

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

HELD WEDNESDAY 19 FEBRUARY 2020

The Ward Room at The Naval, Military and Air Force Club 111 Hutt Street, Adelaide
on Wednesday 19 February 2020 commencing at 5.00pm.

MEMBERSHIP

J Choate (Chairperson)
R Barratt (Board Member)
P Gelston (Board Member)
G Vogt (Board Member)
Justin Humphrey (Independent)

ATTENDEES

Peta Mantzarapis (Project Director)
P Coonan (Project Secretariat)

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

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

Wednesday 19 February 2020

Commencing at 5.00pm

1. Meeting Administration

1.1 Present

- Judith Choate (Chairperson)
- Rachel Barratt (Board Member)
- Paul Gelston (Board Member)
- Geoff Vogt (Board Member)
- Justin Humphrey (Independent Member)
- Peta Mantzarapis, Project Director
- Patricia Coonan, Project Secretariat

1.2 Apologies

Nil

1.3 Minutes

Moved: Geoff Vogt
Seconded: Paul Gelston

BHKCSB ARC 16/19-20

That the minutes of the meeting of the Brown Hill and Keswick Creeks Stormwater Board's Audit and Risk Committee held on 23 October 2019 are accepted as a true and correct record with one alteration to paragraph 2 in item 2 Action Items: 'Dallas will review' be altered to 'Dallas will be asked to review'

CARRIED

Action: Project Secretariat

1.4 Declaration of Interests

Nil

2. Action items

The completed items were noted, and the Project Director provided an update on the following item:

- Map the BHKCS regional subsidiary against the Internal Controls Better Practice Model: Dallas is not available to undertake the review. The Project Director will look to engage someone who can undertake this task and may contact governance staff from the Constituent Councils.

3. Draft Policies – for discussion

3.1 Policy Summary

The summary was noted.

3.2 Draft WHS Policy

This policy is intended to sit as a cover document in front of some of the BHKCS procedural documents that will form the WHS framework. The procedural documents that are applicable to the subsidiary will be prepared.

The committee discussed the policy and the following was noted:

- The legal advice from Botten Levinson needs to be incorporated as it informs the policy and the procedural documents.
- Add criteria around risk mitigation and ensure it flows through procedures and other documentation.
- Once the policy and framework are in place, contracts, tenders etc will need to be reviewed for compliance and consistency.
- When tenders are evaluated, safety criteria needs to be non-negotiable, sub-contractors are either compliant or not compliant.
- Section 4.4: add entire definition from the *Corporations Act 2001*.
- Section 4.9: extend the definition to include subsection 3 of the *Work Health and Safety Act 2012*, only subsection 1 has been included.
- Section 5.1.1: change 'Board Members' to 'Board' and ensure this is consistent throughout the policy. 1.1 any other applicable statutory requirements?
- Section 5.1.3: remove capital letters from 'due diligence'.
- Section 5.1.6: the Board won't do these things but we're reliant upon the contractor doing them and need to see evidence. Use "the Board must or must ensure..."
- Section 7.1: review annually instead of every two (2) years.

Action: Project Director

3.3 Botten Levinson advice relating to WHS Policy

The committee wants to be satisfied and understand the risks identified and how they will be managed, for example, whether our contracts are sufficient to manage our risk. Botten Levinson should review our contracts to ensure we are covered, and that occupational health and safety is included. A risk management plan needs to be developed as a priority.

We are currently delegating down to project manager level, so we need to ensure risks and mitigation approaches are captured. For Everard Parks and South Park Lands there is a risk register and workshops have been held.

There are 2 different types of risk:

- Key project risks are to be identified and reported upon within the project reports presented at each Board meeting
- Organisational risks will cover items such as program, reputation, finance, incidents/near-misses and will be presented in a risk report to the ARC

The committee would like the Project Manager to ensure that all risks are documented (email/paper trail) and that all incidents are reported immediately then added to the risk reports.

Action: Project Director

3.4 Draft Prudential Management Policy

The committee discussed the policy and the following was noted:

- Section 4.3: 'Due Diligence' definition needs to be checked against the *Local Government Act 1999*.
- Section 4.9: 'Major Project' definition needs to be checked against the *Local Government Act 1999*.
- Section 4.12.1: insert entire section from the *Local Government Act 1999*.
- Section 4.12.2: add 'of the Act' after the section reference and specify that it's s48(6d).
- Section 5.2.1: this is very broad – add entire section from the *Local Government Act 1999*.
- Section 5.2.3: change the reference to section 5.2.1.
- Section 5.2.4: review wording.

It was noted that the implications of this policy are significant for the Board and will require prudential management reporting on a regular basis. Section 48 (3) states that a report is not required in relation to drainage works. We should seek opinion from Botten Levinson as to whether the works we are delivering under the SMP are 'drainage works' and what this means for our Prudential Management requirements.

Action: Project Director

3.5 Draft Appointment of Board Members Process

The process was noted but shouldn't form a policy of the Board. The process will be provided to the Owners Executive Committee as a recommendation in a letter from the Project Director together with a list of the Board Members who have expiring terms coming, timeframes and the Project Director's role in the process. The process will also be added to the next OEC agenda for discussions. It is important that the Board Chair has a voice in the process.

It was noted that the Project Director is also the Executive Officer, and that all references to Executive Officer will be changed to Project Director to save confusion given both roles are undertaken by the same person.

Action: Project Director

3.6 Draft Terms of Reference for Nominations Committee

Again, this committee is not the responsibility of the Board and extracts of the document may therefore be provided to the Owners Executive Committee as a recommendation, but it is up to that committee to accept or otherwise.

3.7 Draft Performance Review Process

The process was noted. The Board and Employee performance review processes need to be separated as they will be approached differently.

The committee would like an external facilitator to undertake the Board reviews every three years. In the interim, it is the responsibility of the Board Chair to review individual Board Members and as such the Chair will develop questions each year in addition to core questions.

KPIs will need to be developed for the Project Director for the next 12 months and they will be used for future Project Director assessments. Draft KPIs to be prepared by Project Director and provided to Chair in anticipation of review meeting.

The Project Secretariat will establish a form for assessment of Board Members in consultation with the Board Chair and this will be provided to Board Members to complete in time for the March Board meeting. The authors of the form will be redacted. Board Members will be asked to assess themselves and their peers and these forms will be provided in time for the meeting of the nominations committee in early April.

Action: Project Director

Action: Geoff Vogt to provide some information to the Chair on processes he has been part of.

Action: Project Secretariat to establish Board peer review form in conjunction with Board Chair and distribute to Board members for completion individually

4. Financial Update – for noting

4.1 Financial Summary

Noted.

4.2 Summary of Project Funding

The report was noted with one change: 'Total Funding Received' needs to be changed to 'Total Funding Invoiced'. The Board would also like a separate 'Capital Account' and 'Operating Account' so that reports can be easily prepared for both.

Action: Project Director

4.3 Statement of Comprehensive Income Against Budget

It is noted that Secretariat costs are still to be received by invoice.

4.4 Statement of Financial Position

The report was discussed, and the following was noted:

- GST \$228k – we have just issued the next round of capital contributions to the Councils. The Project Director is asked to check if this is a taxable supply.
- Accumulated depreciation on office equipment should be listed under the office equipment.
- The Depreciation Policy is pending the outcome of the position paper.

Action: Project Director

4.5 Statement of Cash Position

The report was noted. In the equity position section, it was noted that the SMA funding should be treated differently to the capital provided by the Councils – and should be recorded as revenue of other income, not equity. Project Director to make this amendment.

Action: Project Director

5. Other business – for discussion

5.1 Draft 2020/21 Budget

The budget was noted. The operational items were discussed at the last meeting and minor amendments have been made. Capital contributions will be kept as consistent as possible as to what has been communicated to the SMA and the Constituent Councils. South Park Lands will require some of the contributions to be bought forward and this will be raised at the next OEC meeting including the implications of not bringing the contributions forward. The next steps were noted and particularly item three (3) regarding a whole-of-project delivery as the ideal timing of this would be before the next Federal election (first half of 2021).

Action: Project Director

5.2 Flood Mapping for DEW

Peta met with the Department for Environment and Water with reference to the flood modelling that happens online. They would like to use our modelling for their system. This will be added as a discussion item to the next OEC agenda.

Action: Project Director

5.3 Annual Meeting with 5 Council Mayors

No meetings have been held but the Project Director has received requests to present to individual Council Audit Committees.

5.4 Attendance at Council Audit Committee Briefings

Refer item 5.3.

5.5 Form of Ordinary Returns

There is a requirement under the Charter and under the *Local Government Act 1999* that Board Members need to provide a form of Ordinary Return. All Board Members will be emailed the required form and further information.

Action: Project Director & Project Secretariat

5.6 Service Agreement – City of Unley

The agreement has just been received and will be reviewed by the Chair and Board members prior to sign-off.

Action: Judith Choate

6. Next meeting

20 May 2020

7. Meeting close

The meeting closed at 6:54pm.

Signed (BHKCS Board Chair):

Date: