



AUDIT & RISK MANAGEMENT COMMITTEE MEETING

Monday 22 November 2021 10.00am

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 Monday 22 November 2021, commencing at 10.00am

Contents

1. Meeting attendance and apologies	2
2. Minutes of previous meeting	2
3. Business arising not otherwise of the agenda	6
3.1 Committee position	6
3.2 Charter	6
4. Financial Reports	8
4.1 2020/2021	8
4.2 21/22	8
5. Strategic Plan and LTFP	9
6. Work Plan	10
7. Other Business	14
8. Next meeting	14

Attachments

- A - Charter
- B - Management representation letter
- C - Completion of audit letter
- D - Management Report October 2021
- E - Profit and Loss Report October 2021
- F - Bank Reconciliation October 2021

1) MEETING ATTENDANCE AND APOLOGIES

Meeting Attendance – confirmed

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

Apology

Nil

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 24 August 2021 be taken as read and confirmed.**
- 2. That the minutes of the Legatus Group Audit & Risk Management Committee Special Meeting held on 30 August 2021 be taken as read and confirmed.**

Background

Mayor Kathie Bowman provided a report to the 3 September 2021 Legatus Group meetings which included the minutes of the 24 August 2021 and the special meeting held on 30 August 2021. They assessed the recommendations and approved the following:

- i. Adopt the Employee Code of Conduct Policy and the Business Plan Policy.
- ii. Reappointed Ian McDonald to the Audit and Risk Management Committee and subject to his confirmation of being willing to continue Peter Ackland is also reappointed.
- iii. Noted the comments at item 4.2 of 24 August 2021 meeting.
- iv. Recommended to vary the Charter at Section 7.2.2 to read: The amount of each Constituent Council's subscription will be decided at the meeting where they adopt the Annual Business Plan and Budget and that subscriptions will be due and payable within one month of a written request from the Chief Executive Officer for payment.
- v. Dean Newberry and Partner reappointed as Legatus Group Independent Auditors.
- vi. Approved raising the level of delegation for the Legatus Group CEO to \$10,000.

- vii. Received the financial statement for the year ending 30 June 2021 and approved that it was a fair view of the state of the financial affairs of the Legatus Group and that the board certifies the annual financial report.

The Unconfirmed Minutes of Audit and Risk Management Committee Meeting 24 August 2021 Northern Areas Council Chambers & via Zoom. The meeting was opened at 10.30am.

1. Attendance

Committee: Mayor Kathie Bowman (Chair), Mayor Rodney Reid and Mr Colin Byles in person and Mr Ian McDonald via zoom.

In Attendance: Legatus Group CEO Mr Simon Millcock and Finance Officer Mr Colin Davies in person

Apology: Mr Peter Ackland

2. Welcome

Mayor Bowman welcomed everyone to the meeting.

3. Confirmation of Previous Minutes

Motion: That the minutes of the previous Legatus Group Audit and Risk Management Committee meeting held on 3 June 2021 be taken as read and confirmed.

Moved: Mayor Rodney Reid Seconded: Colin Byles

CARRIED

4. Business Arising Not Otherwise on the Agenda

4.1 Access to financial reports

The meeting noted that all members have been given access to the read only Xero files.

4.2 Moving into confidence

The Legatus Group CEO provided a report following the recommendation from the Legatus Group June meeting.

Motion: That the committee notes that a formal motion should be held as per the act and charter when the Legatus Group excludes people from attendance at their meeting.

Moved: Mayor Rodney Reid Seconded: Colin Byles

CARRIED

4.3 New Policies

The Legatus Group CEO provided a report and two draft new policies (1) Budget Framework Policy and (2) Code of Conduct for Employees.

Motion: That the committee recommends the Legatus Group adopt the Employee Code of Conduct Policy and the Business Plan Policy.

Moved: Ian McDonald Seconded: Colin Byles

CARRIED

5. Financial Reports

5.1 20/21

The Legatus Group CEO provided a report with the agenda and advised that due to several factors that the audited report has yet to be received. As such a special meeting will be arranged to discuss once it has been received from the auditor.

