

AUDIT & RISK MANAGEMENT COMMITTEE MEETING

Friday 22 May 2020 10.00am

Join via Zoom Meeting

<https://us02web.zoom.us/j/85052021141>

Meeting ID: 850 5202 1141

Password: 769824

Notice is hereby given that the next Audit & Risk Management Committee meeting of the Legatus Group will be held on Friday 22 May 2020, commencing at 10.00am

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# MEETING ATTENDANCE AND APOLOGIES

**Meeting Attendance**

**Present**

Mayor Kathie Bowman (Chair) District Council of Orroroo-Carrieton

Mayor Peter Mattey (Chair Legatus Group) Goyder Regional Council

Mr Peter Ackland CEO Port Pirie Regional Council

Mr Colin Byles CEO Northern Areas Council

Mr Ian McDonald Independent

**Apology**

Mayor Denis Clark Northern Areas Council

**In Attendance**

Mr Simon Millcock CEO Legatus Group

1. **MINUTES OF PREVIOUS MEETING**

**Recommendation: That the minutes of the Legatus Group Audit & Risk Management Committee Meeting held on 13 March 2020 be taken as read and confirmed.**

Minutes of Audit and Risk Management Committee Meeting 13 March 2020 held at

Northern Areas Council Chambers Jamestown. The meeting was opened at 10am.

1. Meeting Attendance

Present: Mayor Kathie Bowman (Chair), Mayor Denis Clark, Mr Peter Ackland and Mr Colin Byles and via telephone Mr Ian McDonald.

In Attendance: Legatus Group CEO Mr Simon Millcock

Apologies: Nil

1. Confirmation of Previous Minutes

Motion: That the minutes of the previous Legatus Group Audit and Risk Management Committee meeting held on 1 November 2019 be taken as read and confirmed

Moved: Colin Byles Seconded: Mayor Denis Clark CARRIED

1. Business Arising Not Otherwise on the Agenda

3.1 2019/2020 Budget review

The Legatus Group CEO provided a report with the agenda on the 2019/2020 budget review.

Motion: That the committee notes that the Legatus Group revised budget 2019/2020 has been adopted.

Moved: Peter Ackland Seconded: Colin Byles CARRIED

1. Budget 2019/2020 update

The Legatus Group CEO provided the financial reports with the agenda for the period 1July 2019 – 29 February 2020 and the meeting noted that the financial reporting benefitted from the explanatory notes provided. Discussion included the need to ensure that carry over and committed funds are recognised. That there may be the need to show as liabilities those funds which have specific requirements from funding bodies that may require them to be returned is not spent.

Motion:

1. That the Legatus Group Audit and Risk Management Committee notes the second quarter 2019/2020 financial reports were distributed to Legatus Group Mayors and CEOs.
2. That the Legatus Group Audit and Risk Management Committee notes the 2019/2020 budget update report provided by the Legatus Group CEO with regards income and expenditure.
3. That the Legatus Group Audit and Risk Management Committee recommends that the financial report provides notes against reserves or carry over to assist with clarity for members.

Moved: Mayor Denis Clark Seconded: Colin Byles CARRIED

1. Work Plan

The Legatus Group CEO provided a report with the agenda. General discussions undertaken on the need for the annual budget review and changes to be approved by all Constituent Council as this could be a function that the Audit Committee can undertake and provide recommendations to the Legatus Group. The Legatus Group CEO to investigate and provide report to next meeting of the Audit and Risk Management Committee.

Motion:

1. That the Legatus Group Audit and Risk Management Committee notes the current status of the work plan.
2. That the Legatus Group Audit and Risk Management Committee notes the terms expire for membership of Mayor Kathie Bowman and CEO Peter Ackland and that the Legatus Group CEO calls for nominations for these two positions.

