the Long-Term Financial Plan which needs to occur in alignment with the Strategic Plan Review.

## 4.2 Review of Strategic Plan

Reports for Discussion

From: Simon Millcock Chief Executive Officer

**Recommendation: That the Committee supports the approach being recommended in the review of the Legatus Group 2018-2028 Strategic Plan report by the Legatus Group CEO.**

Background

The Legatus Group CEO has developed a report (Attachment 1) for consideration by the Legatus Group at their 11 June 2021 meeting with the following recommendations:

1. That the Legatus Group receives the report and accepts the 6 Key Findings outlined.
2. That the Legatus Group CEO provides a detailed response to each of the 6 Key Findings, develops a draft 3-year action plan and provides an update to the long-term financial plan for consideration at the Legatus Group Annual General Meeting on 3 September 2021.

The Legatus Group Strategic Plan 2018-2028 review has involved feedback through the following:

- (1) Workshop Legatus Group Board 5 March 2021
- (2) Attendance at members Council meetings /workshops (Oct – Dec 2020)
- (3) Survey
- (4) Reference to recommendations from current reports endorsed by the board
- (5) Input from staff
- (6) Legatus Advisory Group Consultations
- (7) CEO Performance Review 2021

Noting that it is influenced through the partnerships the Legatus Group has with the Landscape Board and 3 x Regional Development Australia organisations. This includes the Yorke Mid North Regional Plan (2018 -2028 Regional Roadmap) a plan owned by RDAYMN, Northern and Yorke Landscape Board and Legatus Group.

Plus, the partnerships with:

- South Australian Regional Organisation of Councils and their Strategic and Business Plans.
- Climate Change Sector Agreement, which is a joint plan between DEW, RDAYMN, RDABLGAP, Legatus Group and Northern and Yorke Landscape Board.

The current 3-year Action Plan for the Legatus Group Strategic Plan 2018-2028 expires 30 June 2021.

## Findings

1. Goals appropriate but could be strengthened by:
  - a. Greater clarity and relevancy with the need for increased input by the Board
  - b. Providing a greater platform for Mayors and CEOs of Constituent Councils to engage
2. Value in current partnerships whilst ensuring that there is clarity of the role to ensure no duplication.
3. Key focus areas for advocacy and collaboration:
  - a. Roads
  - b. Waste
  - c. Wastewater
  - d. Community
  - e. Climate Change
  - f. Coastal
4. Sub-regional approaches encouraged and supported.
5. Strengthen capacity building opportunities for both elected and operational members. Noting a level of complexity re communication and involvement across all member councils which could be strengthened by increased dialogue beyond just advisory committees.
6. Develop more effective ways of communicating and distribution of information.

### 4.3 CEO performance review

#### Reports for Discussion

From: Simon Millcock Chief Executive Officer

#### **Recommendations: For noting.**

#### Background

McArthur's commenced the external review of the Legatus Group CEOs performance following the 5 March 2021 Legatus Group meeting. This review covered the work of the CEO for the previous 12 months. All Board Members, selected CEO's, Staff and the CEO were given the opportunity to provide comments and scoring against 7 Key Result Areas. External Stakeholders were also invited to provide comments on their interactions with the CEO. There was 67% participation from the Board, 100% participation from CEO's and 50% participation from staff.

On 3 May 2021 Rebecca Hunt Divisional Manager Recruitment and Human Resource Consulting from McArthur held a meeting with Mayors Matthey, O'Brien and Reid who had been delegated to manage the performance of the Legatus Group CEO.

The Legatus Group CEO was then provided with a copy of the performance review report which Mayors Matthey, O'Brien and Reid approved to be included in the agenda for the 11 June Board meeting.

### 4.4 Internal Controls / Disaster Recovery

#### Reports for Discussion

From: Colin Davies Finance Officer

#### **Verbal report at the meeting.**

## **5 FINANCIAL REPORTS**

### **5.1 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 until 30 April 2021 (Attachment B)
2. Profit and Loss by Job - April 2021 report (Attachment C)
3. Profit and Loss Comparison (Attachment D)

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

Key items to note re the budget are:

Income is on track with following anticipated to be received:

- \$20,000 final payment coastal management action plan
- \$36,000 reimbursements for PhD interns may yet be closer to \$40,000
- \$12,000 conference income
- \$15,000 from LGA re CWMS

Expenses likely to be less than budgeted and these are mainly in the operation expenses / project costs:

- IT data gathering and digital research project \$25,000 yet to progress
- Transport - Bridge's report \$30,000 recommended in revised budget and a request for quote yet to be developed being held over for 21/22
- Wellbeing decreases by \$50,000 as the only project is research project via University of Adelaide
- Community Development Officer Training \$15,000 not fully allocated
- Reconciliation Action \$15,000 not fully allocated
- Transport - \$5,000 allocation to SAROC State Road Priority not commenced but offset by slightly high fee to HDS

Note as per previous reports the Consultants / Contractors budget amounts should be read together.

