



**AUDIT & RISK MANAGEMENT COMMITTEE
MEETING
Friday 20 April 2018**

**Location: District Council of Orroroo Carrieton
17 Second Street Orroroo**

Notice is hereby given that the next Audit & Risk Management Committee meeting of the Legatus Group will be held on 20 April 2018, commencing at 9:30am in the Council Chambers, District Council of Orroroo Carrieton at 17 Second Street Orroroo.

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1) MEETING ATTENDANCE AND APOLOGIES

Meeting Attendance

Present

Chairman Kathie Bowman
Mayor Colin Nottle
Mr Colin Davies CEO

District Council of Orroroo-Carrieton
District Council of Mount Remarkable
The Flinders Ranges Council

Apology

Mayor Ray Agnew (Chairman)

Yorke Peninsula Council

In Attendance

Mayor Peter Matthey
Mr Simon Millcock CEO

Chairman Legatus Group (Regional Council of Goyder)
Legatus Group

Note re quorum: A quorum shall be three members.

2) APPOINTMENT OF CHAIRMAN

The terms of reference for the committee are silent on the appointment of a Chairman in the absence of the board appointed Chairman. The Legatus Charter allows for board members present at a meeting with no Chair or Deputy Chairs to appoint a board member from amongst them, who shall preside for that meeting.

Recommendation: The committee appoint a Chair for the meeting.

3) MINUTES OF PREVIOUS MEETING

Recommendation: That the minutes of the Legatus Group Audit & Risk Management Committee Meeting held on 1 February 2018 be taken as read and confirmed.

The unconfirmed minutes of Audit & Risk Management Committee Meeting held 1 February 2018 Council Chamber District Council of Mount Remarkable 3-5 Stuart St Melrose were presented by Mayor Ray Agnew Chairman of the Legatus Group Audit and Risk Committee at the Legatus Group ordinary meeting on 16 February 2018.

Motions carried at the 16 February 2018 ordinary meeting by the Legatus Group were:

- 1. That the Legatus Group receives and endorses the 2016/2017 Statement of Comprehensive Income, Statement of Financial Position and Reserves Balance showing actual against the budget.*
- 2. That the Legatus Group notes that the current funding agreements / grants with external bodies were up to date as of the 31 January 2018.*
- 3. That Legatus Group approves the attached draft Procurement Tender Policy.*
- 4. The Legatus Group receives the draft report by the CEO on the Legatus Group Strategic Review and approves its distribution to Constituent Councils for their feedback and requests that their feedback is received by 16 March 2018.*
- 5. That the Legatus Group calls for nominations for a qualified officer from staff of Councils for a position on the committee.*

The meeting noted that the Legatus Group Audit Committee has:

- 1. Noted the half yearly financial report to 31 December 2017 and the update provided by the CEO with regards income and expenditure and that they agree that this presents a fair view of the state of the financial affairs of the Legatus Group for 2017/2018.*
- 2. Supports for the development of the draft review of the Legatus Group Long Term Financial Plan that an allowance for the accumulated surplus be set as a minimum of \$480,000.*
- 3. Noted the report on the carry over reserves and accumulated surplus that are available from 1 July 2017.*
- 4. That the Legatus Group CEO is developing a draft work plan for consideration by the Audit and Risk Committee at their next meeting.*

Minutes

The meeting was declared open by the Chair at 9:30 am on 1 February 2018 at the Council Chamber, District Council of Mount Remarkable.

1. Meeting Attendance

Present: Mayor Ray Agnew (Chair), Chairman Kathie Bowman, Mayor Colin Nottle and Mr Colin Davies.

