



AUDIT & RISK MANAGEMENT COMMITTEE MEETING

Monday 14 August 2023 9am

Join Zoom Meeting

<https://us02web.zoom.us/j/87073193816>

Meeting ID: 870 7319 3816

Passcode: 322241

Notice is hereby given that the next Audit & Risk Management Committee meeting of the Legatus Group will be held on Monday 14 August 2023 commencing at 9am

Contents

1	Open	3
	1.1 Meeting attendance and apologies	3
2.	Minutes of previous meeting	3
3.	Business arising not otherwise of the agenda	3
	3.1 Membership	3
4.	Financial Reports	4
	4.1 2022/2023 Annual Reports	4
	4.2 2023/2024 Financial Report	5
	4.3 2023/2024 Budget Review I	5
5.	Strategic Plan / Charter / CEO Reviews	6
6.	Work Plan	7
7.	Other Business	10
8.	Next meeting	10

Attachments:

- A. 2022/2023 Annual Reports
- B. Regulation 10 Budget Comparison Report
- C. Management Report 31 July 2023
- D. Bank Reconciliation 31 July 2023
- E. 2023/2024 Budget Review I

1) MEETING ATTENDANCE AND APOLOGIES

1.1 Meeting Attendance

Present - Committee

Mayor Rodney Reid	Wakefield Regional Council
Mr Peter Ackland CEO	Port Pirie Regional Council
Mr Stephen Rufus CEO	District Council of Peterborough
Mr Ian McDonald	Independent

In Attendance

Mr Simon Millcock CEO	Legatus Group
Mr Colin Davies	Legatus Group Financial Services
Ms Tracey Rains	Legatus Group

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 5 May 2023 be taken as read and confirmed.**

Background

The minutes of the meeting 5 May 2023 were distributed to all members and provided to the 19 May 2023 Legatus Group Meeting. The Legatus Group received and noted the minutes which can be found at: <https://legatus.sa.gov.au/wp-content/uploads/2023/05/Draft-Minutes-5-May-2023.pdf>

3 BUSINESS ARISING NOT OTHERWISE ON THE AGENDA

3.1 Membership

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation: That the committee notes the report.

The Charter at clause 6.5 requires the establishment of an Audit and Risk Management Committee and their appointments cannot exceed two (2) years although at the expiry of which such a member will be eligible for reappointment.

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 and must have regard to the Act in performing their duties.

The current committee members Mayor Rodney Reid and CEO Peter Ackland appointments expire in 2023. Independent member Ian McDonald's term expires in June 2024.

At the 10 June 2022 Legatus Group meeting the Legatus Group appointed Stephen Rufus CEO District Council of Peterborough and Mayor Kathie Bowman District Council of Orroroo Carrieton as members of the Legatus Group Audit and Risk Management Committee. As such their terms expire in June 2024.

Mayor Kathie Bowman has given notice of her retirement and this leaves the following positions to be filled at the AGM:

- 2 x elected members of the Constituent Councils (have traditionally been Mayors)
- 1 x professionally qualified officers staff of the Constituent Councils (have traditionally been CEOs)

Note that at the expiry of a members term such member will be eligible for reappointment.

The Legatus Group CEO called for Expressions Of Interest (EOI) from constituent councils for the vacant positions which will be an agenda item for the AGM on 25 August 2023. The call was for nomination to be received by Thursday 3 August 2023. Mayor Stephen McCarthy had raised his interest via a phone call.

4 FINANCIAL REPORTS

4.1 22/23 Annual Reports including Financial Report

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation that the committee:

- 1. Endorses the Legatus Group annual financial statement for the year ending 30 June 2023 as presenting a fair view of the state of the financial affairs of the Legatus Group and recommends that the board certifies the annual financial statement subject to receiving the final Auditors report.**
- 2. Notes the Budget Variation Regulation 10 Report for 2022-23 as being compliant and recommends that the Legatus Group receive and notes the report.**
- 3. Recommends that the Legatus Group retain Dean Newbery as the Legatus Group Independent Auditors.**

Background

The Legatus Group Auditor Dean Newbery advised that they have completed the 22/23 Financial Report which is contained in Attachment A. This is the 4th year that Dean Newbery and Partners have undertaken the Legatus Group Audit.

They have advised that due to having yet to receive the Fraud Questionnaire from the Chair of the Audit Committee they are unable to provide their Audit Report. They advised that they

anticipate a clean Audit Opinion will be issued and if the report is received prior to the Audit Committee meeting it will be distributed.