The Legatus Group CEO distributed the 3<sup>rd</sup> quarter budget comparison reports to all constituent council Mayors and CEOs in compliance with the Legatus Group Charter.



# Balance Sheet

Legatus Group as at  
30 April 2021

## Assets

Bank	30 Apr 2021	30 Jun 2020
Bank SA Cheque Account	22,043	52,686
Bendigo Business Banking Acc	-	25,070
<b>Total Bank Current Assets</b>	<b>22,043</b>	<b>77,756</b>
Accounts Receivable	35,530	93,409
Accrual: Interest Income	-	437
LGFA General	1,038,126	1,180,250
<b>Total Current Assets</b>	<b>1,073,656</b>	<b>1,274,095</b>
<b>Non-current Assets</b>		
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
<b>Total Non-current Assets</b>	<b>24,850</b>	<b>24,850</b>
<b>Total Assets</b>	<b>1,120,549</b>	<b>1,376,701</b>

## Liabilities

<b>Current Liabilities</b>		
Accounts Payable	8,400	18,799
Accruals	-	5,890
GST	(1,719)	-
Income Received in Advance	-	110,500
Prov : Annual Leave	10,314	10,314
<b>Total Current Liabilities</b>	<b>16,994</b>	<b>145,503</b>
<b>Non-Current Liabilities</b>		
Prov for Long Service Leave (NC)	7,070	7,070
<b>Total Non-Current Liabilities</b>	<b>7,070</b>	<b>7,070</b>
<b>Total Liabilities</b>	<b>24,064</b>	<b>152,572</b>
<b>Net Assets</b>	<b>1,096,485</b>	<b>1,224,129</b>

## Equity

Accumulated Surplus B/F	704,359	166,358
Current Year Earnings	(127,644)	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)
<b>Total Equity</b>	<b>1,096,485</b>	<b>1,224,129</b>

## Profit and Loss

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### Legatus Group 1 July 2020 to 30 April 2021

<b>Income</b>	<b>30 Apr 21</b>
41000 - Council Contributions	177,525
42001 - Grants : State Government	34,000
42002 - Grants : LGA	144,151
42003 - Grants : NRM	120,000
43000 - Interest : Bank Account	3
43001 - Interest : LGFA	7,440
44000 - Reimbursement	31,300
49000 - Other Income	3,795
<b>Total Income</b>	<b>518,214</b>
<b>Gross Profit</b>	<b>518,214</b>
<b>Less Operating Expenses</b>	
61001 - Payroll : Gross	206,562
61002 - Annual Leave	13,053
61003 - Sick Leave	1,941
61005 - Public Holidays	10,519
61006 - Superannuation Contributions	22,169
61007 - Workers Comp Premium	2,012
61008 - Other Employment Expenses	116
61009 - Professional Development	400
62001 - Accounting Services	1,595
62002 - Advertising & Promotion	3,060
62003 - Audit Fees	2,238
62004 - Bank Fees & Charges	68
62005 - Consultants	138,305
62006 - Contractors	189,236
62009 - Rent/Hire of Premises/Equip	4,896
63001 - Catering	3,344
63003 - Meals (non FBT)	212
63004 - Registration	529
63006 - Telephone & Internet	4,589
63007 - Postage & Stationery Supp	533
63009 - Fuel - Unleaded	2,423
63011 - Vehicle Maintenance	2,190
63012 - IT & Web	5,784
63013 - Vehicle Cleaning	24
64001 - FBT	4,908
69001 - Accommodation	2,835
69002 - Airfares	2,562
69004 - Insurance	7,980
69005 - Members Allowances	3,225
69006 - Travel : Reimbursement	1,475

## Profit and Loss

30 Apr 21

69007 - Conferences	6,301
69008 - Taxi & Other Fares	55
69009 - Other Sundry Expenses	601
69010 - Parking	121
<b>Total Operating Expenses</b>	<b>645,858</b>
<b>Net Profit</b>	<b>(127,644)</b>

## 6 2021/2022 BUSINESS PLAN AND BUDGET

### Reports for Discussion

From: Simon Millcock Chief Executive Officer

### Recommendation:

- 1. That the committee notes that the 2021/2022 Draft Business Plan and Budget were distributed in compliance with the Legatus Group Charter.**
- 2. That the committee notes the level of reserves identified in the 2021/2022 Draft Business Plan and Budget aligns with their previous recommendations.**

On 16 April 2021, the 2021/2022 Budget Draft (Attachment E) was prepared in consultation with the Finance Manager, including the break down for each project and distributed to all constituent councils.

This included the following notes on the level of reserves:

It has been recognised by the Board, Audit Committee and Management Group that the Legatus Group is seeking to have a manageable reserve that allows for around 18 months of core operational expense with some contingencies for any priority issue. The amount which has been agreed on previously is \$450,000. The 2021/2022 draft budget allows for \$480,000 which includes the allowance for up to \$100,000 relating to supporting the 3<sup>rd</sup> year for Drought Wellbeing which has not been utilised in the first 2 years.

There was no membership fee increase in 2020/2021 which is the only core source of income for the Legatus Group.

The LGA have advised that they will continue the base-level Regional Capacity Building Allocations indexed to the Adelaide CPI for one more year (2021-22) subject to the existing conditions. There will then be a review to inform the future of the Regional Capacity Building Allocations.

The 2021/2022 draft budget is seeking to use some of the reserves to continue with the advocacy and project work that can then leverage in partnership with councils and or others to gain increased resources for the region via grants.

Note there will need to be flexibility in the budget process as many grants will not be known at the time of developing the budget.

### Key Assumptions

1. Membership fees 2% increase in fee
2. LGA regional capacity grant of \$42,000 confirmed
3. LGA R&D funding will need to be applied for
4. LGA CWMS funding is being applied for
5. LGA, State and Commonwealth grants will need to be applied for. As such there would be no contracts entered or commencement of projects which require external funding until this funding is secured for those projects.

## **7 WORK PLAN**

### **Reports for Discussion**

From: Simon Millcock Chief Executive Officer

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

### **Background**

<b>Legatus Group</b>				
<b>Work Program 2018 – 2021</b>				
<b>Updated May 2021</b>				
<b>Activity</b>	<b>Timeframe</b>	<b>Status / Outcomes / Benefits Achieved</b>	<b>Date for review</b>	<b>Follow-up Action</b>
<b>CEO</b>				
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	
<b>Audit &amp; Risk Committee</b>				
Meetings at least twice in financial year	August / February / June	August to include review of the Annual report, February mid year review of the budget and June draft budget for next financial year	Each meeting	21/8/20, 13/11/20, 19/2/21 & 3/6/21
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	For AGM 3/9/21
Review of performance	August	Committee required to review its performance on an annual basis and this can occur at August meeting and be contained in the annual report	August 2021	
<b>Strategic Plan / Budgets</b>				
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	June 21	Strategic plan workshop held in March 2021 with Legatus Group Board and report with key findings to be discussed by the board 11/6/21 meeting.
3-Year Action Plan review	June 2021	3-year action plan approved 2018 and to be reviewed in line with review of the Strategic Plan	June - August 2021	Update in line with Strategic Plan key objectives
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.	June 21	Distributed and agenda item 11/6/21
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	June 21	Subject to approval to be distributed by 18/6/21

		provide to councils		
<b>Reports / external Audit</b>				
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 – March 2021 distributed to councils and presenting to June 21 Audit Committee and 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
<b>Policies / procedures / charter</b>				
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	Approach to web developers with quote to be received for consideration 21/22 business plan
Review of policies	Annual	This will be a 2-year review of	Jan 2022	Policies current and up to date

		the policies established in 2017		
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 – Finance Officer to provide report
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 - Finance Officer to provide report
<b>Meetings / membership</b>				
Annual General meeting	August	To be held no later than 30 September and for 2019/202 it is listed for Friday 4 Sept 2020.	Sept 2021	Listed 3 Sept 2021
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 to be distributed July - and decided AGM 3 September 2021
<b>Committees</b>				
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

## **8 OTHER BUSINESS**

## **9 NEXT MEETING**

Thursday 19 August 2021 10.30am Council Chambers Jamestown