

ALICE SPRINGS TOWN COUNCIL  
**RISK MANAGEMENT AND AUDIT COMMITTEE MEETING**  
 MINUTES OF MEETING  
 HELD FRIDAY 4 OCTOBER 2019 AT 12:00 NOON  
 ARUNTA ROOM, CIVIC CENTRE

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**1. ATTENDANCE:**

PRESENT:

Mr Iain Summers (Chair)  
 Mayor Damien Ryan  
 Deputy Mayor Matt Paterson  
 Councillor Glen Auricht  
 Councillor Eli Melky  
 Ms MunLi Chee, Merit Partners

OFFICERS:

Mr Robert Jennings, Chief Executive Officer (arrived at 12.04pm)  
 Mr Simon Duke, Acting Director Corporate and Community Services  
 Mr Ed Wlodarczyk, Acting Director Finance  
 Mrs Natasha Taylor, Risk and Compliance Officer  
 Ms Jodie Summers, Manager Governance (Minutes)

<b>13th Alice Springs Town Council RISK MANAGEMENT &amp; AUDIT COMMITTEE</b>	<b>5 Oct - 2018</b>	<b>25 Feb - 2019</b>	<b>13 May - 2019</b>	<b>29 Jul - 2019</b>	<b>4 Oct - 2019</b>
Iain Summers	✓	✓	✓	✓	✓
Mayor Damien Ryan	✓	✓	✓	✓	✓
Deputy Mayor Matt Paterson	✓	✓	✓	✓	✓
Councillor Jamie de Brenni	A	✓	✓	✓	
Councillor Jimmy Cocking	✓	✓	✓	A	A
Councillor Glen Auricht	A	✓	✓	✓	✓
Councillor Eli Melky					✓

✓	Attended
✓ <b>Proxy</b>	Proxy attended in place of committee member
A	Apology received
--	<b>No attendance and no apology recorded</b>

The meeting opened at 12:00pm

**APOLOGIES:**

Councillor Jimmy Cocking

The Chair welcomed Councillor Melky back to the Risk Management & Audit Committee. The Chair also acknowledged Ms MunLi Chee, the external auditor from Merit Partners attending to present the FY19 Financial Statements and Audit report.

## 2. **CONFLICT OF INTEREST DECLARATION**

Nil

## 3. **MINUTES OF THE PREVIOUS MEETING**

### **RESOLVED:**

**The Committee confirmed the minutes of the Open Risk Management & Audit Committee meeting held 29 July 2019 as a true and correct record of the proceedings.**

Moved: Mayor Damien Ryan  
Seconded: Councillor Glen Auricht

**Accumulated Leave:** Mayor Ryan asked how 4.5% accumulated Long Service Leave compared to an industry benchmark. External Auditor, MunLi Chee, responded advising there is no industry benchmark. Instead a risk analysis is conducted with several factors considered and identified risks are managed. Best practice is to have a policy in place detailing the level of risk acceptable to council and then maintain that policy in implementation.

*12.04pm Mr Robert Jennings entered meeting*

**Environmental Performance Monitoring Report – Regional Waste Management Facility:** Mayor Ryan raised the issue of the report being commissioned in February however not delivered until August. He expressed concern of a potential risk if the audit raises urgent concerns of a compliance or hazardous nature and the RWMF has continued to operate under those conditions for a further 6 months.

**ACTION:** The CEO took it on notice to review the management of the Environmental Performance Monitoring Report consultancy for the RWMF and ensure the process aligned with Council's requirements.

## 4. **BUSINESS ARISING FROM THE PREVIOUS MINUTES**

### **4.1 Action Items**

The Risk and Compliance Officer reported on the following action items:

- **Risk Management Presentation for Elected Members**

James Sheridan (Jardine Lloyd Thompson) provided a risk management presentation for Elected Members at the 23 September 2019 Council Forum that was well received.

## 5. **OTHER BUSINESS**

### **5.1 Financial statements FY19**

#### **5.1.1 Audited Financial Statements**

Doubtful Debts - Councillor Auricht asked if Council's approach to Doubtful debts was reasonable. MunLi Chee responded that a Debt Collection policy was reviewed as part

of the audit, the audit report comments on the methodology applied not the risk appetite for acceptable levels of debt.

The Chair reminded the committee of their responsibility to review and endorse the financial statements and audit report.

The Chair provided a summary of key elements of the financial statements:

- Introduction of *AASB 1058 Income for Not-for-Profit Entities*. Under this standard, 'unearned' grant income is treated as a liability when it was previously recognised as income in the year received. 'Unearned' income is revenue received in advance that has not yet been earned, representing products and services not yet provided as at the year end, but for which the Council has an obligation to the funder to provide.
- The comparative FY18 figures are as stated in the original Financial Statements and do not reflect the new application of this standard, other than for the transfer of the Grants in Advance Reserve as at 30 June 2018 to create the Unearned Grant Income current liability account on 1 July 2018.
- In the Statement of Comprehensive Income, \$1.65M is currently labelled '*Amounts Received Specifically for New or Upgraded Assets*'. These funds are in fact Financial Assistance Grant funds and should be reallocated to the grant income disclosure, while the grants for new capital items should be reallocated to *Amounts Received Specifically for New or Upgraded Assets*'.
- Note 12a Functions - on page 34 of the financial statements shows a budget v actual analysis. The budget figures do not reflect the draw down on reserves which are included in the published budget of the Council. This table, in the format presented, is required by the Local Government (Accounting) Regulations.
- Note 9(b) Street Lighting Reserve, and Note 17, Disputed cost under Contingencies & Assets/Liabilities not recognised in the Balance Sheet' both refer to the NTG request for ASTC to take on ownership of the street light infrastructure and maintenance.
- Note 7a. Infrastructure, Property, Plant & Equipment. The Chair advised that a revaluation of assets is due in FY20, the results of which will be added to this table for FY20 statements due next year.