5.2 2021/2022

The Legatus Group Finance Officer provided the Legatus Group Financial Management Report for the 2021/2022 Financial Year and the Profit and Loss Report until 31 July 2021.

Motion: That the committee notes the report.

Moved: Mayor Rodney Reid Seconded: Ian McDonald CARRIED

5.3 Subscription Fees

The Legatus Group CEO provided a report with the agenda regarding the current timing of members subscriptions.

Motion: That the committee recommends the Legatus Group vary its Charter at Section 7.2.2 to read: The amount of each Constituent Council's subscription will be decided at the meeting where they adopt the Annual Business Plan and Budget and that subscriptions will be due and payable within one month of a written request from the Chief Executive Officer for payment.

Moved: Mayor Rodney Reid Seconded: Ian McDonald CARRIED

6. Strategic Plan and Long-Term Financial Plan

The Legatus Group CEO provided a report on the progress of the Strategic Plan and the Legatus Group Finance Officer provided the draft Long Term Financial Plan to accompany the Strategic Plan.

Motion:

1. That the committee notes that the Legatus Group received the report on the review of the Strategic Plan and that the draft Strategic Plan will be presented to the 3 September 2021 Legatus Group meeting for consideration.
2. That the committee notes the level of reserves identified in the Long Term Financial Plan is subject to continued council membership fees and the LGA annual contributions which provides a level of equity that has been previously identified as appropriate until 30 June 2024.

Moved: Mayor Rodney Reid Seconded: Ian McDonald CARRIED

7. Legatus Group Work Plan

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

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

Moved: Colin Byles Seconded: Mayor Rodney Reid CARRIED

8. Other Business

8.1 Committee positions

The Legatus Group CEO advised that the two-year appointments for the positions of Ian McDonald and Peter Ackland have expired and that the charter allows them to be eligible for reappointment. Ian McDonald indicated he would be willing to continue and Peter Ackland is currently on leave.

Motion: That the committee recommends the Legatus Group reappoint Ian McDonald to the Audit and Risk Management Committee and subject to his confirmation of being willing to continue Peter Ackland is also reappointed.

Moved: Mayor Rodney Reid Seconded: Colin Byles

CARRIED

8.2 Appointment of Auditor

The meeting discussed the need at the AGM for the appointment of an auditor.

Motion: That the committee recommends the Legatus Group reappoints Dean Newberry as the Legatus Group Auditors for 2021/2022.

Moved: Colin Byles Seconded: Mayor Rodney Reid

CARRIED

8.3 Delegation of authority for the CEO

The Legatus Group CEO discussed his current level of delegation for approving contracts which is \$5,000. There have been several projects with contracts in the mid range between \$5,000 and \$10,000 which have been where the supplier already has a successful service history with the Council. These fall into the Legatus Groups Procurement Policy of Direct Sourcing - No quotations necessary and the policy allows an amount of up to \$20,000.

Motion: That the committee recommends that the Legatus Group approve raising the level of delegation for the Legatus Group CEO to \$10,000.

Moved: Colin Byles Seconded: Mayor Rodney Reid

CARRIED

9. Next meeting

To be confirmed following AGM. Meeting Closed at 11.30am

Unconfirmed Minutes of Audit and Risk Management Special Committee Meeting 30 August 2021 via Zoom

The meeting was opened at 4.45pm.

1. Attendance

Committee: Mayor Rodney Reid, Mr Colin Byles and Mr Ian McDonald.

In Attendance: Legatus Group CEO Mr Simon Millcock and Finance Officer Mr Colin Davies in person.

Apology: Mayor Kathy Bowman and Mr Peter Ackland

2. Welcome – appoint Chair

The meeting noted that the term of reference requires 3 members to form a quorum. Due to Mayor Bowman being an apology Mayor Reid chaired the meeting.

3. 2020/2021 Financial Report

The meeting noted that following their 24 August 2021 meeting that a special meeting may be called to discuss the 2020/2021 Financial Report once it was received. The Legatus Group CEO received the 2020/2021 Legatus Group Financial Report on 27 August which was distributed to

the Audit and Risk Management Committee and the meeting arranged with invites to the committee.