Moved: Mayor Denis Clark Seconded: Colin Byles CARRIED

1. Other Business

6.1 Coronavirus and Events

The meeting discussed upcoming events being held by the Legatus Group and the current concerns regarding the slowing of the impact of the Coronavirus. The meeting noted the rapidly changing nature of the responses to reduce impacts re Coronavirus with a consensus that current events which have been planned continue but that the Legatus Group CEO await any guidelines from the LGA and Government and discuss with the partners who the events are being held with and then ensure that they comply.

1. Next meeting

The next meeting to be held Friday 22 May 2020 in Jamestown to provide input to the 2020/2021 draft business plan and budget. Mayor Denis Clark noted his apology for that meeting.

*Meeting Closed at 10.50am*

# BUSINESS ARISING NOT OTHERWISE ON THE AGENDA

* 1. Vacancies for the Committee

Reports for Discussion

From: Simon Millcock Chief Executive Officer

**Recommendation: That the committee notes that the Legatus Group CEO has sought expression of interest for the two vacancies and that Mayor Bowman and CEO Peter Ackland are eligible to be appointed.**

Background

Any email was distributed to all Legatus Group Mayors and CEOs advising that at the Legatus Group meeting on 5 June 2020 there will need to be 2 vacancies filled for the Legatus Group Audit and Risk Management Committee. This is due to the terms of Mayor Kathie Bowman and CEO Peter Ackland exceeding the two (2) years. It is noted that both members will be eligible for reappointment.

The email outlined to assist with the decision if there is anyone interested from:

1. Board member (Mayor)
2. Professionally qualified officers, selected from staff of Councils

They were to provide their names to the Legatus Group CEO prior to 29 May 2020 so they can be included in the agenda.

* 1. Budget approvals and reviews

Reports for Discussion

From: Simon Millcock Chief Executive Officer

**Recommendation: That the committee recommends the Board considers the following amendments to item 5 of the Legatus Group Charter:**

**Item 5: The Budget**

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.**
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.**
3. **The Legatus Group must adopt the Annual Business Plan and Budget after 31 May and before 30 June in accordance with the Act for the ensuing Financial Year.**
4. **The Legatus Group may in a Financial Year, after consultation with the Constituent Councils, incur spending before adoption of its Budget for the year, but the spending must be provided for in the appropriate Budget for the year.**
5. **The Legatus Group must provide a copy of its adopted Budget to the Constituent Councils within five (5) business days after the adoption of the Budget by the Legatus Group.**
6. **Reports summarising the financial position and performance of the Legatus Group against the Budget must be prepared and presented to the Board at each ordinary meeting of the Board and copies provided to the Constituent Councils.**
7. **The Legatus Group must reconsider its Budget in accordance with the Act in a manner consistent with the Act and may amend its Budget for a Financial Year at any time before the year ends.**
8. **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.**
9. **The contents of the Budget must be in accordance with the Act.**

Background

This report provides observations on the time delays and the requirements for gaining approval from constituent council on the budget of the Legatus Group. The current Charter requires constituent councils to approve both the budget and any reviews.

This report also notes the requirements from three other Regional LGA Charters on their budget approval process.

The Legatus Group budget and review currently requires approval by all 15 constituent councils which is occurring on a minimum of twice each year. The constituent councils are required to receive quarterly and annual financial reports which include a report against the budget and there is no requirements for approval of the quarterly reports.

The Legatus Group Audit and Risk Management Committee also receive and comment on the draft and reviews of the budget as does the Legatus Group Board whilst both also receive financial reports for recommendations and approvals. The Legatus Group Management Group (CEOs) also receive copies of all financial reports for comment.

The timelines in developing the Legatus Group annual budget requires it to be developed by the end of March. This is due to the Charter requiring all constituent councils to approve and this process of approval can take between 6-8 weeks to gain approval and be presented to the Board.

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.

There are a number of uncertainties associated with the budget as up to 50% or more of the budget comprises grants which in many cases are unknown at the time of developing the budget. There are some funding opportunities which arise during the year that can impact on the budget. This can result in the need for a review of the budget at each board meeting.