ACTION: Following an analysis of Note 2(f), the Committee asked the Acting Director Finance to separate out the capital and operating grants in the table.

ACTION: Acting Director Finance to report to Council explaining any significant variations between the preliminary EOY financial reports provided to Elected Members in July and those contained in the final audited financial statements acknowledging that movement does occur through the audit process.

ACTION: Acting Director Finance to provide a brief to Council on the 'Restoration of Landfill' provision and the 'Regional Waste Management Future Funds' held in reserves, and the relationship between the two.

ACTION: Acting Director Finance to discuss the Street Lighting invoice and potential liability to council with the Council lawyer and external auditor to confirm current treatment in the financial statements.

Councillor Melky commented that the Street Lighting reserve was created to reduce the impact on rate payers if Council was forced to take on and maintain the aged street lighting infrastructure in the future.

Mayor Ryan asked if the Rates Income increase represented the percentage rates increase effective 1 July 2018 as the variance between FY18 and FY19 does not suggest this is so.

The Acting Director Finance stated that he believed it did but would take it on notice to confirm.

**ACTION:** The Acting Director Finance to investigate the variance between the Rates income for FY19 and FY18 and confirm to Council that the rates increase % has been appropriately applied.

Councillor Auricht asked if a reason for the comparison not aligning completely could be due to the number and type of rateable properties varying each year. All agreed this is a likely cause.

Mayor Ryan asked about the figures provided in Note 19. Related Party Transactions on page 43. He asked the Acting Director Finance to review and confirm the figures provided in relation to the personnel identified as Key Management Personnel for the purposes of this standard.

**ACTION:** Acting Director Finance to confirm to Council that the figures provide for in Note 19 of the financial statements are appropriate and include only the personnel identified as Key Management Personnel.

Manager Governance advised the committee of a nominal change to the contextual paragraph included in Note 19, page 43 of the financial statements. The paragraph will now read:

“The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain Executive Management.”

Table (i) will follow immediately.

Discussions ensued as to whether the Audit Report should be discussed in the Open of Confidential section of the meeting.

Manager Governance and the Risk & Compliance Officer confirmed that as per the treatment for Internal Audit reports and the Enterprise risk registers, it is appropriate that the external audit report, of an operational nature, is also discussed in a Confidential meeting.

**RESOLVED:**

**That Item 5.1.2 Draft External Auditor Closing Report, was transferred to the Confidential Section for discussion.**

Moved: Mayor Damien Ryan

Seconded: Deputy Mayor Matt Paterson

**5.1.3 Financial Reflections**

**ACTION:** Acting Director Finance to recast the Financial Reflections report to incorporate policy related performance indicators and direction, and to be subject to final review by the CEO.

It was agreed that the recommendations in relation to agenda item 5.1 would need to be addressed following the confidential meeting where the Auditors report would be discussed.

**6. MOVING AGENDA ITEMS INTO CONFIDENTIAL****6.1 Items to be transferred from Open Section to Confidential Section**

Item 5.1.2

**7. NEXT MEETING: To be confirmed**

The Chair advised that he is unavailable for the next proposed meeting date and asked that the Risk & Compliance Officer look at alternative dates and work with committee members to confirm.

ACTION: The Risk & Compliance Officer to negotiate a meeting date for early 2020 and send out calendar invites for all 2020 meeting dates to committee members.

The meeting stands adjourned and resumes in the Confidential Section.

The meeting adjourned at 1:27pm

**8. RE-OPENED MEETING**

The Chair re-opened the meeting at 2.11pm.

*Mr Robert Jennings was not present at the meeting when it resumed*

**RESOLVED:**

That it be a recommendation from the Risk Management & Audit Committee:

- 1. The audited financial statements for financial year ended 30 June 2019 are suitable for submission to the Minister and to the Northern Territory Grants Commission, subject to changes as discussed in the confidential meeting.**
- 2. Council receive the audited General Purpose Financial Statements as required by regulation 16(2) of the Local Government (Accounting) Regulations.**

Moved: Mayor Damien Ryan

Seconded: Councillor Glen Auricht

The meeting adjourned at 2.16pm.

Confirmed on: 13 March 2020

CHAIRPERSON Iain Summers

**ALICE SPRINGS TOWN COUNCIL  
RISK MANAGEMENT AND AUDIT COMMITTEE**

**4 OCTOBER 2019**

**KEY ISSUES FROM THE MEETING FOR COUNCIL'S ATTENTION:**

- Subject to amending the disclosure of *Amounts Received Specifically for New or Upgraded Assets*, in the Statement of Comprehensive Income, and the disclosure of Key Management Personnel in Note 19, the audited financial statements for financial year ended 30 June 2019 are suitable for submission to the Minister in the Annual report, and to the Northern Territory Grants Commission.
- A report will be produced explaining any significant variations between the preliminary EOY financial reports provided to Elected Members in July and those contained in the final audited financial statements acknowledging that movement does occur through the audit process.
- A brief will be provided for Council on the 'Restoration of Landfill' provision and the 'Regional Waste Management Future Funds' held in reserves, and the relationship between the two.
- The financial reflections narrative to include in the Annual Report will be guided by feedback from the meeting and be reviewed by the CEO.

Iain Summers  
Chair