The meeting provided the following feedback to the report:

- That council fees should be separated to show (1) the membership fees and (2) any other specific council supported projects.
- That the actual recorded loss of \$303,505 was less than the loss approved in 2020/2021 budget.
- That it was good to see that the projects in 20/21 have started to help reduce the reserves and that these funds are being used to benefit the region.

Motion: That the committee endorses the Legatus Group annual financial statement for the year ending 30 June 2021 as presenting a fair view of the state of the financial affairs of the Legatus Group and that the board certifies the annual financial statement.

Moved: Colin Byles Seconded: Ian McDonald CARRIED

Motion: The committee recommends that the Legatus Group retain Dean Newberry and Partners as the Legatus Group Independent Auditors.

Moved: Colin Byles Seconded: Ian McDonald CARRIED

4. Close of meeting

The meeting closed at 4.55pm

3) BUSINESS ARISING NOT OTHERWISE ON THE AGENDA

3.1 Committee positions

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: For noting.

Background

The Legatus Group on 3 Sept 2021 reappointed Ian McDonald to the Audit and Risk Management Committee and subject to confirmation of being willing to continue Peter Ackland. On 7 September 2021 Peter Ackland confirmed via email he was willing to continue.

3.2 Charter

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the Legatus Group have complied with their requirements for gaining approval to vary Section 7.2.2 of their Charter and that the majority of Constituent Councils have approved the variation.

Note: The committee may wish to discuss any other matters associated with the Charter.

Background

The variation to Section 7.2.2 of the Charter as recommended by the Board was distributed to all member councils for approval. The Charter may be amended by a resolution passed by a simple majority of the Constituent Councils but, before the Constituent Councils vote on a proposal to alter this Charter, they must take into account any recommendation of the Board.

As of 11 November 2021, the following 10 member councils have approved the variation: Adelaide Plains, Barossa, Clare & Gilbert Valleys, Copper Coast, Goyder, Light, Mt Remarkable, Orroroo Carrieton, Wakefield and Yorke Peninsula. As such this is a majority of the Constituent Councils. This information will be provided to the 10 December 2021 Legatus Group meeting for their approval so that the Legatus Group CEO can follow the requirements to advise the Minister and publish in the SA Government Gazette.

The current Charter (Attachment A) with the amendments to Section 7.2.2 will be an agenda item for the December 2021 Legatus Group meeting. With reference to the Audit Committee, it currently reads:

- The Legatus Group must establish an Audit and Risk Management Committee to be comprised of five (5) persons nominated by the Legatus Group and approved by the Constituent Councils.
- The members of the Audit and Risk Management Committee:
 - Must include two (2) professionally qualified officers, one of each from the staff of the Constituent Councils.
 - Must include at least 1 person who is not a member of the Board and who is determined by the Constituent Councils to have financial experience relevant to the functions of the Audit and Risk Management Committee.
 - May include elected members of the Constituent Councils.
 - Must have regard to the Act in performing their duties.
- The term of appointment of a member of the Audit and Risk Management Committee shall be for a term not exceeding two (2) years at the expiry of which such member will be eligible for reappointment.

The 3 September 2021 Legatus Group meeting approved that a review of its charter be undertaken with a need to consider proxies at board meetings and the election process and term of positions for Chair and Deputy Chairs.

4 FINANCIAL REPORTS

4.1 Legatus Group Annual Financial Statements 1 July 2020 – 30 June 2021

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the report and recommends that the Legatus Group undertakes a review its internal control framework surrounding the banking security procedures, level of insurance cover of assets and procurement practices.

Background

Following the adoption by the Legatus Group of the Annual Financial Statements 1 July 2020 – 30 June 2021 the Legatus Group CEO wrote to Dean Newberry and Partners with (Attachment B) Management Representations: External Audit, Financial Year Ended 30 June 2021.

The Legatus Group Annual Financial Statements 1 July 2020 – 30 June 2021 were distributed to all member councils.