In Attendance: Mr Simon Millcock

Apologies: Dr Andrew Johnson

2. Confirmation of Previous Minutes

Motion: That the minutes of the previous Audit & Risk Management Committee Meeting held on 10 August 2017 be taken as read and confirmed

Moved: Colin Davies Seconded: Mayor Colin Nottle

CARRIED

3. Business Arising Not Otherwise on the Agenda

The meeting noted that the Legatus Group Annual Financial Statement budget comparison for the year ending 30 June 2017 which was presented to the meeting had not been previously provided. The Balance Sheet, Profit and Loss Statement and Actual v Budget Comparison for 2017/2018 to 31 December 2017 prepared by Regional Council of Goyder Finance Manager Mr Griff Campbell had been distributed prior to the meeting.

Motion: That the Legatus Group Audit and Risk Committee recommends the Legatus Group receives and endorses the 2016/2017 Statement of Comprehensive Income, Statement of Financial Position and Reserves Balance showing actual against the budget.

Moved: Chairman Kathy Bowman Seconded: Mayor Ray Agnew

CARRIED

The meeting noted that their recommendation to the Legatus Group to undertake a strategic review had been accepted and CEO Simon Millcock provided an update of the progress.

4. Financial Report 2017/2018 and Long Term Financial Management

CEO Simon Millcock had distributed with the agenda prior to the meeting reports on:

a. 2017/2018 Income and Expenditure

This report indicates that there is an expected surplus of approximately \$50,000 as opposed to the projected deficit for the 2017/2018 financial year.

Motion: That the Legatus Group Audit and Risk Committee notes the half yearly financial report to 31 December 2017 and the update provided by the CEO with regards income and expenditure and agree that this presents a fair view of the state of the financial affairs of the Legatus Group for 2017/2018.

Moved: Chairman Kathy Bowman Seconded: Mayor Ray Agnew

CARRIED

b. Legatus Group Grants and reporting requirements update 15 January 2018

The meeting noted the report on the current 8 grants and that all reporting requirements are being met.

c. Carry over reserves and accumulated surplus as of 1/7/2017

This report identified that the Climate Change and Roads and Transport projects were the active projects that required an allocation of their reserves funding. All other projects had been acquitted and discussion centred on the need to keep the reserves for the Regional Capacity Building (Rubble Royalties) whilst the amounts from the General, Special Projects, Waste Management, Outreach and LG Reform could be moved into accumulated surplus.

Discussion held on the opportunity for the Legatus Group to considering using reserves from the Roads and Transport project (Special Local Road Project) and Regional Capacity Building for Phase 2 of the Legatus Group 2030 Regional Transport Plan.

Motion: That the Legatus Group Audit and Risk Committee notes the report on the carry over reserves and accumulated surplus available from 1 July 2017.

Moved: Chairman Kathy Bowman Seconded: Mayor Ray Agnew

CARRIED

Motion: That the Legatus Group Audit and Risk Committee notes that if the Legatus Group approves undertaken Phase 2 which is the Road Deficiency Assessment and Roads Database of the Legatus Group 2030 Regional Transport Plan to an amount of \$75,000 then there are sufficient funds in the reserves and accumulated surplus.

Moved: Chairman Kathie Bowman Seconded: Mayor Colin Nottle

CARRIED

d. Long term financial plan

This report included consideration of the current contractual requirements of Legatus for its administration and the approach taken by other SA Regional Organisations of Councils. The meeting noted:

- a. The review by the LGA of their Outreach and Regional Capacity Building funding will not be completed until May 2018.
- b. Legatus Group does not have a policy in place which would have the purpose of being able to build and maintain a certain level of positive unrestricted net assets that can accommodate: (a) day to day fluctuations in normal cash flow requirements, and (b) unusual and or unforeseen emergency cash requirements.

Motion: That the Legatus Group Audit and Risk Committee supports for the development of the draft review of the Legatus Group Long Term Financial Plan that an allowance for the accumulated surplus be set as a minimum of \$480,000.

Moved: Chairman Kathie Bowman Seconded: Mayor Colin Nottle

CARRIED

5. Tender Policy

The CEO Simon Millcock provided a report and draft Procurement and Tender Policy and general discussion held with consensus that the appropriate procurement considerations be based on the following:

The appropriate method of procurement will be determined by reference to a number of factors, including that the funds have been allocated within the current budget;

Value of Purchase (\$) ex GST	Possible Method of Procurement
Less than \$20,000	Direct Sourcing - No quotations necessary
Between \$20,001 and \$50,000	Quotations (Quotations x2min)
Between \$50,001 and \$1000,000	SRFT (Select Request for Tender)
Over \$100,000	RFT (Request for Tender)
As Required	REOI (Request for Expression of Interest)

Motion: That the Legatus Group Audit and Risk Committee recommends the Legatus Group approves the draft Procurement Tender Policy with the inclusion of the above value of purchase and methods of procurement.

Moved: Mayor Colin Nottle Seconded: Chairman Kathy Bowman

CARRIED

6. Other Business

The Legatus Group Audit and Risk Committee discussed the development of an Audit Committee work plan and noted that whilst there is not the need for the level of activities which were provided as an example by the Flinders Ranges Council it would be good practice for the committee to develop a work plan. This would include those matters required by the charter, terms of reference and legislation. The CEO is to develop a draft work plan for consideration by the committee.

7. Next Meeting

The next meeting is set down for Friday 20 April 2018 at District Council of Orroroo Carrieton and that this meeting will discuss amongst other matters the draft 2018/2019 budget.

Chair Mayor Ray Agnew foreshadowed his apology for that meeting and Simon Millcock to follow up with Andrew Johnson his availability.

Meeting Closed by the Chair at 10:40 am

4) BUSINESS ARISING NOT OTHERWISE ON THE AGENDA

4.1 Strategic Plan Review and 3-year action plan

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendations: That the Legatus Group Audit and Risk Committee endorses the distribution of the Strategic Plan review and the 3-year action plan to Legatus Group Constituent Councils for their consideration prior to the 25 May 2018 Legatus Group ordinary meeting.

Background

The Charter requires that the Legatus Group prepare and adopt a Strategic Plan with a minimum operational period of ten (10) years which sets out the goals, objectives, strategies and priorities of the Legatus Group over the period of the Strategic Plan. The Strategic Plan must be submitted to the Constituent Councils for their approval.

The Legatus Group CEO has completed the review of the current Legatus Group Strategic Plan (**Attachment A**) as recommended by the Audit and Risk Committee. The review involved:

- Angela Hazebroek from URPS facilitating a workshop with the Board and the Constituent Councils CEO's on the 17 November 2017.
- Survey undertaken by URPS and an analysis report was presented at the workshop. Mayors and CEOs were directly emailed the survey, and 20 responses were received, representing 13 of the 15 constituent councils.
- Legatus Group CEO undertook a series of meetings with 14 of the constituent councils during December 2017 and February 2018. These involved either direct meetings with CEO and Mayor, workshops with Elected Members or presentations at Full Council meetings.
- Discussions were also held with the three CEO's from the Regional Development Australia organisations that are in the Legatus Group Region.
- The Yorke and Mid North Regional Development Plan was developed by RDA Yorke Mid North, Northern and Yorke NRM and Legatus Group at the same time of the Legatus Strategic Plan review.
- The draft report of the review was distributed to Constituent Councils after the Legatus Group ordinary meeting 16 February 2018 seeking feedback.

4.2 2018/2019 Business Plan and Budget

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendations:

1. That the Legatus Group Audit and Risk Committee endorses the distribution of the draft 2018/2019 business plan and budget to Legatus Group Constituent Councils for their consideration prior to the 25 May 2018 Legatus Group ordinary meeting.
2. That the Legatus Group Audit and Risk Committee recommend the Legatus Group approve the sale and purchase on a new motor vehicle in the 2018/2019 financial year with reference to the quote received from the Mid North Motor Company on 6 March 2018 for the MY18 Holden ZB Commodore Calais Liftback.

Background

Business Plan

The draft 2018/2019 business plan (**Attachment B**) 2018/2018 budget and long term financial plan (**Attachment C**) has been prepared based on the review of the strategic plan and 3-year action plan.

