



**MINUTES OF A MEETING OF THE  
BROWN HILL AND KESWICK CREEKS  
STORMWATER BOARD'S AUDIT AND RISK COMMITTEE**

At The Naval, Military and Air Force Club  
111 Hutt St, Adelaide on Thursday 8 August 2019 commencing at 5.30pm.

**MEMBERSHIP**

Judith Choate (Chairperson)  
Justin Humphrey  
Rachel Barratt  
Paul Gelston  
Geoff Vogt

**ATTENDEES**

Peta Mantzarapis, Project Director  
P Coonan, Minute taker

## **Acknowledgement of Country**

We would like to acknowledge this land that we meet on today is the traditional lands for the Kurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.

# MINUTES

## **BROWN HILL AND KESWICK CREEKS STORMWATER BOARD'S AUDIT AND RISK COMMITTEE**

Meeting held Thursday 8 August 2019

Commencing at 5.30pm

### **1. Meeting Administration**

#### **1.1 Apologies**

Nil

#### **1.2 Minutes**

**Moved:** Geoff Vogt  
**Seconded:** Paul Gelston

#### **BHKCSB ARC 8/19-20**

That the minutes of the meeting of the Brown Hill and Keswick Creeks Stormwater Board's Audit and Risk Committee held on 13 June 2019 with minor amendments are accepted as a true and correct record.

**CARRIED**

#### **1.3 Declaration of Interests**

Nil

## 2. Discussion items

### 2.1 Policies

- 2.1.1 Policy Summary – overview of the policies detailed below
- 2.1.2 Financial Delegations policy – draft attached for discussion
- 2.1.3 Procurement policy and Terms of Reference for Technical Assessment Panel attached for discussion

The Procurement Policy was presented to the Owners Executive Committee at its June meeting. Following adoption, the policy was to be finalised for adoption together with the Financial Delegations Policy. A draft Terms of Reference for the Technical Assessment Panel has also been created.

One of the constituent Councils has concerns that the Technical Assessment Panel shouldn't be formed by Council staff and if Council staff are to be on the panel, they shouldn't be involved in the procurement process. The Project Director has provided some options in the policy summary.

The committee agreed on the second option that removes the requirement for Council staff to play a role in procurement activities and provides that the panel will sit to the side of the subsidiary as an advisory body. The Committee agrees that the panel's role is to provide technical assistance, not to make decisions or procure products and services. BHKCS needs the panel in an advisory role to ensure works aren't contradicting with that of the constituent Councils and are in alignment with any other plans that may be in place, essentially to ensure a level of comfort that the works are not in conflict with the Council's and to advise on technical aspects of the design (to ensure they are technically correct).

The committee discussed whether there should be an independent technical advisor appointed to look at the designs so that the panel doesn't bear the risk. After further discussion, the committee agreed that items 4 through 6 need to be reviewed and the entire Terms of Reference needs to be shorter, briefer and high level. It is desired that each Council has a representative with a minimum of two strategic briefings to be held per year, with day to day liaison to occur between the Project Director by email and phone and the constituent Councils.

The Procurement Policy will need to be reviewed based on the proposed changes to the Terms of Reference. Section 5 (Supplies between \$5,001 to \$100,000 – Written Quotations) specifically needs to be updated to ensure that a Board Member is to approve that the Project Director has followed due procurement process.

There may be some merit in a client-side Project Manager/s being engaged on an as needs and project by project basis – preferably an engineering/project management firm. The Manager/s could be pre-procured and a rate approved. The Project Director will ask constituent Councils for recommendations and will ask for a brief from those recommended.

**Action: P Mantzarapis**

### 3. Financial matters

#### 3.1 Financial Report – June 2019

3.1.1 Statement of Comprehensive Income

3.1.2 Balance Sheet

3.1.3 Statement of Cash Position

Financial reports were provided in the agenda for information. The bookkeeping has now been made easier. There is a disconnect between William Buck and Galpins, the Project Director will have a meeting with William Buck to bridge the gap.

