

MINUTES OF A MEETING
OF THE BROWN HILL AND KESWICK CREEKS STORMWATER BOARD'S
AUDIT AND RISK COMMITTEE
Held Monday February 11, 2019

1. Meeting Administration

The meeting opened at 5.35pm.

1.1 Present

J Choate (Chairperson)
R Barratt
Paul Gelston
G Vogt
Justin Humphries

By invitation:

Lee Fuller (William Buck)
Lauryn Barrie (William Buck)

In attendance:

Peta Mantzarapis (via phone hookup), Project Director
Julie Kerr, Minute taker

1.2 Apologies

Nil.

1.3 Declaration of Interests

Nil

2. Discussion items:

It was noted that all policies need to be considered within the parameters of Local Government legislation and regulations. It was then agreed that items 2.1 to 2.3, other than 2.3.4, be developed as follows:

- The Project Director is to meet with Dallis Von Wald in mid-February to commence the process for development of these policies;
- The relevant policies of the five Constituent Councils are to be considered and a middle ground of these is to form the basis of the Board's policies;
- The resultant draft policies are to be provided to the March meetings of the Board and ARC, accompanied by a report outlining the background, the source of material, the recommendations for each policy and why.
- The views of the Project Director and Dallis are to be provided regarding the project website and what can be uploaded without Board sign off.

Action: P Mantzarapis / D Von Wald

2.3.4 Asset Capitalisation report prepared by J Comrie

It is desirable to achieve, in the broadest sense, consistency with the approach of the Constituent Councils on the treatment of asset capitalisation.

There is still a question mark over whether the assets belong to the subsidiary or to the councils wherein they are located. This needs to be resolved as soon as possible. Channels and detention basins automatically fall within ownership of the land. There would need to be agreement with the owner council that as the subsidiary paid for the asset, it should be assigned the concomitant rights and responsibilities. Assets would need to be novated to the subsidiary, where the term 'novated' is figurative, not literal.

If a council were to say that the Board should take legal ownership of an asset, legal advice would be required. If the subsidiary were to be given only ownership type of rights, a legal document would need to be prepared to record this.

The first step is to identify all assets constructed as part of the project, those currently in existence and those about to be constructed – how many, their location and cost. Ridge Park Dam should be a test case, with this issue to be taken to the Board in March. Thereafter Ridge Park Dam and the work in the City of Adelaide parklands are to be discussed with the Constituent Councils.

The likely requirement is for the constituent councils to insure their respective interests in BHKCS, and for BHKCS to insure the project's assets, effectively leading to a doubling up of insurance coverage.

If an asset were to be acquired from a council, it must be resolved how it is to be included in the balance sheet. Alternatively, the financial statement may note that the subsidiary has owner style rights over the asset without owning it.

Moved: P Gelston

Seconded: G Vogt

BHKCSB ARC1/18-19

CARRIED

That the Audit and Risk Committee recommends the Board agrees to discuss with the Constituent Councils the question of asset ownership and capitalisation, on an asset by asset basis.

2.4 Scope for review and update of base case inputs of the SMP, risks, and benefit/cost ratio

There was discussion of the SMP's hydrological modelling, the Worley Parsons information, and what needs updating. Tonkin are undertaking work on the catchment's water courses for Burnside and Unley. This could feed into the update of the SMP.

The Project Director is to discuss the existing modelling with Worley Parsons then, once the recommendations have been received from Tonkin, prepare the brief for the update of the SMP. It would then be desirable to go to a select tender for the update as there are multiple firms that could undertake the work once the detailed scoping document has been prepared.

Action: P Mantzarapis

The latter needs to include the issue of the changing nature and form of the urban landscape, whether the issue of climate change is addressed, and whether the current timeframe for implementation of works is optimal. The SMA may be able to assist with preparation of the detailed scoping document as they routinely prepare such briefs.

Clarification is needed regarding the potential cost/benefit of the project, as the current number may be understated. In particular, the assumptions underpinning the economic modelling need to be thoroughly reviewed.

2.5 Potential BAS amendments

Lee Fuller provided an overview of the work undertaken to date by William Buck for the Board, noting that the delay with the provision of the ABN by the ATO has meant that the GST statements have already been issued. The BAS statement is due to be lodged by February 28, and as the Board is operating on an accrual accounting basis, the GST will have to be paid on the invoices issued to the Constituent Councils whether or not the invoices have been paid.

William Buck want to understand previous financial transactions made by Unley for the project. There is a tax ruling which allows for an agency arrangement between Unley and the Board whereby, as Unley has recorded all previous project transactions on their BAS statements, the Board can record zero BAS for the March, June and September 2018 quarters. These can be prepared ready for an authorised representative to sign. At the March meeting the Board will have to authorise a signatory to sign BAS accounts prepared by William Buck.

The December BAS is a mix of the agency arrangement as Unley paid invoices on behalf of the Board until the end of December, but invoices were issued by the Board prior to Christmas. If the latter are not on Unley's BAS statement, they will have to be on the Board's BAS, which must be lodged by February 28, although an extension can be sought. John Scrymgour is to follow up with Unley to clarify.

Action: J Scrymgour

The Project Director reported that the ANZ required a term deposit of \$5k be created to act as a security guarantee before a work credit card with a limit \$5k can be issued to her. The credit card is required so that the subscription to Xero can be debited to it each month. The Project Director is to email to G Vogt the details of this communication from the bank.

Action: P Mantzarapis

The new laptop purchased by the subsidiary is to be given to J Scrymgour so he can complete the banking arrangements and start paying invoices. The Project Director is to follow with ComCan to novate their service agreement to the Board.

Action: P Mantzarapis

The letter received from ANZ requiring completion of a form by February 11 was discussed. A week's extension has been granted for its completion by the Project Director. A copy of the letter is to be provided to G Vogt.

Action: J Kerr

Currently Michael Salkeld is a signatory with the ANZ but needs to be removed. The Project Director is to follow up.

Action: P Mantzarapis

3. Financial matters

3.1 Tax treatment of Board payments

Section 12-40 prescribes PAYG withholding tax to be applied to Board payments. Further, as Board members are considered to be employees, they are to pay superannuation. PAYG is to be withheld and remitted on time, with super payments also to be made.

William Buck will send the superannuation payment dates to J Scrymgour, who is to send the relevant TFN and superannuation forms to J Humphries. L Fuller is also to provide advice regarding the \$25k superannuation contribution cap.

Action: L Fuller/J Scrymgour

3.2 Format of financial reports

These must comply with the same requirements of the Financial Regulations that apply to councils. The Local Government Model Financial Statements will need to be followed; these are available on the LGA website. J Scrymgour is to locate them once the Project Director has discussed this with him.

Action: P Mantzarapis / J Scrymgour

5 Other business

5.1 Draft policies:

- 1.01 Invoice payment policy
- 1.02 Credit card policy
- 1.03 Expense Reimbursement policy

It was agreed that the draft policies be amended to include reference to the need to ensure any payments or expenditures are within delegations and within budget. The policies are then to be resubmitted with the relevant amendments.

Action: P Mantzarapis

Moved: G Vogt
Seconded: P Gelston

BHKCSB ARC2/18-19

CARRIED

That:

1. Each payment made on behalf of the Board be authorised by two people, one to be the Project Director, the other to be a member of the Board;
2. Credit card payments and supporting documentation be checked by a second authorised person prior to payment being made; and
3. At the March 21 2019 meeting of the Board, authorisers other than the Project Director be identified.

5.2 Alternative Committee Structure

There was discussion about the possibility of separating the financial responsibilities of the ARC into separate sub-committees with an Audit/ risk and compliance sub-committee to oversee budgets, reporting requirements, compliance and budget reviews. The other would be a technical risk and compliance sub-committee focusing on project risks – environment, construction and contract.

The ARC could receive reports from these, with a brief meeting of the ARC to be held prior to Board meetings where the ARC would report.

It was agreed that this option be further considered in the future when the Board is well established.

5.3 Cash Flow Forecast

William Buck is to provide a draft 4 year cash flow forecast to the Project Director prior to the next Board meeting.

Action: L Fuller

It was noted that as at the end of December the Board owed Unley \$13k. That amount will now be greater as Unley continued to pay Michael Salkeld's salary during January. The Project Director is to remind Unley to invoice the Board for the amount owed.

Action: P Mantzarapis

6 Next meeting

J Kerr is to send a Doodle poll to identify an appropriate date in March.

Action: J Kerr

7 Meeting close:

The meeting closed at 7.25pm.

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Chairperson

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Date: