



AUDIT & RISK MANAGEMENT COMMITTEE MEETING

Tuesday 1 March 2022 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 Tuesday 1 March 2022, commencing at 10.30am

Join Zoom Meeting

<https://us02web.zoom.us/j/87525806915>

Meeting ID: 875 2580 6915

Passcode: 245996

Contents

1. Meeting attendance and apologies	2
2. Minutes of previous meeting	2
3. Committee Membership	5
4. Charter	6
5. Financial Reports	6
5.1 21/22	6
5.2 Budget Review	7
6. Strategic Plan and LTFP	8
7. Work Plan	9
8. Other Business	13
9. Next meeting	13

Attachments

- A - Management Report January 2022
- B - Profit and Loss Report January 2022
- C - Bank Reconciliation January 2022
- D - Budget Review 2 2021/2022

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

Background

Mayor Kathie Bowman provided a report to the 10 December 2021 Legatus Group meetings which included the minutes of the 22 November 2021 and the 30 November 2021 meetings. The Legatus Group received and noted these minutes.

Unconfirmed Minutes of Audit and Risk Management Committee Meeting 22 November 2021 held at Northern Areas Council Chambers

The meeting was opened at 10.00am.

1. Attendance

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

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

Apology: Mayor Kathie Bowman (Chair).

2. Welcome

Mayor Reid Chaired the meeting and welcomed everyone to the meeting.

3. Confirmation of Previous Minutes

Motion: That the minutes of the Legatus Group Audit and Risk Management Committee meeting held on 24 August 2021 be taken as read and confirmed.

Moved: Mayor Colin Byles Seconded: Ian McDonald CARRIED

Motion: That the minutes of the Legatus Group Audit and Risk Management Committee Special meeting held on 30 August 2021 be taken as read and confirmed.

Moved: Mayor Colin Byles Seconded: Ian McDonald CARRIED

4. Business Arising Not Otherwise on the Agenda

4.1 Committee positions

The meeting noted that Ian McDonald and Peter Ackland have been approved by the Legatus Group to continue their membership for 2 years until 7 September 2023.

4.2 Charter

The Legatus Group CEO provided a report following the Legatus Group September meeting for a review of the Charter and the variation to item 7.2.2. The meeting saw no need to vary the wording in the charter associated with item 6.5 that relates to the Audit Committee.

Motion: 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.

Moved: Mayor Peter Ackland Seconded: Colin Byles CARRIED

5. Financial Reports

5.1 20/21

The Legatus Group CEO provided a report with the agenda.

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

Moved: Ian McDonald Seconded: Peter Ackland CARRIED

5.2 2021/2022

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

Motion: That the committee notes the report.

Moved: Peter Ackland Seconded: Ian McDonald CARRIED

General discussion held on the notes provided by the Legatus Group CEO re the current financial position and likely variations to the budget. The meeting noted that the budget had been adopted by the Board at their 11 June 2021 meeting and that they had noted the budget review as of the 31 July 2021 at their 3 September 2021 meeting.

Motion: That the Audit Committee holds a Special Meeting for the purpose of a Budget Review before the 10 December 2021.

Moved: Peter Ackland Seconded: Ian McDonald

CARRIED

Motion: That the Audit and Risk Management Committee meetings are held quarterly and to include a budget review based on the end of the month financial reports from the month preceding the meeting.

Moved: Peter Ackland Seconded: Colin Byles

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 outcome of the 3 September 2021 Legatus Group meeting re a workshop at their 10 December 2021 meeting. The meeting was advised of the Regional Management Group recommendation that the Legatus Group delay its Strategic Plan workshop on 10 December 2021 and that the Regional Management Group will further develop the draft Legatus Group Strategic Plan. They will then provide an updated draft for the March 2022 Legatus Group meeting. Consensus was for Simon Millcock to discuss with Mayor Heaslip Chair of the Legatus Group and Sam Johnson Chair of the Regional Management Group.

Motion: That the committee notes the report

Moved: Mayor Colin Byles Seconded: Ian McDonald

CARRIED

7. Policies – Vaccination / Covid-19

The Legatus Group CEO provided a report with the agenda. Consensus was for Simon Millcock to discuss with Mayor Heaslip Chair of the Legatus Group re providing online options for the 10 December 2021 meeting.

Motion: The committee recommend that the Legatus Group CEO develops a Legatus Group COVID-19 Management Plan with reference to its members, committees, contractors and officers.

Moved: Ian McDonald Seconded: Colin Byles

CARRIED

8. 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 with the need for it to be flexible awaiting the outcome of the review of the Strategic Plan.

Moved: Peter Ackland Seconded: Colin Byles

CARRIED

9. Other Business

10. Next meeting

To be confirmed

Unconfirmed Minutes of the Special Audit and Risk Management Committee Meeting 30 November 2021 held via Zoom

The meeting was opened at 2.00pm.

I. Attendance

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

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

2. Welcome

Mayor Bowman welcomed everyone to the meeting.

3. Legatus Group 2021/2022 Budget Review

Following the 22 November 2021 Legatus Audit and Risk Management Committee where the meeting agreed to hold a Special Meeting for the purpose of a Budget Review before the 10 December 2021. The Legatus Group CEO and Finance Officer provided reports on the 2021/2022 Budget Review which were provided with the agenda. This resulted in a series of questions and responses being provided and discussions at the meeting.

The meeting resolved: That the Audit and Risk Management Committee recommends there is no change to Budget Review 1 and that all considerations for any changes are provided in Budget Review 2 being the mid-year review and that this review will include written information provided in a management format.

4. Other Business Nil

5. Meeting closed at 2.35pm

3. Committee membership

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendations:

- 1. That the Legatus Group CEO calls for expressions of interest for the position of a Board Member and 2 Professionally Qualified Officers selected from Council staff for the Legatus Group Audit and Risk Management Committee**
- 2. That the Committee recommends to the Legatus Group that they approve Ian McDonald to continue for a further 2 year term as the Independent Member of the from 6 June 2022 for the Legatus Group Audit & Risk Management Committee.**

The current status of membership to the committee is that Mayor Bowman, Peter Ackland, Colin Byles and Ian Mc Donald's terms will expire 5 June 2022. Mayor Rodney Reid's term expires in June 2023.

As such the current Legatus Group Audit & Risk Management Committee will be able to meet and provide advice to the Legatus Group on the current 2021/2022 Business Plan and Budget and the forthcoming 2022/2023 Business Plan and Budget in time for the Legatus Group 10 June 2022 meeting.

It is recommended that the Legatus Group CEO distributes an email to all Legatus Group Mayors and CEOs advising that at the Legatus Group meeting on 10 June 2022 the Legatus Group will need fill vacancies for the Legatus Group Audit and Risk Management Committee. It is noted that current members will be eligible for reappointment. Those interested will need to provide their names to the Legatus Group CEO prior to 27 May 2022 so they can be included in the agenda.

4 Charter

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation:

1. That the committee notes the Legatus Group have complied with their requirements for advising the Minister of the changes to the Charter and that this has been published in the Government Gazette and placed on the Legatus Group website.
2. That the updated Charter will be workshopped at the 11 March 2022 Legatus Group meeting.

Background

As outlined in the agenda and minutes of the Legatus Group Audit & Risk Management Committee Meeting held on 22 November 2021 and reported to the Legatus Group 10 December 2021 meeting the variation to Section 7.2.2 of the Charter had received a majority of the Constituent Council approvals.

A letter was sent to the Hon Josh Teague MP Minister for Planning and Local Government advising him of this change and providing him with a copy of the new Charter. This new charter has been published on the Legatus Group website and arrangement were made to have this published in the South Australian Government Gazette.

At the 10 December 2021 Legatus Group meeting The Legatus Group CEO provided a report with the agenda along with the Legatus Group Charter and the Legatus Group Chair invited discussion. General discussion held on the report and recommendations and the meeting deferred to a separate meeting on the Charter and this will be workshopped at the 11 March 2022 Legatus Group meeting.

5 FINANCIAL REPORTS

5.1 21/22 Financial Report

Reports for Discussion

From: Colin Davies Finance Officer

Recommendation: That the committee notes the report.

Background

The Legatus Group Finance Officer has prepared the following reports:

1. Legatus Management Report for January 2022(Attachment A)
2. Legatus Profit & Loss Jobs Report for October 2022 (Attachment B)
3. Bank reconciliation for October 2021(Attachment C)

5.2 21/22 Budget Review 2

Reports for Discussion

From: Colin Davies Finance Officer and Simon Millcock

Recommendation: That the committee notes the report and recommends that the Legatus Group receives the revised budget and advises that there is no need to submit the revised budget to member councils.

Background:

This report includes (Attachment D) the 2021/2022 budget review 2 as of 24 February 2022 for the variance report comparison includes actual to original budget. The revised budget does not seek to have any additional financial contribution from Constituent Councils.

The budget had been adopted by the Board at their 11 June 2021 meeting and they had noted the budget review as of the 31 July 2021 at their 3 September 2021 meeting.

At the Legatus Group 10 December 2021 meeting they received a report and pursuant to Section 123(13) of the Local Government Act 1999 and Section 7 of the Local Government (Financial management) Regulations 2011 they noted the contents of the Statutory Finance Reports for the period ending 30 November 2021. At this meeting they supported the Audit and Risk Management Committee recommendation that there is no change to Budget Review 1 and that all considerations for any changes are provided in Budget Review 2 being the mid-year review and that this review will include written information provided in a management format.

The 2021/2022 Budget included the following carry over amount of just under \$112,000 for projects which had commenced in 2020/2021 or funding that had to be expended in 2021/2022. This was made up of:

1. Stormwater Harvesting carry over \$10,000 which has now been spent
2. Brighter Futures carry over \$22,000 yet to be spent as waiting on grant funding via Dept Health to approve the variation to the project and this has recommenced – and due to be spent by 30 June 2022
3. Youth Volunteering LGA R&D Grant carry over \$10,000 now spent and acquitted
4. Yorke Peninsula Accessibility Project carry over \$9,7000 now spent and acquitted
5. Script development for CWMS Training carry over \$16,000 now spent and acquitted
6. LGA Regional Capacity Grant carry over \$43,989.46 – needs to be spent 21/22 and allocated against Projects

The 2021/2022 budget included an allowance for grants from State and Federal Government which were to be matched with possible Council Contributions for new projects in 2021/2022 including:

- Smart Irrigation
- Stormwater Harvesting
- Community Volunteering
- Tourism

These grants were not successful and these projects have not been progressed hence the significant decrease in both income and expenditure.

The 2021/2022 budget included an allocation of \$100,000 for Wellbeing which has not been required and this has been reduced to \$25,000 and waiting on possible project with Lifeline.

There is also a reduction in the employ expenses due to less projects and not employing 2 part time project officers but employing a part time administration officer.

The original budget had an operating deficit of \$366,300 and the revised budget has an operating deficit is \$269,300.

The revised budget provides for all carry over projects and grant funds to be expended by 30 June 2022 and to leave the Legatus Group with the total equity at \$717,488 as opposed to original budget of \$620,488.

In keeping with previous recommendations this would allow for just under \$270,000 to be utilised in coming business plans and budgets if the Legatus Group is to maintain the suggested equity of \$450,000.

Charter – The Legatus Group Charter relevant sections are:

5.1.6 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.

5.1.7 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.

6 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. This was presented to the Legatus Group at their September 2021 meeting where they requested that it be workshopped at their 10 December 2021 meeting.

Following a request by the Legatus Group Regional Management Group to also workshop the draft Strategic Plan the Legatus Group CEO provided a report to the 10 December 2021 meeting. The Legatus Group received and noted the report and determined that a workshop by the Legatus Group regarding the Legatus Group Strategic Plan and Long-Term Financial Plan will be held at the 11 March 2022 Legatus Group Meeting.

The Legatus Group Regional Management Group are undertaking a workshop on 25 February 2022.

7 POLICIES

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation:

1 That the Legatus Group resolve to progress with developing the following policies _____

2 That the Legatus Group removes the Informal Gathering Policy.

Background

The Legatus Group CEO has undertaken a review of the current Legatus Group Policies and the following have been identified as possible policies for the Legatus Group to consider.

- Code of Practice at Meetings
- Code of Practice for Access to Meetings and Documents
- Risk Management
- Member Induction
- Freedom of Information Statement
- Records Management

The Legatus Group currently have an Informal Gathering Policy. There has been Local Government reform and the *Statutes Amendment (Local Government Review) Act 2021* and due to this reform Informal Gatherings have now become Information / Briefing Sessions. Section 90A of the Local Government Act is a new section that replaces previous provisions and regulations relating to Informal Gatherings under Section 90(8). Section 90A of the *Local Government Act 1999* provides that the Council or the Chief Executive Officer may arrange for the holding of an Information or Briefing Session.

8 WORK PLAN

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation:

1. That the committee notes the work plan is up to date.

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	Chair and Deputy Chairs to undertake this year
CEO contract extension	6 months prior to June 2024 end of current contract	Following 10 Dec meeting offer extended and accepted 2 year extension from 6 June 2022	Dec 2023	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	Chair and four Legatus Group Mayors and an external consultant to review the Key Performance Indicators and set new and achievable Key Performance Indicators
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	February mid-year review of the budget and June draft budget for next financial year	May 22	Meetings held August & November 2021 & March 2022
Membership	March	Review to be held	March 2022	Membership to be updated at Legatus Group June meeting
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	August 2022	Completed for 2021 and next review will be held in conjunction with annual report for 2022.

		contained in the annual report		
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 every 4 years	March 22	Strategic plan review completed and draft plan and draft LTFP – agenda item September 2021 Legatus Group meeting. Was to be workshopped Dec 2021 Legatus Group meeting now being held March 22 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 77,000 km as of Feb 2022.
Adopted Budget	June/July	Within 5 business days of the Legatus Group adopting the budget must provide to councils	June 22	
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	March 2022	Section 7.2.2 amended and changes made and further review to be undertaken at legatus Group March meeting.
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 update completed.
Review of policies	Annual	This will be a 2-year review of the policies	June 2022	Policies current and up to date

		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 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	June 22	For consideration Legatus Group meeting following Auditor's report
Report on disaster recovery procedures	Bi-annual	Initial review to be undertaken in consultation with Audit Committee	June 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	Report to Legatus Group meeting March 2022 for extension of CWMS and Roads Transport Infrastructure and the formation of new committee Waste Management.

9 OTHER BUSINESS

10 NEXT MEETING