The Legatus Group CEO has arranged for the certification of the auditor's independence to be signed by all 15 CEOs and Chair of the Audit and Risk Management Committee and Legatus Group Chair.

The financial report provides the following comparison to the approved revised budget:

Description	Actual	Approved revised budget
Income	321,814	327,400
Expenses	441,154	500,200
Deficit	-119,340	-172,800
Total Equity	499,832	514,700

The Legatus Group Regulation 10 Report for 2022-23 for the budget comparison is provided as Attachment B.

Regulation 10 of the Local Government (Financial Management) Regulations 2011 requires the report to be presented in a manner consistent with the Model Financial Statements. The report must include each item shown in the statement of comprehensive income and balance sheet of the financial statements, excluding notes as well as results of the previous year's financial indicators compared with estimates adopted in the original budget.

There is an added explanation for the Reg 10 report.

4.2 23/24 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 C) and the Bank Reconciliation (Attachment D) for the 2023/2024 Financial Year until 31 July 2023.

4.3 2023/2024 Budget Review I

Reports for Discussion

From: Colin Davies Finance Officer and 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.

Background

Attachment E is the 2023/2024 budget review and this shows a decreased deficient of \$6,000 and this is made up from:

- Increased allocation from the SAFECOM Grant to be shown in the 2023/2024 budget
- Increase in interest rates
- Decrease in the LGA Grant Fund
- Decrease in other income as not managing the Alliance Forum in 2023/2024

This shows an increase of \$15,400 income and increase of expenses \$9,400.

5 STRATEGIC PLAN, CHARTER CEO POSITION REVIEWS

Reports for Discussion

From: Simon Millcock Chief Executive Officer

Recommendation:

I. That the committee notes the report.

The 19 May 2023 Legatus Group meeting received a confidential report on the Legatus Group CEOs Performance 2022/2023. The Legatus Group CEOs contract expires in June 2024 and there is a requirement that 6 months' notice is to be given if there is an extension to be offered.

The meeting also received reports on the draft Legatus Group Strategic Plan and the Legatus Group Charter.

The meeting directed the following to occur:

1. The CEO seeks quotes for a consultant to conduct an external review of the CEOs position and that this review be conducted in August and September 2023.
2. CEO to obtain quotations from at least three (3) independent consultants to (1) complete a review of the Legatus Group Charter and (2) facilitate the development of a new Strategic Plan. These quotations be presented to the Board at the next scheduled Ordinary Legatus Board Meeting for consideration and decision (Friday 25 August 2023).
3. The review of the Charter includes a full review and specific emphasis on narrowing and limiting the current operational focus of the Legatus Group and pivoting to its key responsibility of advocacy. This will include the preparation of an independent report, from the appointed consultant, reporting on the outcome of the review including proposed amendments to the Charter.
4. The Strategic Plan is to have a specific emphasis on narrowing and limiting the focus to items of clear and direct relevance to Constituent Councils only and pivoting the Legatus Group to the key responsibility of advocacy. The consultant will report directly to the Board with the draft Strategic Plan and report on the success of narrowing and limiting the Strategic Plan to items of clear and direct relevance pivoting to the key responsibility of advocacy.
5. The review of the Charter and the new Strategic Plan is to include workshops with the Board and the Regional Management Group.
6. The process be commenced with the intention of completing the review as soon as practical.

As of the 8 August 2023 – following the use of the Legatus Group Procurement Policy and delegated authority and with input from the Legatus Group Chair, Deputy Chairs, Chair of the Regional Managamnet Group and Audit Committee BRM Advisory have been contracted to undertake the Review of the CEOs position.

The closing date for the quotes re the Strategic Plan and Charter is Thursday 10 August 2023 in time for a report to be prepared for the 25 August 2023 Legatus Group meeting.

Note:

This work will be undertaken whilst the Legatus Group operates under its current Charter and as such the following are required for any changes:

- 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.
- The Legatus Group must submit the Strategic Plan to the Constituent Councils for their approval.

Timelines would dictate that the appointment of the consultants re the Strategic Plan and Charter reviews will occur after the 25 August 2023 and that the project commences September.

It is anticipated workshops / reports being completed by November for appropriate recommendations to the Board and then to Constituent Councils. This would allow the councils at their December / January meetings to discuss and provide responses.

As such timelines are likely that the Legatus Group February 2024 meeting would confirm the outcomes and then allow if needed the legal requirements for notice to Minister / Govt Gazette to occur in March 2024.

6 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 Work Plan				
Updated August 2023				
Activity	Timeframe	Status / Outcomes / Benefits Achieved	Date for review	Follow-up Action
CEO				
Review of CEO performance	April	Consideration for 2024 via internal review process	April 2024	Delegation to be agenda item as August 2023 AGM.
CEO contract extension	6 months prior to June 2024 end of current contract	2 year extension from 6 June 2022	Dec 2023	Review being undertaken by BRM Advisory with report due for November 2023 Legatus Group meeting

Set KPI's for next financial year	May	Unable to occur prior to the start of financial year	Feb 2024	Board to refer to confidential minutes of the 15 May 2023 Legatus Group meeting.
Terms and conditions of the engagement reviewed annually	May	Within 1 month of completing the performance review	Feb 2024	For discussion following November 2023 Legatus Group meeting
Audit & Risk Committee				
Meetings at least twice in financial year	August / Nov / Feb / May	August – review annual financial report - February mid-year review of the budget and May budget for next financial year	May 24	Meetings to be held 2 weeks prior to board meetings
Membership	March	Review to be held	March 2024	Membership to be considered review of charter
Annual report	June/July	Annual report to the board summarising its activities during the previous year	August 2023	22/23 Annual report to be presented with agenda at the August AGM – Chairs report completed
Review of performance	May 2023	Committee required to review its performance on an annual basis and this can occur at May meeting and be contained in the annual report	May 2023	To be held in conjunction with annual report for 2024.
Strategic Plan / Budgets				
Strategic Plan and Long term financial plan	August 2023	Expressions for quotes to undertake review distributed	Feb 2024	Previous reviews not approved and current process underway for consultant to undertake the review to be confirmed at August 2023 Legatus Group meeting.
3-Year Action Plan review	Feb 2024	To be decided subject to review	Feb 2024	Update in line with Strategic Plan
Annual Business Plan and Budget	April 2024	2023/2024 adopted at the 19 May 2023 Legatus Group meeting.	June 2024	Current plan in place.
Asset Management Plan		The only asset by Legatus Group is motor vehicle and this is managed through purchase based on board approvals.	Feb 2024	Quotes received for new vehicle and approved for purchase July 22 but may take 12-18 months to secure. Still no progress.
Adopted Budget	June/July	Within 5 business days of the Legatus Group adopting the	June 23	Adopted May 2023 – reviewed quarterly with next review August 23 refer agenda.

		budget must provide to councils		
Reports / external Audit				
Quarterly financial reports	Oct/January/ April/July	Prepare and present quarterly reports summarising the financial position with copies to constituent councils.	July 23	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	August	To be distributed to the councils in time to incorporate in their annual reports	Sept 2023	Annual Report agenda item for the AGM 25 August 2023.
Annual financial statements / audit	September	Ensure that the financial statements are audited and that they are submitted to the board and councils by 30 September	Sept 2023	Audited Financial Report agenda item AGM 25 August 2023.
Appointment of auditor	August	Legatus Group must appoint an Auditor in accordance with the Act	AGM 2023	25 August 2023 agenda item for the AGM
Policies / procedures / charter				
Review of charter	Every 4 years	The charter has been reviewed in 2022 and consultants to be appointed in August 2023 for new review	Feb 24	Report due in November 2023 for distribution to member councils.
Communications	Annual	Review of the Legatus Group website and ensure charter, strategic plan and reports are easily accessible.	Dec 2023	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 2024	For report to 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 24	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	Nov 2023	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 24	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.	August 2023	Listed for 25 August 2023
Confirm membership of the board	August	Confirm with constituent councils their Principal Member at AGM	August 2023	
Appointment of Chair and Deputy Chairs	July	Call for nominations for the Chair and Deputy Chair positions for the Annual General has been made	AGM 2024	Request for nominations called for and decided AGM 9 September 2022 2 year terms.
Committees				
Review of all committees and their terms of reference	September	CEO to prepare a report annually to the board on the status of all Legatus Group committees with recommendation on their terms of reference including their length of operation	August 2023	Expressions of Interest for vacancies to be called for by November 2023 Legatus Group meeting.

7 OTHER BUSINESS

8 NEXT MEETING

Subject to the approval of meeting dates by the Legatus Group following their AGM