Constituent Councils contributions vary in their percentage of the budget but in the past 3-4 years each council contribution is around 2-3% of the Annual Budget.

The Legatus Group Charter says the Board must reconsider its Budget in accordance with the Act in a manner consistent with the Act and may with the approval of the Constituent Councils amend its Budget for a Financial Year at any time before the year ends. Again, this process can take 6-8 weeks to gain approvals before being presented to the board.

The recommendations are designed to assist with streamlining the process whilst ensuring that Constituent Councils have the ability to provide responses to the Board on the Budget. Councils contributions are set at the AGM. Whilst noting that approval would be required to any budget variations if there was a need for increased financial contributions by the Constituent Councils.

Examples

Limestone Coast LGA

* 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.
* A Constituent Council may comment on the Annual Business Plan and the budget in writing to the Executive Officer at least fourteen (14) business days before the meeting at which the budget is to be adopted or through its Board Members at that meeting.
* The Board must provide a copy of the adopted budget to the Chief Executive Officers of each Constituent Council within five (5) business days after the budget is adopted.
* The Board will reconsider the Business Plan and budget at least three times during the financial year in line with the provisions of Regulation 7 of the Local Government (Financial Management) Regulations 2011.
* LCLGA shall consult with the Constituent Councils prior to amending the Annual Business Plan and budget.

Southern and Hills LGA

The budget must:

* Deal with each principal activity of the S&HLGA on a separate basis.
* Be consistent with and account for activities and circumstances referred to in the S&HLGA’s business plan.
* Identify the amount of surplus (deficit) brought forward from the previous year.
* Identify the amount of subscription to be made by each Constituent Council.
* Be submitted in draft form to each Constituent Council before 30 April for information of its proposed contribution for the ensuing year.
* Not be adopted by the Authority until after 31 May but before 30 September.
* The adoption of the budget requires a two-thirds majority of the Board members present.
* The S&HLGA must provide a copy of its budget to each Constituent Council within five business days after adoption.
* The S&HLGA must reconsider its budget in accordance with Regulation 7 of the Local Government (Financial Management) Regulations 1999.
* The S&HLGA 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.

Riverlands and Murraylands LGA

* The Subsidiary must before 31 May of each year prepare and submit a draft Budget to the Board of the Subsidiary for the ensuing Financial Year (or, if appropriate, part Financial Year) in accordance with the Act.
* The Subsidiary must adopt after 31 May but before 30 September, a Budget in accordance with the Act for the ensuing Financial Year.
* The Subsidiary may in a Financial Year, after consultation with the Constituent Councils, incur spending before adoption of its Budget for MRLGA Board Approved 10 October 2019 the year, but the spending must be provided for in the appropriate Budget for the year.
* The Subsidiary must each Financial Year provide a copy of its adopted Budget to the Constituent Councils within five (5) business days after the adoption of the Budget by the Subsidiary.
* Quarterly reports summarising the financial position and performance of the Subsidiary against the Budget must be prepared and presented to the Board at each ordinary meeting of the Board and copies provided to the Constituent Councils.
* The Subsidiary must reconsider its Budget in accordance with the Act in a manner consistent with the Act and may with the approval of the Constituent Councils amend its Budget for a Financial Year at any time before the year ends.
* The contents of the Budget must be in accordance with the Act.
* The Subsidiary must submit to each Constituent Council for approval, any proposed amendment to the budget that provides for an additional contribution by the Constituent Councils.

1. **2019 / 2020 FINANCIAL REPORT**

**Reports for Discussion**

From: Simon Millcock Chief Executive Officer

**Recommendation:**

1. **That the Legatus Group Audit and Risk Management Committee notes the third quarter 2019/2020 financial reports were distributed to Legatus Group Mayors and CEOs.**
2. **That the Legatus Group Audit and Risk Management Committee notes the 2019/2020 budget update provided by the Legatus CEO with regards income and expenditure.**

**Background**

The Legatus Group Charter requires that quarterly reports summarising the financial position and performance of the Legatus Group against the Budget are to be provided to all constituent councils. The Legatus Group CEO provided the 3rd quarter report in April 2020 and are provided with this agenda. They summarise the financial position and performance of the Legatus Group against the Budget.



