



**AGENDA AUDIT & RISK MANAGEMENT
COMMITTEE MEETING**

Tuesday 31 January 2023 10.30am

Council Chambers District Council Peterborough

108 Main Street Peterborough

to be followed by a workshop

Notice is hereby given that the next Audit & Risk Management Committee meeting of the Legatus Group will be held on Tuesday 31 January 2023 commencing at 10.30am

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Attachments:

- A. Legatus Group Management Report
- B. Profit and Loss Statement
- C. Budget Review
- D. Draft Strategic Plan
- E. Draft Long Term Financial Plan

1) MEETING ATTENDANCE AND APOLOGIES

1.1 Meeting Attendance

Present - Committee

Mayor Kathie Bowman	District Council of Orroroo-Carrieton
Mayor Rodney Reid	Wakefield Regional Council
Mr Stephen Rufus CEO	District Council of Peterborough (Chairman)
Mr Ian McDonald	Independent

In Attendance

Mr Simon Millcock CEO	Legatus Group
Mr Colin Davies	Legatus Group Financial Services
Tracey Raines	Legatus Group Admin

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 8 December 2022 be taken as read and confirmed.**

Background

The minutes of the meeting held on 8 December 2022 were distributed to all members and with the agenda for the 16 December 2022 Legatus Group Meeting. The Legatus Group received and noted the minutes and they have been published on the Legatus Group website at:

<https://legatus.sa.gov.au/wp-content/uploads/2022/12/Draft-Minutes-8-Dec-2022-1.pdf>

3) BUSINESS ARISING NOT OTHERWISE ON THE AGENDA

Nil

4 FINANCIAL REPORTS

4.1 2022/2023 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 attached Legatus Group Management Report (Attachment A) and the Profit and Loss Statement (Attachment B) for the 2022/2023 Financial Year until 31 December 2022. This will be provided to the Legatus Group meeting being held on 10 February 2023.

4.2 2022/2023 Budget Review

Reports for Discussion

From: Simon Millcock Legatus Group CEO

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 for their approval.

Background

This report includes the 2022/2023 budget review with the variance report comparison including actual to original budget. This has resulted in a revised reduced deficit of \$6,700 and no increase in council contributions.

The Legatus Group Charter says:

- 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.

The original budget was adopted by the Board at their 10 June 2022 meeting where they also approved:

1. The Legatus Group pays the SA Coastal Council Alliance membership fees of \$11,300 and makes an appropriate variation to its 2022/23 budget.
2. 3% pay rise to the Legatus Group CEO.

The Legatus Group 9 September 2022 meeting received a report including the Audit and Risk Management Committees recommendations and adopted the revised 2022/2023 Budget.

The Legatus Group 16 December 2022 meeting received a report including the Audit and Risk Management Committee recommendations and noted that a report Budget Review 2 will be provided following the next meeting of the Legatus Group Audit and Risk Management Group.

The Legatus Group CEO at that time had advised the Legatus Group Finance Officer of the following changes to expenditure which have been incorporated in (Attachment C) titled Budget Review 3.

1. Workers Comp may reduce by \$1,000 to \$2,900.
2. Vehicle Maintenance will need to go up by \$2,000 to \$3,000 as there was the need for new tyres and increased servicing (due to no new car this year)
3. IT & Web to go up by 1,000 as extra website updates were required.

The Legatus Group CEO after receiving attachments A and B of this agenda provided the following information to the Legatus Group Finance Officer which outlined various changes that have now been incorporated in Attachment C.

1. New project Community Continuity Planning listed under PO01.

\$92,000 Grant from State Govt – not all expected in this financial year as the project will cover both 22/23 and 23/24 so suggested allocating \$46,000 (50%) for this financial year in following manner. This was in alignment with the grant application and the contract which is being finalised and the project is expected to commence on 13 February 2023.

- a. Income
 - 42002 \$16,000 LGA Grant (have moved this amount from the \$25,000 allocated PO28)
 - 42201 \$46,000 SA Govt Grant
- b. Expenditure
 - Employee costs .3FTE 5 months \$11,000
 - Admin Officer increase by 5 hours per week commencing 13 Feb 2023
 - 62005 \$32,000 Consultants
 - 62009 \$3,000 Venue Hire
 - 63001 \$4,500 Catering

2. Interest 43001 from LGFA – increase by \$2,000 to \$14,000 due to the higher interest rates.

3. PO28 changes

- a. Income 42002 \$15,000 LGA Grant (other \$25k allocated PO01 \$16K PO22 \$6k and PO24 \$3k)
- b. Expenditure 62005 (\$5,000 Workforce \$10,000 Reconciliation)

