



**AUDIT COMMITTEE MEETING
HELD AT THE CIVIC CENTRE – KATHERINE
Thursday, 11 June 2020**

MINUTES

1 PRESENT

- CHAIRPERSON : Mr Ian Swan (Via Zoom)
- MEMBERS : Alderman Jon Raynor
: Mr Lokesh Anand – Independent (Via Zoom)
- OFFICERS : Mr Ian Bodill (Chief Executive Officer)
: Ms Claire Johansson (Chief Operations Officer)
: Mr Brendan Pearce (Executive Manager Infrastructure and Environment)
: Ms Donna Jones (Finance Manager)
: Mr Ireneo Lalim (Finance Accountant)
: Mr Jherry Matahelumual (Executive Assistant/Minutes Taker)

2 OPENED

The meeting was opened at 10.15am

3 APOLOGIES

MEMBERS

- Mayor Fay Miller
- Alderman John Zelle

4 CONFIRMATION OF PREVIOUS MINUTES

MOVED : Alderman Jon Raynor
SECONDED : Mr Lokesh Anand

THAT the minutes of Audit Committee Meeting held on Thursday, 2 April 2020 be confirmed as a true and accurate record.

CARRIED 3/0

5 BUSINESS ARISING

Nil

6 ITEMS FOR DISCUSSION

Motion was raised to start the items for discussions

MOVED : Mr Lokesh Anand
SECONDED : Alderman Jon Raynor

CARRIED 3/0

Discussions

6.1 Review timing of major financial reviews, LTFP, Annual Business Plan, Budget, quarterly results, Asset Management Plan, etc.

- COO Johansson informed that a report to request the Council to adopt the Municipal Plan 2020/2021 will be presented at Council's Meeting in June 2020.
- COO Johansson outlined committee members on Katherine Town Council Budget 2020/2021 as listed in the Municipal Plan.

6.2 Review and endorse draft of Annual Business Plan, Budget, AMP and LTFP (including rating strategy) prior to community consultation.

- Mr Anand queried what the forecast of the end of financial year for Katherine Town Council would be. COO Johansson responded that the KTC will have an operating surplus. In KTC long term financial plan, the ratios that are used include the Operating Surplus, current ratio, rates covered ratio, debt surplus covered ratio, assets sustainability ratio, asset consumption ratio and asset renewal funding ratio. At the end of financial year, we adjust the long-term financial plan to bring in the actuals for the year and have the ratio targets which are in accordance with the recommendation for the Local Government.

6.3 Review of Quarterly budgets and financial reports

- COO Johansson outlined the quarterly financial reports in September 2019, December 2019 and March 2020 including the debtors' reports.
- Mr Swan queried the main reason for the user chargers in March 2020 having gone down drastically. FM Jones responded that the two main reasons for User Charges going down are because the impact of COVID-19 Outbreak where KTC needed to make refunds and the charges are now part of the income.
- Mr Anand requested further information with respect to the Capital Expenditure. COO Johansson responded and outlined that KTC had significant expenses from the Month of April 2020 until June 2020 for Major Projects such as Hot Springs, Showgrounds and Sportsground. However, KTC will do some adjustment in relation to the expenditure since we have more clarity of the timeframe for some of the projects that may not be done in this financial year.
- Mr Swan queried why the weighbridge is increasing in March 2020. FM Jones explained that \$60,000 of the outstanding "90 days" made up of the debtors. They hold 85% of the debt with 2 invoices.

6.4 Proposed entries for the New Waste Management Transfer Station based on the workings

- Mr Lalim informed that the purpose of the workings is to estimate the cost to establish a New Waste Management Transfer Station and we also need to recognise the liability and responsibilities of the life cycle of the facility. These workings will also assist the

KTC to set up appropriate fees and charges for the users so KTC can recover the funds that have been planned for establishment of the facility.

- Mr Anand queried what is the meaning of Annual Accretion Expense in the workings. Mr Lalim responded that as proposed in the workings we have allocated 8% discount for the total of 20 years and therefore we need to recognise the expense to accumulate the funds. As indicated, we also use the formula to estimate the liability for up to 20 years and after the lifecycle of the facility we will use the funds to comply with requirements.
- COO Johansson requested the committee to consider adopting the formula listed in the workings at the next Audit Committee Meeting which is on the 10th September 2020.

6.5 Auditor report of projects to date – airport reseal, Hot Springs and the Showgrounds

- CEO Bodill informed that further to an interim audit that was conducted in May 2020, KTC requested the auditor to check previous figures of three major projects listed above. The reports will be available at the next meeting.

A motion was raised to move the confidential item for discussion

MOVED : Mr Lokesh Anand
SECONDED : Alderman Jon Raynor

CARRIED 3/0

7. Tender 19/05 Katherine Hot Springs Remedial Repairs and Landscaping Stage 1 and 2

This matter is considered to be confidential under Section 65(2) - 8(c)(iv) of the Local Government Act, and the Council is satisfied that discussion of these matters in an open meeting would, on balance, be contrary to the public interest as it deals with information that would, if publicly disclosed, be likely to prejudice the interests of council or some other person.

Motion

MOVED : Alderman Jon Raynor
SECONDED : Mr Lokesh Anand

That the committee completed the section of the confidential item.

CARRIED 3/0

8 GENERAL MATTERS

- CEO Bodill requested a motion to renaming the Audit Committee to that of the Audit and Risk Management Committee

MOVED : Alderman Jon Raynor
SECONDED : Mr Lokesh Anand

1. That the Audit Committee be renamed the Audit and Risk Management Committee and that the Terms of Reference be amended to reflect the Audit and Risk Management Committee
2. That the Terms of Reference of Audit and Risk Management Committee be submitted to Council for approval.

CARRIED 3/0

9 NEXT MEETING

The next meeting will be held on Thursday, 10 September 2020

10 CLOSURE OF MEETING

The Meeting closed at 11.47 AM



Ian Swan
CHAIR