

City of Mount Gambier Audit Committee Annual Report for 2015/2016

This 2015/2016 Annual Report presents a summary of the *City of Mount Gambier* Audit Committee's activities undertaken and recommendations made during the 2015/2016 *financial year*. It includes a review of the Committee's Work Program 2014-2018.

Conduct of Meetings

The Committee met on four occasions during the period 1st July, 2015 to 30th June, 2016 with the following attendance:

Date	No of Members Attending
28/07/2015	3 of 3
13/10/2015	3 of 3
22/03/2016	2 of 3
31/05/2016	2 of 3

Committee Member	No of Meetings Attended
Donald Currie	3 of 4
Jeroen Zwijnenburg	3 of 4
Cr Sonya Meziniec (from 2015)	4 of 4

Committee Activities

The principal issues addressed by the Audit Committee during the 2015/2016 financial year are detailed in Attachment I to this report.

Members Training

During 2015/2016 year, Audit Committee Members attended the following training courses/sessions:

Training Course/Session	Date(s)	Provider	Members Attending
Nil			

Audit Committee Evaluation

The Audit Committee undertook a review of its Terms of Reference and also the Self Assessment of its own performance on 2nd August, 2016. The Self Assessment was undertaken by all Committee Members and took into account factors such as:

- the Committee's work program;
- the Committee's operating environment;
- the stage of maturity of the Committee;
- Council's strategic directions;
- Council's risk and control environment;
- current and emerging trends and factors;
- the outcomes of previous self-assessments.

The Audit Committee's comments and recommendations resulting from its examination (on 2nd August, 2016) of its Terms of Reference and its Self Assessment are to be documented to Council using the following table:

Issue	Comment(s)	Recommendation(s)
<i>Role & Terms of Reference</i>	<i>The Audit Committee is of the view that functions and extent of authority as defined under S126(4) LGA are adequately defined in the Terms of Reference established by Council</i>	<i>The Audit Committee is of the view that its role and function is not to compete with the role of the Corporate and Community Services Committee, nor to make decisions in lieu of Council, but rather to examine and comment on financial statements/internal control framework and activities of Council</i>
<i>Independence</i>	<i>The Audit Committee is of the view that it is able to form opinions and express views without coercion or undue influence of external persons or bodies</i>	<i>The Audit Committee believes the invited attendance of the CEO, Director - Corporate Services, Finance Manager and Management Accountant provides direction without influence. Continued attendance is desirable</i>
<i>Committee Skills/Training</i>	<i>The Audit Committee is of the view that its members have been selected due to their qualifications and expertise</i>	<i>Members consist of accounting representation and are subject to ongoing professional training</i>
<i>Council Structure and Decision Making</i>	<i>The Audit Committee have been made aware of the processes of Council and are provided with copies of public financial statements, policies and reports of Council</i>	<i>Audit Committee Members have been made aware of the Council structure and decision making process following the recent review of Council's decision making structure and the completion of an organisational and functional review</i>
<i>Meeting Operation and Frequency</i>	<i>The Audit Committee has been meeting on a regular basis since inception</i>	<i>The Audit Committee holds the view that current frequency and duration is adequate to address issues</i>
<i>Resources available to the Audit Committee</i>	<i>The Audit Committee utilises the resources of Council through the attendance of the CEO, Director – Corporate Services, Finance Manager and Management Accountant and other employees as requested</i>	<i>The Audit Committee has liaised with external auditors and Council employees as required in order to meet its role and terms of reference</i>

<i>Audit Committee's working relationship with Council and the senior management team</i>	<i>Council appears to be aware of role and function of Audit Committee. Presence of CEO, Director – Corporate Services, Finance Manager and Management Accountant assist Audit Committee in decision achievement</i>	<i>No issues of conflict have arisen. The Audit Committee recognises the significant role played by Council employees to address and advise the Committee</i>
<i>The Audit Committee members' understanding of financial indicators (and targets for these) being used to assess the Council's performance work program</i>	<i>The Audit Committee regularly monitors and assesses financial performance indicators as published. Comparison with other Councils and advice from LGA is also noted</i>	<i>The Audit Committee holds the view that expenditure allocation, particularly depreciation, greatly affects financial indicators and status</i>
<i>The Audit Committee's access to appropriate Council information</i>	<i>The Audit Committee notes the inclusion of its role and function in decisions of major financial expenditure</i>	<i>The Audit Committee is able to be involved with complementary committees, receive financial expenditure projections and reviews of major expenditure and contract negotiation and is able to actively participate in Council.</i>
<i>The extent to which the Audit Committee's advice is contributing to the effective operation of the Council</i>	<i>The Audit Committee recognises that its role and terms of reference are a requirement of the LGA. Members are cognisant of their requirement to monitor and review financial practices and, public financial statements of Council</i>	<i>The Audit Committee holds the view that its function and role will be increasingly viewed as complimentary to Council in its activities for ratepayers</i>

The Audit Committee is currently satisfied that its Terms of Reference remain appropriate. The Self Assessment and the Terms of Reference Review will be reviewed again in respect of the 2016/2017 year.

As part of the self assessment process the Audit Committee may recommend training/ professional development for its Members:

Training/Professional Development Need	Committee Member
<i>Nothing specified at this time</i>	

Audit Committee Work Program 2014-2018

As a result of its review of activities on 2nd August, 2016 the Audit Committee updated the Work Program 2014 - 2018 (to version 9) which is attached hereto and which is recommended for endorsement by Council.

Presiding Member

The Annual Report was considered by the Audit Committee on 2nd August, 2016 and recommended for adoption.

Audit Committee Members are prepared to make themselves available at the Corporate and Community Services Committee to discuss or clarify any aspects of the 2015/2016 Audit Committee Annual Report.

**CITY OF MOUNT GAMBIER
AUDIT COMMITTEE
2ND AUGUST, 2016**

14th June, 2016
MJT

Attachment 1

Principal Issues Examined		Comment / Status	Recommendations to Council
External Auditor	2015 Interim Audit	Review Audit Management Letter Recommendations	Implement and monitor recommendations
External Auditor	2015 Statutory Audit	Review Audit Management Letter Recommendations	Implement and monitor recommendations
External Auditor	Meeting Attendance	Represented at 3 of the 4 Meetings	
Audit Committee	2015 Annual Report to Council	Incorporating <ul style="list-style-type: none"> - Review of Terms of Reference - Self Assessment process - Review Audit Works Program 	Recommendations adopted by Council
Policy Reviews	Fraud and Corruption Framework Whistleblowers Policy Internal Review of Council Decisions Complaints Handling Risk Management Framework Procurement Policy Monitoring Budget Performance	Ensure Review Completed Ensure Review Completed Ensure Review Completed Ensure Review Completed Ensure Review Completed Ensure Review Completed Review	Adopted by Council Adopted by Council Recommendations adopted by Council Recommendations adopted by Council Recommendations adopted by Council Recommendations adopted by Council Recommendations adopted by Council
Long Term Financial Plan	Review of Long Term Financial Plan	Monitor annual review process	Recommendations adopted by Council
Risk Management	Policy review Business continuity	Consider regular reports / updates / presentations Ongoing Governance and Corporate Risk Updates	Information Report to Council Information Report to Council
Financial Internal Controls	Internal Program	Adoption of Risk Assessments Program Report/Findings	Recommendations adopted by Council Information Report to Council
Treasury Management	Annual Report	Review	Recommendations adopted by Council
Council Annual Report		To Audit Committee for information	Information report to Council
Business Plan and Budget Program		To Audit Committee for information	Information report to Council
Budget Reviews (5 of)		Review in context of Council policy	Information report to Council
Information Reports	Various	Strategic Plan – KPI Review Investment Review Draft Business Plan and Budget SA Grants Commission database comparative reports Council delegations and appointments review Council fees and charges review Conflict of Interest (LG Act Provisions) Valuation and rating review External Audit Services - Expiry of Contract	Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council Recommendations Adopted by Council
Annual Financial Statements	2015/2016	Adoption Certify Independence of Council Auditor	Recommendations Adopted by Council Recommendations Adopted by Council
Financial Sustainability Asset Management Asset Revaluation Strategy	Key Financial Indicators Update of Plan	Report on 2014/2015 Results Review Plan Update / Amend Strategy	Recommendations Adopted by Council Recommendations Adopted by Council Recommendations Adopted by Council