4. 49000 income will now be \$9,000 (not \$10,000) as the 2 RDAs have committed \$3,000 each as has the Landscape Board
5. PO22 changes as further work required outlined in proposal from HDS and considered by the Road Transport Infrastructure Advisory Committee
 - a. Income 42002 \$6,000 LGA Grant
 - b. Expenditure 62005 \$30,000 (increase from \$16,000)
6. PO 24 Carbon Offsetting Project – Legatus may manage this project which is still to be confirmed
 - a. Income 42002 \$3,000 LGA Grant
 - b. Expenditure 62005 \$3,000

5 STRATEGIC PLAN AND LONG TERM FINANCIAL PLAN

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the report and that a revised draft Strategic Plan and Long Term Financial Plan will be provided to the Legatus Group 10 February 2023 meeting following input from the workshop by the Audit and Risk Management Committee.

Background:

The Legatus Group 9 September 2022 meeting received and noted the Legatus Group CEOs report and minutes of the Legatus Group Audit and Risk Management Committee on the draft Strategic Plan and Long Term Financial Plan 2022-2032.

That meeting noted that the Legatus Group is unable to adopt the Legatus Group Strategic Plan as The Barossa Council recommended the Legatus Group defers its decision. The meeting noted that the Legatus Group have:

- recognised the need to give consideration to the long-term sustainability by continuing its practice of using reserve funds; and
- that the revised Charter requires the Legatus Group to prepare and implement a 4-year Strategic Management Plan and removes the need to prepare and submit to the Constituent Councils for their approval a Long-Term Financial Plan covering a period of at least ten years.

The Legatus Group requested the Legatus Group CEO develop a report with input from the Legatus Group Audit and Risk Management Committee on options associated with the financial viability of the Legatus Group and that a workshop is held following the November 2022 Local Government Elections before providing recommendations to member councils for further consideration.

At the 8 December 2022 Legatus Group Audit and Risk Management Committee the following motions were carried:

1. Advise the Legatus Group that the committee will undertake a workshop in early 2023 and provide a report to the Legatus Group 17 March 2023 meeting on the long-term financial plan; and
2. that the Legatus Group CEO will rework the draft Strategic Plan to cover the years 2023-2027 for consideration by the Legatus Group at their 17 March 2023 meeting before distributing to member councils.

The Legatus Group meeting 16 December 2022 received a report on the Strategic Plan and Long Term Financial Plan and noted the Audit Committees minutes from 8 December 2022. The Legatus Group noted the report and encourages constituent councils to meet with the Legatus Group Chair and CEO to discuss the Legatus Group Strategic Plan prior to the March 2023 Legatus Group meeting.

The Legatus Group at their 16 December 2022 meeting recommended that their meeting scheduled for 17 March 2023 now be held in February. As such the Legatus Group Chair and CEO will not be able to meet with all constituent councils by the next Legatus Group meeting which is being held on 10 February 2023. Meetings have been scheduled for the majority of the member councils during February, March and April 2023.

The Legatus Group CEO in discussions with the Legatus Group Finance Officer prepared a draft revised Long Term Financial Plan for 4 years to align with a new 4 year Strategic Plan. The 8 December 2022 Audit and Risk Management Committee received this draft and associated report which was also provided with the agenda for the 16 December 2022 Legatus Group meeting and this forms the basis of the workshop.

The Legatus Group CEO has reworked the draft Strategic Plan to cover the years 2023-2027 (Attachment D) which will also be part of the discussions for the workshop along with the Draft Long Term Financial Plan (Attachment E).

6 CHARTER

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation:

- 1. The committee notes the report and recommends to the Legatus Group that a Special Meeting of the Board is held on-line Friday 2 June 2023 to consider the 2023/2024 Legatus Group Business Plan and Budget.**
- 2. That the Legatus Group when considering the next review of the Charter varies item 5.1.3 of the Legatus Group to read “the Legatus Group must adopt the Annual Business Plan and Budget before 30 June for the ensuing Financial Year”.**

Background:

5.1 Variation to item 3.2

The 8 December Audit and Risk Management Committee noted the report and recommends from The Barossa Council who requested for the consideration by the Legatus Group of a variation to item 3.2 of the Charter by August 2023. This will now be the subject of a report for the May 2023 Legatus Group meeting.

5.2 Change to meeting dates and adopting of Business Plan and Budget

At the 16 December 2022 Legatus Group meeting the board approved a change in its meeting dates which resulted in the June 2023 meeting now to occur on 19 May 2023.