The following should be noted:

1. LGA Outreach funding of \$50,000 is no longer allocated and final confirmation on the regional capacity grant of \$40,000 has yet to occur.
2. LGA R&D funding has yet to be applied for re Digital and Eco-village projects.
3. RDAYMN and NYNRM have yet to confirm climate change contribution.
4. CWMS funding confirmed \$50,000 over 2 years.
5. Australian Government confirmed \$16,000 for the leadership program.
6. Rubble Royalties may be removed given recommendations by LGA to have them scrapped but this is not likely to occur in the 2018/2019 financial year.
7. There would be no contracts entered for project officer roles or commencement of projects until funding secured.

The Legatus Group must before 30 April of each year prepare and submit a draft Budget to the Constituent Councils for the ensuing Financial Year (or, if appropriate, part Financial Year) in accordance with the Act for endorsement by the Constituent Councils.

The Legatus Group must adopt after 31 May and within six (6) weeks of endorsement of the draft Budget by all of the Constituent Councils in each year, a Budget in accordance

with the Act for the ensuing Financial Year consistent with the approval given by the Constituent Councils.

The Legatus Group shall prepare an Annual Business Plan linking the core activities of the Legatus Group to strategic, operational and organisational requirements with supporting financial projections setting out the estimates of revenue and expenditure as necessary for the period.

They must also consult with the Constituent Councils prior to adopting or amending the Annual Business Plan and ensure contents of the Business Plan is in accordance with the Act.

Motor Vehicle

At the 20 November 2015 Legatus Group meeting discussions occurred regarding vehicle purchasing options the motions were carried that the Legatus Group purchase a vehicle within budget that will be owned and maintained by the Legatus Group. The intention of the Legatus Group is that the CEO vehicle would be replaced at the conclusion of the relevant warranty/servicing agreement.

The current motor vehicle is a Holden Calais Sedan which was purchased and had a 3 year or 100,000 km warranty. The current motor vehicle has travelled over 132,000 km and as such the warranty has expired and there is no allocation on the 2017/2018 budget for the vehicle to be replaced.

Quotes (**Attachment D**) were received from Mid North Motor Company Pty Ltd and from Street Fleet for either the purchase or lease of a similar vehicle. The quote for MY18 Holden ZB Commodore Calais liftback is the cheaper option from the 4 quotes.

In respect to the disposal of motor vehicles, the Legatus Group Disposal of Assets Policy recognises that motor vehicles may be 'traded-in' as part of the purchase process of replacement vehicles under the guidance of the procurement policy. The Legatus Group Procurement Policy provides for 2 quotations for purchase between \$20,001 and \$50,000.

4.3 10 Year Long Term Financial Plan

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendations:

- I. That the Legatus Group Audit and Risk Committee endorses the distribution of the draft 10-year Long Term Financial Plan to Legatus Group Constituent Councils for their consideration prior to the 25 May Legatus Group ordinary meeting.**

2. **That the Legatus Group Audit and Risk Committee recommends that the Legatus Group Charter is varied to remove the requirement for a Long Term Financial Plan covering a period of at least ten (10) and replace it with a period of three (3) years.**
3. **That if the Legatus Group Long Term Financial Plan is for 3 years then it be reviewed annually with the business plan and budget.**

Background

The draft Long Term Financial Plan 2018-2028 (**Attachment C**) has been prepared based on the review of the strategic plan and 3-year action plan.

The following should be noted:

1. There has been no allocation of funding beyond 2018/2019 from the LGA for outreach, capacity building or rubble royalties. This had amounted to approx. \$300,000 per annum in recent years.
2. There has been no allocation of income or expenditure for projects except those already confirmed.
3. The current CEO and other contractual obligations are due to be completed either during or by June 2020. The long term financial plan has allowed for increase to income and expenditure to continue at their current rate plus 2.5%.
4. That the draft Long Term Financial Plan 2018-2028 maintains a cash balance in excess of \$480,000 for the next 5 years. The amount of \$480,000 was agreed at the last Audit and Risk Committee meeting and presented to the Legatus Board as the level to be set for an allowance for the accumulated surplus.

The Legatus Group must prepare and submit to the Constituent Councils for their approval a Long Term Financial Plan covering a period of at least ten (10) years in a form and including such matters which, as relevant, is consistent with Section 122 of the Act and the Local Government (Financial Management) Regulations 2011 as if the Legatus Group were a council. The Legatus Group may at any time review the Long Term Financial Plan but must undertake a review of the Long Term Financial Plan as soon as practicable after the annual review of its Business Plan and concurrently with any review of its Strategic Plan.

In any event, the Legatus Group must undertake a comprehensive review of its Long Term Financial Plan every four (4) years. The Long Term Financial Plan will be taken to form part of the Legatus Group's Strategic Plan. The need for a 10-year Long Term Financial Plan appears to be of little value given:

1. There are no real assets of the organisation except for the motor vehicle.
2. Membership by constituent councils may vary.
3. Projects and project funding is on an ad-hoc basis and subject to annual business plans, budgets and grants.
4. Commitments to contracts are short term and, in most cases, no longer than 3 years.

4.4 Work Plan

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendation: That the Legatus Group Audit and Risk Committee endorses the work plan and recommends that the Legatus Group adopt this work plan.

Background

Following the recommendation from the last audit and risk committee meeting a work plan has been developed. **(Attachment E)**

4.5 Membership of the Audit and Risk Management Committee

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendation: For noting.

Background

That the Legatus Group ordinary meeting of 16 February 2018 was advised that Audit and Risk Management Committee member and Port Pirie CEO Andrew Johnson's position was to become vacant and a motion was carried to call for nominations for a qualified officer from staff of Constituent Councils for a position on the committee.

The Legatus Group CEO emailed all Legatus Group CEO's on 20 February 2018 advising that the Legatus Group is seeking nominations by Friday 16 March 2018 for a professionally qualified officer from staff of Councils for the Legatus Group Audit and Risk Committee to ensure it complies its terms of reference for membership. This person will then need to be nominated by the Board and approved by Councils. There have been no nominations.

4.6 Expression of interest for the delivery of financial services

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendation: That the Legatus Group Audit and Risk Committee recommends that the Legatus Group call for expressions of interest from constituent councils for the delivery of financial services to the Legatus Group for the next 3 years starting from July 2018.

Background

The Regional Council of Goyder through their Finance Officer Mr Griff Campbell have been providing as a fee for service the financial services of the Legatus Group. These services were originally called for via an expression of interest which expired in June 2015. The Regional Council of Goyder have continued to provide these services which have been rolled over each year since.

5) BUDGET 2017/ 2018

5.1 Financial Report 2017/2018

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendation:

- I. That the Legatus Group Audit and Risk Committee notes the financial report to 31 March 2018 and the update provided by the CEO with regards income and expenditure and agree that this presents a fair view of the state of the financial affairs of the Legatus Group for 2017/2018 as if 31 March 2018.**

Background

The Regional Council of Goyder provide the financial reporting and payment of accounts for the Legatus Group through Finance Manager Mr Griff Campbell. Mr Campbell has prepared the Balance Sheet, Profit and Loss Statement and Actual v Budget Comparison for 2017/2018 to 31 March 2018 (**Attachment D**)

Projects:

Legatus Group CEO comments:

- **LGA R&D:** Both projects Grant Equity and NDIS are expected to be completed before the end of June 2018.
- **Stage 2 Regional Roads Strategy – HDS:** Not likely to start until after June 2018 and as such allocation of funding is in 2018/2019 budget.
- **CWMS:** Commenced but will invoice after June 2018 for the first reimbursements and as such allocation of funding is in 2018/2019 budget.

- **Leadership:** Commenced but will be reimbursement once project completed and as such allocation of funding is in the 2018/2019 budget.
- **Climate Change:** On track to have current contract for Project Officer complete within the hours allocated.