The Legatus Group CEO notes the current year’s earnings subject to when invoices are received will be close to the amount identified in the attached report. This is based on:

Income still to occur is $113,500

* NRM Coastal Management Action Plan $28,000
* PhD Intern reimbursement $11,500
* Music Development Office $14,000
* LGA Regional Waste Strategy $30,000
* Green Industries SA Regional Waste Strategy $30,000

There may be an allocation prior to 30 June 2002 of $140,000 from the Department Environment and Water for the delivery in 20/21 re the implementation of the Costal Management Action Plan.

Expenses still to occur = $127,000

* Flinders Ranges Council Accounting Services $4,500
* Annual leave $3,300
* Consultants
  + Current projects Coastal Management / Webinars / Sector Agreement / Policies $23,500
  + Concept Plan Sustainability Hub $10,000 19/20 and $20,000 20/21
  + New projects Music Development $14,000 19/20 and $7,500 20/21 / Regional Waste $15,000 19/20 and $40,000 20/21
* Fuel $500
* IT & Web $1,000
* Members allowance $1,200
* Payroll $45,000
* Rent / Hire $3,000
* Super contributions $5,000
* Telephone $1,000

1. **WORK PLAN**

**Reports for Discussion**

From: Simon Millcock

Chief Executive Officer

**Recommendation: That the Legatus** **Group Audit and Risk Management Committee recommends that the Board endorses:**

1. **3 new Policies (1) Working from Home (2) Agenda items and Meeting Presentations (3) Board Members Code of Conduct**
2. **The review of the current policies notes that there are no need for any changes to current policies.**

**Background**

In keeping with the Legatus Group Work Plan a review of the current policies was required by June 2020. Helen Smith consulting was contracted to undertake a review of the Legatus Group Policies and Procedures – and identify possible new policies and following consultation with the Company CEO develop any new draft policies / producers. The report is attached:

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1. **2020/2021 BUSINESS PLAN AND BUDGET**

**Reports for Discussion**

From: Simon Millcock Chief Executive Officer

**Recommendation:**

1. **That the Legatus Group Audit and Risk Management Committee notes the 2020/2021 Business Plan and Budget has been distributed in compliance with the Charter and supports the allocation of the expenditure identified of carry over reserves and accumulated surplus.**

**Background**

The Charter requires that the Legatus Group must before the 30 April prepare and submit a draft annual business plan and budget to councils for the ensuing financial year.

The Legatus Group must adopt after 31 May and within 6 weeks of endorsement by councils. Attached is the Draft Business Plan including Budget and Notes:



The Board along with the Audit and Risk Management Committee, Legatus Management Group, Road Transport and Infrastructure Advisory Committee and Community Wastewater Management Committee are aware through previous recommendations and feedback from a working group with the need to expend some of the carry over reserves and accumulated surplus. This includes the requirement to expended all of the funds as per the agreements of the LGA for Rubble Royalties and Capacity Building Grants by June 202. These funds are required to be expended in the year received although they can be extended to one further year but need to be commenced in the second year. It has been noted previously that there is no funding from Rubble Royalties after 2019/2020.

The Legatus Group CEO had sought to meet with all Councils during April - June 2020 to provide them with and update and discuss questions on the 2020/2021 Business Plan and this was curtailed to some extent by COVID-19 restrictions although some councils did seek the CEO to attend via on-line formats.

1. **OTHER BUSINESS**

# NEXT MEETING

**Reports for Discussion**

From: Simon Millcock

Chief Executive Officer

**Recommendation:** The next meeting of the Audit & Risk Management Committee to be set down for Friday 21 August 2020.