This provides some logistical complexity due to the Legatus Group Charter at item 5.1 which says:

- 5.1.1 The proposed Annual Business Plan and the Budget must be referred to the Constituent Councils at least eight (8) weeks prior to the date of the meeting at which the budget is to be adopted.
- 5.1.2 Constituent Councils may comment on the Annual Business Plan and the Budget in writing to the Chief Executive Officer at least ten (10) business days before the meeting at which the budget is to be adopted or through its Board Member at that meeting.
- 5.1.3 The Legatus Group must adopt the Annual Business Plan and Budget after 31 May and before 30 June for the ensuing Financial Year.

As such this means there would have to be a Special Meeting after 31 May 2023 and before the 30 June 2023 for the purpose of adopting the Annual Business Plan and Budget. Once this date is known then the 8 week period can be calculated.

7 POLICIES

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the three draft policies are being workshopped which will assist with recommendations to the Legatus Group.

Background

The following three draft policies were provided with the agenda for the 10 December 2022 Audit and Risk Management Committee and the committee noted that these policies will be workshopped and then presented to the Legatus Group for consideration.

- 1. Induction
- 2. Risk Management
- 3. Records and Management

8 SIGNATORIES LEGATUS GROUP BANK

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: Notes the report

Background:

Following the recommendation by the Audit and Risk Management Committee meeting 8 December 2022 that Stephen Rufus be a signatory to the account the Legatus Group confirmed this at their 16 December 2022 meeting. This advice was provided to the Finance Officer and Stephen Rufus for actioning.

9 WORK PLAN

Reports for Discussion

From: Simon Millcock Chief Executive Officer

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

Legatus Group Audit and Risk Managamnet Work Plan				
Updated January 2023				
Activity	Timeframe	Status / Outcomes / Benefits Achieved	Date for review	Follow-up Action
Audit & Risk Committee				
Meetings at least twice in financial year	August / Dec / Jan / April	Jan mid-year review of the budget and April budget for next financial year	April 23	Meetings held to date have been in August, Dec and Jan
Membership	March	Review to be held	March 2023	Membership to be considered review of charter
Annual report	August	Annual report to the board summarising its activities during the previous year	July 2023	21/22 Annual report was adopted at the AGM and distributed to members
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	July 2023	To be held in conjunction with annual report for 2023.
Strategic Plan / Budgets				
Strategic Plan and Long term financial plan	June 2023	Draft to be distributed to member councils Feb 2023	May 2023	Refer to agenda item 4
2-Year Action Plan review	June 2023	Draft to be distributed to member councils Feb 2023	May 2023	In line with Strategic Plan

Annual Business Plan and Budget	April 2023	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 23	Meetings to be held with member councils Feb – March 2023 by Legatus Group Chair and CEO Refer item 5 of this agenda
Asset Management Plan		The only asset by Legatus Group is motor vehicle and this is managed through purchase based on board approvals.	Sept 23	Quotes received for new vehicle and approved for purchase July 22 but may take 12-18 months to secure.
Adopted Budget	June	Within 5 business days of the Legatus Group adopting the budget must provide to councils	June 23	Adopted June 2022 – reviewed quarterly with 2 reviews undertaken to date refer item 4.2 of this agenda
Reports / external Audit				
Quarterly financial reports	Sept / Dec / March / June	Prepare and present quarterly reports summarising the financial position with copies to constituent councils.	Feb 23	Monthly financial reports are completed and distributed to the Audit committee and the most recent is provided to the Legatus Group Board meeting. As such all council Mayors and CEOs are provided with financial reports every 3 months.
Annual report	August	To be distributed to the councils in time to incorporate in their annual reports	August 2023	AGM being held 25 August 2023.
Annual financial statements / audit	August	Ensure that the financial statements are audited and that they are submitted to the board and councils by 30 September	August 2023	AGM being held 25 August 2023.
Appointment of auditor	August	Legatus Group must appoint an Auditor in	AGM 2023	Current Auditor in 4 th year and decision at 25 August AGM

		accordance with the Act		
Policies / procedures / charter				
Review of charter	Every 4 years	The charter has been reviewed in 2022 and recommendation approved by member councils	March 23	Refer agenda item 5 of this agenda.
Communications	Annual	Review of the Legatus Group website and ensure charter, strategic plan and reports are easily accessible.	Ongoing	Website update completed. Bi-monthly CEOs report to Councils instigated in 2022.
Review of policies	Annual	This will be a 2-year review of the policies established in 2017	Feb 2023	For report to new board.
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	March 23	Current insurances are in place through LGA Mutual Liability Scheme and the 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	March 23	For consideration Legatus Group
Report on disaster recovery procedures	Bi-annual	Initial review to be undertaken in consultation with Audit Committee	June 23	For inclusion in agenda Audit Committee

10 NEXT MEETING

Friday 5 May 2023 10.30am venue to be confirmed.