**Action: P Mantzarapis**

#### 3.2 Audited Accounts - 2018/19

3.2.1 Draft audited accounts - attached for consideration and comment

As soon as the June 2019 figures were finalised, the process for auditing the financial statements was discussed with Galpins. William Buck were instructed to prepare the financial statements and they were then taken over by Galpins. Clear instructions need to be provided going forward about the role of Galpins and their engagement. The engagement letter scope and estimate of fees needs to be reviewed.

The current audited financial statements are up to version 5 and they have been suitably adjusted with the control issue addressed that came out of the June Owners Executive Committee meeting. Operating (revenue) and Capital income (equity) have also been addressed and the accounts are now prepared on that basis. We need to ensure that William Buck understand the approach and that the accounts reflect how the financial statements are prepared. There are still some amendments to be made but they are expected to be minor. Sign off on the audited financial statements is expected to occur at the next Board meeting.

Comments noted were:

- Note 1L: Employee benefits: in the third paragraph, change wording to: sick leave not accruable.
- Note 5: Office equipment cost: the depreciation rate seems to be 50% - check that it is correct.
- Note 10: Trade and other payables: note 6 amounts are disclosed but not clear what can be excluded (credit card amount should be included in trade and other payables in note 10).
- Note 16: PO Box address: registered office of the board line needs to be removed – check if it is required under the Local Government Act before removing it.

**Action: P Mantzarapis**

#### **4 Other business**

##### **4.1 Draft Annual Report – attached for consideration and comment**

There is still some work to be done on finalising the content. The committee discussed amendments to be made. An updated copy of the annual report will be provided by email to the committee.

**Action: P Mantzarapis**

##### **4.2 Ownership and control of assets – Project Director to provide update**

Following the June meeting further discussions have occurred and a general outline has been put together regarding costing principles and control of the assets. Constituent Councils have been coming back with questions. The Project Director is preparing a position paper to go to the Board meeting for adoption.

**Action: P Mantzarapis**

##### **4.3 SMA Liaison and LGFA Account – Project Director to provide update**

Further liaison has occurred with the SMA and the first invoice has been submitted to the SMA with supporting information. We are waiting for a new SMA Board to be appointed so that the invoice can be signed off. For non-government parties the SMA pays funds through a certain process but for a Government body they get paid through the LGFA. It would be useful for BHKCS to hold its funds in a holding account with the LGFA given the good interest rate (almost double that of ANZ). The committee agreed that we would need a safeguard with the account consistent with what is in the policies for the ANZ account. We would need to list authorised accounts with the LGFA so that funds can't be transferred to unauthorised accounts.

**Action: P Mantzarapis**

##### **4.4 Management Letter from Galpins**

Galpins have prepared a management letter on their findings and recommendations on internal control. We will need to map the subsidiary against the Local Government Internal Controls Better Practice Model at some point.

**Action: P Mantzarapis**

#### **4.5 BHKCS Management Representation Letter**

The draft BHKCS management representation letter was circulated by email prior to the meeting.

**Moved:** Geoff Vogt  
**Seconded:** Rachel Barratt

#### **BHKCSB ARC 9/19-20**

That the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud. Assurance has been received from the Project Director that there is no reason why the 2019 Management Representation letter shouldn't be signed.

**CARRIED**

#### **5 Matters Arising from the Minutes**

Independent legal advice will be sought to outline the requirements of BHKCS as a regional subsidiary specifically as it relates to occupational health and safety after the control of assets position paper is adopted.

The financial delegations policies were provided but will now need to be updated with respect to the discussion today. The Credit Card policy and other financial policies will be put forward to the next ARC meeting.

Charter timeframes for the budget need to be adjusted. The BHKCS annual work plan has been adjusted now that the Project Director has met with the Council finance staff to better align with the adoption of Council budgets.

The Project Director has had the budget reports checked per the model financial statements and can confirm that they meet the standards.

#### **6 Next meeting**

23 October 2019

#### **7 Meeting close**

The meeting closed at 7:37pm.