



**AUDIT COMMITTEE MEETING HELD AT THE CIVIC CENTRE - KATHERINE
MONDAY – 17 OCTOBER 2016**

MINUTES

1. PRESENT

Ian Swan	Chairperson
Elizabeth Clark	Alderman
Lokesh Anand	Independent
Colin James	Lowry's Accountants (Auditor)
Robert Jennings	Chief Executive Officer (CEO)
Alice Anastacio	Corporate Services Executive Manager (CSEM)
Claire Johansson	Director Corporate & Community Service (DCCS) – via telephone

Rosemary Jennings	Community Support Officer (Secretariat)
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2. OPENED

The meeting was opened at 2.05pm

3. APOLOGIES

Nil

4. DISCLOURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

MOVED: Robert Jennings / Lokesh Anand

That the minutes of the Audit Committee Meeting held on the 10 September 2015 be confirmed as a true and accurate record.

CARRIED 7/0

6. BUSINESS ARISING

Nil

5. ITEMS FOR DISCUSSION

5.1 2015/2016 AUDIT AND FINANCIAL POSITION

The Auditor provided a copy of the Final Financial Statements to all present along with a Management Letter from Lowry's Accountants noting the issuing of an unqualified audit report.

The Auditor noted that there were no major issues and believes a good set of statements has been produced.

The 2015 Statements noted a revaluation figure of \$26M more than the asset value. This was an issue and in turn has been adjusted for the 2016 Statements. The revaluation figure must be the same or less than the asset value. The 2016 adjustment was essential to allow for an unqualified audit report.

Revaluation figures have been obtained via the independent asset revaluation conducted by Opteon Property Group in July 2016.

The Auditor noted increases across employee and material expenses however where in line with revenue increase and are at an acceptable level.

The Auditor recommends that Katherine Town Council (KTC) conducts independent revaluations of all assets on a 3 yearly basis with Council to adopt the revaluation figures of the previous years in the interims. This complies with Australian Accounting Regulations and allows for more accurate depreciation figures for reporting purposes. This is to be done by resolution of Council.

Following this recommendation would allow KTC to utilise the figures provided in the 6 July 2016 physical valuation conducted by Opteon Property Group for the 2017 and 2018 Statements with a new revaluation to be conducted for the 2019 Statements.

Utilising the revaluation figures will show no depreciation.

Auditor advised that if Dept. of Local Government have any issues with no depreciation of assets to refer to auditors for explanation.

The Auditor noted that KTC currently has \$3.2M in Liabilities (Note 8 – Liabilities) however explained this is mainly due to unexpended grant funding. These figures will remain a liability until the conditions of the grant funding have been complied with.

The Auditor noted that KTC's Current Assets to Current Liabilities ratio is great, currently 4:1.

Given the financials of KTC the auditor recommends investigating possible investment opportunities. The Asset Management Plan will help Council to determine possibilities to invest.

The Chairperson noted that this was a strong balance sheet. The Auditor noted the statements reflect a well-run business.

CSEM queried the addition of new assets. Advised by Auditor to deem new assets at fair cost (assume to be fair market value) for Asset Management Plan purposes. No depreciation to be recorded on new assets.

The CEO thanked Colin (Auditor) for the additional work conducted in regards to the error of the asset values. KTC would not have been satisfied with a Qualified Audit given that the organisation has been performing better and therefore appreciate the additional work conducted to achieve an Unqualified Audit.

The CEO also noted the exceptional work done by CSEM, DCCS & the whole Finance team in preparing the statements and notes that the process will develop and be better again next year.

The Auditor credited the staff for their dedication and enthusiasm for their roles.

The DCCS thanked Colin (Auditor), Ian (Chairperson) and Hazel (Auditor) for all their work.

RECOMMENDATION:

The Financial Statements as Audited be accepted and presented to Council for endorsement.

MOVED: Lokesh Anand / Elizabeth Clark

CARRIED: 7/0

Colin James (Auditor) left the meeting at 3.05pm.

5.2 INDEPENDENT RISK ASSESSMENT ON COUNCIL'S FINANCIAL POLICIES – LATITUDE 12

The Chairperson requested the Independent Risk Assessment of Council Financial Policies proposal by Latitude 12 be received and noted.

5.3 AUDIT COMMITTEE WORK PROGRAM

The Chairperson to begin developing the Audit Committee Work Program and will provide thoughts on what the plan should contain. This will be emailed to the committee for consideration.

The Chairperson tabled an example produced in South Australia.

Lokesh Anand advised he will provide to the committee an example of the Work Program Roper Gulf Regional Council currently utilises.

RECOMMENDATION:

The Chairperson will commence formulation of a work program for the Audit Committee of Katherine Town Council for circulation, comment and input.

MOVED: Elizabeth Clark / Alice Anastacio

CARRIED: 6/0

General discussion determined the Work program should contain comment on the Long Term Financial Plan and Asset Management Plan as well as a 6 Month Review of KTC's 2016/17 Budget at the next meeting.

6. NEXT MEETING

The Chairperson tabled, for note, the DLGCS Audit Committee General Instruction No. 3 and notes an example of four (4) meetings a year.

The Chairperson reiterated the importance of the Audit committee as a conduit between the Council and the Auditors and recommends meeting at least three (3) times a year.

Lokesh Anand also recommended the need to update the Terms of Reference in line with the tabled General Instruction.

The Chairperson agreed to draft new Terms of Reference for the committee including additional issue the Committee should address such as governance, risk assessment and procedures.

The Committee agreed to next meet early/mid- February 2017 – Date to be determined.

Prior to closure of the meeting the CEO tabled the report, *Progress of the lease and other association matters for the Katherine Civil Airport* for the committee's note.

7. MEETING CLOSED

Meeting closed by the Chairperson at 3.25pm.