Around 98% of the income has been received with approximately \$10,000 yet to come in and the expenses are around 60% of the budget which should result in a surplus.

5.2 Reimbursement Mayor Clark

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendations:

1. **That the Legatus Group Audit and Risk Committee recommend that the Legatus Group approve the reimbursement costs of \$2,091.04 for Mayor Denis Clark attendance at the Murray Darling Association Board Meeting and Strategic Planning Session in January 2018.**
2. **That the Legatus Group Audit and Risk Committee recommend that the Legatus Group consider clarifying the length of time for Mayor Denis Clark to attend the Murray Darling Association on behalf of the Legatus Group.**

Background

At the 19 August 2016 Legatus Group Ordinary meeting a motion was carried that Mayor Clark attend the Murray Darling Association meetings on behalf of the region. This motion did not stipulate the length of time for this representation on behalf of the region.

Mayor Clark has been attending the meetings electronically since that date and at the end of January 2018 he physically attended the Murray Darling Association Board Meeting and Strategic Planning Session. A claim for travel, meals and accommodation to the amount of \$2,091.04 was received by the Legatus Group CEO.

As this payment was not identified in the 2017/2018 budget or the review of the budget by the Audit and Risk Committee the Legatus Group CEO does not have the delegated authority to approve this expenditure.

5.3 Legatus Web-site upgrades

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendations: That the Legatus Group Audit and Risk Committee recommend that the Legatus Group approve funding from the 2017/2018 budget for the upgrade of the Legatus Group website in accordance with the quote received by Honeycombe Design.

Background

The current website was developed with a focus on procurement and as the means to communicate the required agendas, minutes and reports generated by the Legatus Group.

The Legatus Group CEO has identified several functions which include:

- Parking the “Procurement” content and functionality.
- Change the section “Activities” to “Projects” and re-vamp the way projects are presented, giving more focus to the work of the Legatus Group as an organisation rather than as a mini-showcase of for the constituent councils.
- Create a custom post type “Partners” or “Partnerships” to enable listing stakeholders.
- Create a custom post type for “Projects” thus enabling many to many relationships between the two.
- Create required listings for displaying/distributing agendas, minutes etc.
- Create a calendar of events and means to display this could be associated to, or independent of, a “milestones” timeline.
- Assist with building and managing mailing list/s.
- Create required pages additional content and include supplied content in pages where required.
- Create map page with dynamic map including councils and projects with geographical locations

Quotes were received from two regional service providers for this work and Honeycombe Design quoted \$1,750 and Froling Enterprises quoted \$4,400.

As this payment was not identified in the 2017/2018 budget or the review of the budget by the Audit and Risk Committee the Legatus Group CEO does not have the delegated authority to approve this expenditure.

6) CHARTER / TERMS OF REFERENCE

6.1 Charter variations

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendation: To be noted

Background

The adopted changes to the Charter which were endorsed by the Legatus Group at the ordinary meeting of 16 February 2018 were provided to the Minister in accordance with the Local Government Act 1999 schedule 2-part 2 sec 19 cl 5(a).

The details were published on our website and in the South Australian Government gazette in accordance with the Local Government Act 1999 schedule 2-part 2 sec 19 cl 5(b)&(c).

7) OTHER BUSINESS

8) NEXT MEETINGS

Reports for Discussion

From: Simon Millcock
Chief Executive Officer

Recommendation: The next meeting of the Audit & Risk Management Committee should be set down for Friday 27 July 2018 and to include the review of the Annual Financial report.

Attachments

A – Strategic Plan Review – 3 Year Action Plan



Draft%20(1)%20Legatus%20Group%20Strat

B – 2018/2019 Draft Business Plan



2018-2019 Business
Plan (1).pdf

C – 2018/2019 Budget and 10 Year Long Term Financial Plan



Legatus 10 Year
Budget 2018-2028.pdf

D – Motor Vehicle Quotes



Motor vehicle
quotes.pdf

E – Work Plan



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