



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

HELD WEDNESDAY 15 JULY 2020

Via Zoom Video Conference
on Wednesday, 15 July 2020 commencing at 5.30pm

MEMBERSHIP

Judith Choate, Chairperson
Rachel Barratt, Board Member
Paul Gelston, Board Member
Geoff Vogt, Board Member
Justin Humphrey, Independent Member

OTHER ATTENDEES

Peta Mantzarapis, Project Director
Patricia 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

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

Meeting Wednesday 15 July 2020
Commencing at 5.30pm

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 of the Previous Meeting

Moved: Paul Gelston

Seconded: Geoff Vogt

BHKCSB ARC 21/20-21

That the minutes of the meeting of the Brown Hill and Keswick Creeks Stormwater Board's Audit and Risk Committee held on 20 May 2020 are accepted as a true and correct record with the exception of one spelling error on the first page.

CARRIED

1.4. Declaration of Interests

Nil

2. Matters Arising from the Minutes

2.1. Action Items outstanding/ongoing for the Committee

The action list was noted, and a further update was provided in relation to the mapping of internal controls against the Better Practice Manual. The mapping is underway. Two quotes were received, and William Buck has been awarded the work. William Buck is now working through the process and there should be some outcomes and recommendations sent through in the next couple of weeks.

3. Finance Matters

3.1. Financial Summary

Noted.

3.2. Capital Works Funding Summary as at 30 June 2020

The committee discussed the report and in particular the Everard Park sub-project expenditure exceeding the total funding to date by \$1.3m. The Project Director explained that this is a timing issue. The invoice that will be issued to the SMA in July will be retrospective and will cover the January to June expenses. This payment will balance the expenses incurred to date.

The SMA is having a Board meeting this month to discuss the BHKCS recommendation that funding from the SMA be invoiced in advance. If approved, this will mean that two invoices will be issued in July, one for the January to June 2020 expenses and another for the 2020-21 contribution. The Project Director will confirm the outcome of the SMA Board meeting as soon as it has been provided.

3.3. Statement of Comprehensive Income Against Budget YTD

Noted.

3.4. Statement of Financial Position YTD

Noted.

3.5. Statement of Cash Flows YTD

Noted.

4. Draft Policies

4.1. Policy Summary

Noted.

4.2. Asset Capitalisation Policy

The Owners' Executive at their last committee meeting agreed on a position for the ownership and control of assets and the position is currently being signed by all Constituent Councils as a circular resolution. Given the outcomes of the position paper on ownership and control of assets, it will be necessary for the Board to capitalise project assets. The capitalisation policy provided for consideration has been prepared with reference to the relevant policies of Constituent Councils and is consistent with the accounting standards.

The Project Director is now considering individual agreements with Councils for assets in their areas. This will be added as an agenda item to a future Board meeting.

The committee discussed the policy and agreed that a covering paper that sits alongside the asset register needs to be prepared to provide supporting information.

ACTION: Project Director

Moved: Geoff Vogt

Seconded: Paul Gelston

BHKCSB ARC 22/20-21

That the Asset Capitalisation Policy be recommended to the Board for adoption subject to the five Constituent Councils signing the Circular Resolution relative to the Ownership and Control of Assets Position Paper.

CARRIED

5. Other Business

5.1. Motions Register

The register was noted.

5.2. Common Seal and Agreements Register

The register was noted.

5.3. Variation Request – Inside Infrastructure, Everard Park Project

The Project Director has reviewed the request and met with the Project Manager to discuss the basis for the proposed increase. The updated budget table has also been provided to the City of Unley for review given Council will be responsible for all project expenses exceeding \$2,665,000 + GST. The City of Unley has confirmed that Council has adequate funds within its approved budget and is comfortable with the increase in the forecast total cost.

Responses to specific queries and requests for additional information made by the Board at the June 2020 Board meeting have been provided in the report for consideration. The committee noted that the majority of the request for variation is a result of latent conditions being recognised during the construction process that weren't foreseen. There have been some time delays but not anything significant.

The committee agreed that the additional information, particularly the latent conditions that would have incurred extra cost and the extension of the timeline, is just cause for a request for variation.

The Project Director advised that a register of notes is being kept relative to construction and project management as a 'lessons learnt' summary that can be reviewed each time a project commences.

Moved: Rachel Barratt

Seconded: Paul Gelston

BHKCSB ARC 23/20-21

That:

1. The report be received.
2. The Board considers the attached Variation Request and approves acceptance of the request.
3. The Board delegates authority to the Project Director to accept the variation.

CARRIED

5.4. Variation Request – ProcurePM, South Park Lands Project

Paul Gelston advised that, whilst not a conflict of interest, it should be noted that he has worked with Angelo Lanzilli in the past.

The Project Director has reviewed the request and met with the Project Manager to discuss the basis for the proposed increase and they are broken down into two components - the first being design finalisation where additional time has been spent undertaking further investigations as a risk mitigation exercise to minimise the possibility of cost overruns during construction. It was anticipated that in February or March of 2020 the tender process would have commenced but an additional two to three months have been spent interrogating the design.

The second component is the procurement process. Additional procurement processes have been required given the requirement for early works and to manage the uncertainty around availability of funding. The variation request includes a combination of time already spent and expected hours required to finalise the design and to deliver the early works.

The committee expressed concern over the tasks that were either not included in the design scope or present a risk to the project in terms of potential for significant delay and variation during construction. The resolution of utility service matters and additional design management effort are expenses that were not reasonably foreseeable by ProcurePM at the time of tendering and have resulted in the timeframe to conclude 100% design being extended beyond the original estimation.

The Project Director confirmed that she has reviewed the scope of work and all tasks have been fulfilled by Tonkin for the work they have been contracted to do and it was noted that the timing requirements initially set up in the scope of work were out of date and no longer relevant.

Moved: Rachel Barratt

Seconded: Paul Gelston

BHKCSB ARC 24/20-21

That:

1. The report be received.
2. The Board considers the attached Variation Request and approves acceptance of the request.
3. The Board delegates authority to the Project Director to accept the variation.

CARRIED

6. Other Business

The Project Director advised that William Buck are preparing the end of year financial statements and they will be audited by Galpin. Justin Humphrey agreed to review the statements and will attend the first half an hour of the August Board meeting to discuss this item.

7. Next Meeting

21 October 2020

8. Meeting Close

The meeting closed at 6:30pm.