Dean Newberry and Partners provided (Attachment C) Completion of Balance Date Audit – Financial Year Ended 30 June 2021. This noted:

1. They have received appropriate explanations for all material variations as between 2019/20 actual and 2020/21 actual (operating and capital).
2. There were no misstatements that had not been adjusted by the Administration that have been identified during their audit or that in their assessment, required to be reported to the Board of Management.
3. They recommended the Administration regularly undertakes a review and update of the effectiveness of internal controls operating throughout the Authority. From their experience, particular focus should be placed on the internal control framework surrounding the banking security procedures, level of insurance cover of assets and procurement practices.

4.2 21/22 Financial Report

Reports for Discussion

From: Colin Davies Finance Officer & Simon Millcock

Recommendation: That the committee notes the report and recommends that the Legatus Group CEO prepares a revised budget for consideration by the Legatus Group at their 11 March 2022 meeting.

Background

The Legatus Group Finance Officer has prepared the following reports:

1. Legatus Management Report for October 2021 (Attachment D)
2. Legatus Profit & Loss Jobs Report for October 2021 (Attachment E)
3. Bank reconciliation for October 2021 (Attachment F)

The Legatus Group CEO notes the following:

1. Income on track from Member Council membership fees and LGA Grants.
2. Income may be impacted re Members Council contributions for projects which may not commence.
3. Income will be impacted if no Federal and State Govt Grants are secured.
4. Employee costs will be lower by around \$40,000. The budget allowed for 3 part time officers for 12 months this is now 1 Project Officer (14 hour per week – 12 months) and 1 Admin Officer (25 hours per week – 9 months)
5. Not likely to spend \$100,000 on Wellbeing Officers although there may be some commitment this year and over coming years.

As such the budget may have a deficit closer to \$410,000 which is higher than the predicted \$366,000. In this scenario it will leave the cash reserves by 30 June 2022 at approximately \$510,000.

5 STRATEGIC PLAN AND LONG TERM FINACIAL PLAN

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the report.

Background

The current Legatus Group Strategic Plan 2018 -2028 was adopted by the Legatus Group on the 19 June 2018. During 2020/2021 a review of the Strategic Plan was undertaken, at the 11 June 2021 Legatus Group meeting they received a report on the review and accepted the 6 Key Findings outlined in the report. The meeting then required the Legatus Group CEO to provide a detailed response to each of the 6 Key Findings, develop a draft 3-year action plan and provide an update to the long-term financial plan for consideration.

The 3 September 2021 Legatus Group meeting was provided with the Draft Legatus Group Strategic Plan and Draft Legatus Group Long Term Financial Plan. That meeting received the plans and resolved that these be workshopped at the next meeting of the Legatus Group prior to them being distributed to Constituent Councils for approval.

6 Policies – Vaccination Covid-19

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: The committee recommends that the Legatus Group considers developing a Vaccination Policy in reference to its members, committees, contractors and officers.

Background

The Board has a critical role to play in directing and overseeing the organisation through the implementation of policies for both its members, committees, contractors and employees.

The Australian Government's policy is that COVID-19 vaccinations are voluntary for most Australians, although its aim is to have as many people as possible choose to be vaccinated.

On 28 June 2021, the Australian Government announced that COVID-19 vaccinations would be made mandatory for residential aged care workers.

Some states and territories have also issued public health orders mandating vaccination for certain industries or workers. For example, on 1 October 2021, the Victorian Government announced that all workers on the relevant 'Authorised Worker' list will be required to have

their first COVID-19 vaccine dose by 15 October 2021 to continue working onsite. These workers will need to be fully vaccinated by 26 November 2021.

The LGA have recently held a workshop on this matter and it is being discussed by individual member councils.

The Legatus Group have continued to follow all directions from the SA Government with regards its Covid-19 requirements for meetings and events.

With the likely outbreaks to occur following the opening of SA Borders the Legatus Group should consider this matter.

7 WORK PLAN

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation:

- I. That the committee notes the work plan is up to date.**

Background

Legatus Group Work Plan				
Updated November 2021				
Activity	Timeframe	Status / Outcomes / Benefits Achieved	Date for review	Follow-up Action
CEO				
Review of CEO performance	April	Consideration for 2022 via internal review process	April 2022	Subject to outcome of contract extension to be agenda item at the March 2022 Legatus Group meeting.
CEO contract extension	6 months prior to June 2022 end of current contract	Discussed in October 2021 with Chair and Deputy Chairs and to be an agenda item for Legatus Group Dec 2021 meeting.	Dec 2021	CEO required within 2 months of the date of any offer to provide response.
Set KPI's for next financial year	May	Agreed prior to the start of financial year	June 2021	21/22 Business Plan adopted
Terms and conditions of the engagement reviewed annually	May	Within 1 month of completing the performance review	June 2022	For discussion at June 2022 Board meeting
Audit & Risk Committee				

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	Feb 22	Meetings held August & November 2021.
Membership	March	Review to be held	March 2022	Membership updated June / August 2022
Annual report	June/July	Annual report to the board summarising its activities during the previous year	August 2022	20/21 Annual report adopted and distributed to member councils Sept 2021
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 2022	Completed for 2021 and next review will be held in conjunction with annual report for 2022.
Strategic Plan / Budgets				
Strategic Plan and Long term financial plan	March 2022	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	Dec 21	Strategic plan review completed and draft plan and draft LTFP – agenda item September 2021 Legatus Group meeting. Will be further workshopped Dec 2021 Legatus Group meeting before distribution to member councils.
3-Year Action Plan review	March 2022	3-year action plan approved 2018 and to be reviewed in line with review of the Strategic Plan	March 2022	Update in line with Strategic Plan key objectives and to be presented March 2022 Legatus Group meeting.
Annual Business Plan and Budget	April 2022	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 22	

Asset Management Plan		The only asset by Legatus Group is motor vehicle and this is managed through purchase based on board approvals.	Sept 22	The vehicle has completed 72,000 km as of 11 Nov 21 and as yet no need of review
Adopted Budget	June/July	Within 5 business days of the Legatus Group adopting the budget must provide to councils	June 22	Distributed June 2021
Reports / external Audit				
Quarterly financial reports	October/January/April/July	Prepare and present quarterly reports summarising the financial position with copies to constituent councils.	Dec 21	Monthly financial reports are completed and the reports are provided 4 times a year to the Audit committee and also the Legatus Group Board meeting. As such all council Mayors and CEOs are provided with financial reports every 3 months.
Annual report	July	To be distributed to the councils in time to incorporate in their annual reports	Sept 2022	Annual Report distributed to all member councils Sept 21 after it was approved at AGM.
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	Sept 2022	20/21 Audited Financial Report distributed to all member councils after it was approved at AGM.
Appointment of auditor	August	Legatus Group must appoint an Auditor in accordance with the Act	AGM 2022	Sept 21 AGM appointed Dean Newberry and Partners
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	December 2022	Section 7.2.2 amended and to be adopted Dec 21 and further review to be undertaken.

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.	Dec 2021	Website updates being progressed about 90% completed by end of October 21 and due to be completed fully by end of Nov 21.
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 2022	Current insurances are in place through LGA Mutual Liability Scheme and car is registered - Workers Comp advised of number of employees
Review and update of the effectiveness of internal controls operating	Annual	Initial review to be undertaken in consultation with Audit Committee	Dec 21	For consideration Dec 21 Legatus Group meeting following Auditor's report
Report on disaster recovery procedures	Bi-annual	Initial review to be undertaken in consultation with Audit Committee	March 22	For inclusion in agenda Audit Committee
Meetings / membership				
Annual General meeting	August	To be held no later than 30 September and for 2020/2021 occurred on Friday 3 Sept 2021.	Sept 2022	Listed for 9 Sept 2022
Confirm membership of the board	August	Confirm with constituent councils their Principal Member at AGM	Sept 2022	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 2022	Request for nominations called for and decided AGM 3 September 2021
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 2022	Board confirmed Sept 21 of Visitor Information Services Advisory Committee, CWMS and Roads and Transport Advisory committees.
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8 OTHER BUSINESS

9 NEXT MEETING