

# A G E N D A

## **Audit and Governance Committee**

### **Agenda**

Notice is hereby given pursuant to the provisions of the Local Government Act, 1999, that a meeting of the Audit and Governance Committee will be held in the Civic Room 1<sup>st</sup> Floor, 181 Unley Road Unley on

***Tuesday 21 August 2018 6.30pm***

for the purpose of considering the items included on the Agenda.

**Peter Tsokas  
Chief Executive Officer**

## **AUDIT AND GOVERNANCE COMMITTEE**

**Tuesday 21 August 2018 – 6.30pm Room  
Civic 1<sup>st</sup> Floor**

### **AGENDA**

#### **MEMBERS:**

Mr John Rawson (Presiding Member)  
Mr Ed Parker (Independent Member)  
Councillor Michael Rabbitt  
Councillor Rob Sangster

#### **APOLOGIES**

Mr Sean Tu (Independent Member)

#### **ITEM 84**

##### **CONFLICT OF INTEREST**

**1.**

#### **ITEM 85**

##### **CONFIRMATION OF MINUTES**

**2.**

MOVED:

SECONDED:

That the minutes of the Audit and Governance Committee meeting, held on Wednesday 20 March 2018, as printed and circulated be taken as read and signed as a correct record.

## **OFFICER'S REPORTS**

- 86 Procurement Savings Identified
- 87 Confidentiality Motion for Item 88 – Centennial Park Cemetery Authority Operating Budget 2018 – 19
- 88 Centennial Park Cemetery Authority Operating Budget 2018 – 19 - CONFIDENTIAL
- 89 Confidentiality Motion to Remain in Confidence for Item 88 – Centennial Park Cemetery Authority Operating Budget 2018 - 19
- 90 Confidentiality Motion for Item 91 – Centennial Park Cemetery Authority – Commercial Investment
- 91 Centennial Park Cemetery Authority – Commercial Investment - CONFIDENTIAL
- 92 Confidentiality Motion to Remain in Confidence for Item 91 – Centennial Park Cemetery Authority – Commercial Investment

## **VERBAL UPDATE**

- Depreciation (Roads)
- Credit Card Report

## **MOTIONS WITHOUT NOTICE**

## **CORRESPONDENCE**

- Letter from Auditors, BDO Audit (SA) Pty Ltd

## **NEXT MEETING DATE**

Wednesday 16 October 2017 – 6.30pm

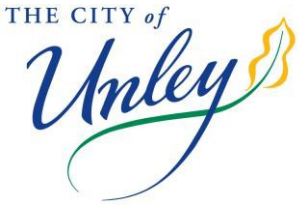
## **CONFLICT OF INTEREST**

**TITLE:** CONFLICT OF INTEREST  
**ITEM NUMBER:** 84  
**DATE OF MEETING:** 20 MARCH 2018  
**ATTACHMENT:** 1. CONFLICT OF INTEREST DISCLOSURE  
FORM

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Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda.

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**CONFLICT OF INTEREST DISCLOSURE FORM**

I, \_\_\_\_\_ have received a  
*[insert name]*

copy of the agenda for the (Ordinary / Special) **Council / Committee / Board**  
*[delete that which is not applicable]*

meeting to be held on \_\_\_\_\_  
*[insert date]*

I consider that I have a **\*material** conflict of interest pursuant to section 73 / **\*actual** or **\*perceived** conflict of interest pursuant to section 74 *[\*delete that which is not applicable]* of the *Local Government Act 1999* (“the LG Act”) in relation to the following agenda item:

\_\_\_\_\_  
*[insert details]*

which is to be discussed by the **\*Council / \*Committee / \*Board** at that meeting.  
*[delete that which is not applicable]*

The nature of my **material** conflict of interest is as follows *[ensure sufficient detail is recorded, including the reasons why you (or a person prescribed in section 73(1) of the LG Act) stands to obtain a benefit or suffer a loss depending on the outcome of the consideration of the matter at the meeting of the Council in relation to the agenda item described above].*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**OR**

The nature of my **actual** conflict of interest is as follows *[ensure sufficient detail is recorded, including the reasons why the conflict between your interests and the public interest might lead to a decision that is contrary to the public interest in relation to the agenda item described above].*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I intend to deal with my **actual** conflict of interest in the follow transparent and accountable way *[ensure sufficient detail is recorded as to the manner in which you intend to deal with the actual conflict of interest in a transparent and accountable way]*

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**OR**

The nature of my **perceived** conflict of interest is as follows *[ensure sufficient detail is recorded, including the reasons why you consider that an impartial fair-minded person could reasonably consider that you have a perceived conflict of interest in the matter]*

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I intend to deal with the **perceived** conflict of interest in the following transparent and accountable way *[ensure sufficient detail is recorded as to the manner in which you intend to deal with the perceived conflict of interest in a transparent and accountable way]*

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*Signature*

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*Date*

## **CONFIRMATION OF MINUTES**

**TITLE:** CONFIRMATION OF MINUTES FOR AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 20 MARCH 2018

**ITEM NUMBER:** 85

**DATE OF MEETING:** 14 AUGUST 2018

**ATTACHMENTS:** NIL

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## **RECOMMENDATION**

MOVED:  
SECONDED:

That:

1. The minutes of the Audit and Governance Committee Meeting held on Wednesday 20 March 2018, as printed and circulated, be taken as read and signed as a correct record.
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## **INFORMATION REPORT**

**REPORT TITLE:** PROCUREMENT SAVINGS IDENTIFIED  
**ITEM NUMBER:** 86  
**DATE OF MEETING:** 21 AUGUST 2018  
**AUTHOR:** SARAH TAYLOR  
**JOB TITLE:** MANAGER FINANCE & PROCUREMENT

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### **EXECUTIVE SUMMARY**

To provide the Audit and Governance Committee a summary of those new tenders, contracts and purchases that have realised savings of \$10,000 or more in the third and fourth quarters of 2017/18.

### **RECOMMENDATION**

MOVED:  
SECONDED:

That:

1. The report be received.
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## **DISCUSSION**

The Audit and Governance Committee have requested that information on tenders and contract cost savings, resulting from procurement activities, be reported to the Committee on a regular basis.

### **Favourable Contract Variations for Quarter 3 and 4, 2017/2018**

Since the last report the following major contracts have been completed:

#### **Telecommunications**

The Telecommunications contract covers telephone and internet services and negotiations achieves savings of \$48,000 per annum on an annual expenditure of \$186,900, which results in an annual saving of approximately 26%.

The reduction was achieved through the amalgamation and realignment of services and usage plans, coupled with negotiations for improved contract conditions, using the new Local Government Association contract as the head agreement.

#### **Unley Oval Grandstand Upgrade**

The winning bid represented a corporate cost saving of \$319,394. This denotes negotiated savings with the winning tenderer to cover aspects of construction of the canteen which were not included in the original scope. The negotiated cost savings were achieved in comparison to the pricing that would have applied if the offer by the highest bidder, without inclusions, had been accepted.

#### **Eastern Region Residential Supported Program**

Home and Community Care (HACC) funded Eastern Region Supported Residential Facilities Programs (ERSRF) provides support to residents who are living on a pension. Savings of \$20,000 were achieved through competitive tendering processes, this represents an annual saving for 2017/18 of 11%.

#### **Detailed Design & Documentation for Goodwood Oval Grandstand**

This tender was for design documentation for the construction of the new grandstand and associated landscaping at Goodwood Oval. The value of the bid by the chosen provider, when measured against the most expensive bid represented a cost saving of \$56,825.

#### **Budgeting Software**

In purchasing MAGIQ Performance software, which is a suite of highly sophisticated and easy to use budgeting, financial and strategic planning tools,

Council was able to negotiate savings of \$26,400 over the quoted price, providing a saving of approximately 50%.

### **Light Fleet**

Increased income of \$30,000 has been achieved through the disposal of Council's light fleet vehicles this equates to an average of \$3,000 per vehicle. Improved planning for vehicle replacement, proactive management of fleet by users and better than expected market conditions have resulted in improved re-sale value.

### **SUMMARY**

Savings achieved for Quarter 3 and 4, 2017-18

<b>Title</b>	<b>Annual Saving \$</b>
Telecommunications	48,000
Unley Grandstand Upgrade	319,394
ERSRF	20,000
Goodwood Oval Design	56,825
Performance Software	26,400
Light Fleet	30,000
<b>TOTAL</b>	<b>\$506,619</b>

The following tenders and contracts are underway but have not yet been finalised:

- Provision of Unified Communications & Contact Centre
- Provision of Legal Services
- Supply & Delivery of Concrete
- Woodchipper Tipping Body
- External Audit Services
- Appointment of a Smart City Advisor

Once the above processes have concluded, and if savings achieved are in excess of \$10,000, these will be reported in future Savings Reports to the committee.

Tenders/ Quotes that incur savings are often difficult to calculate, depending upon the type of contract involved. This is often the case where a schedule of fees or rates is required or there is a limited history of past occurrences to provide a comparison. Another factor relates to the accuracy of budget estimates which are often used to measure any savings and efficiencies. Savings can also be obtained through value adding which cannot always be simply expressed in monetary terms. When the City of Unley goes to tender there are criteria in place to achieve savings, however, the open marketplace and the forces of and supply and demand can detrimentally affect outcomes.

### **Dispensation from Procurement Policy**

In circumstances where the Council enters into purchasing contracts, other than those resulting from a competitive process, the Council will record the reasons for entering into those contracts. Where the amount is over \$100,000 the purchase must be reported to the Council's Audit and Governance Committee.

No purchases fell into this category during the period under review.

### **CONCLUSION**

In accord with Council's decision, on-going contracts are being reviewed and where identified savings occur, these will be reported to the Audit and Governance Committee and be considered for debt reduction.

## DECISION REPORT

**REPORT TITLE:** CONFIDENTIALITY MOTION FOR ITEM 88 –  
CENTENNIAL PARK CEMETERY AUTHORITY  
OPERATING BUDGET 2018-19

**ITEM NUMBER:** 87

**DATE OF MEETING:** 21 AUGUST 2018

**AUTHOR:** LAUREN BLYTH

**JOB TITLE:** EXECUTIVE ASSISTANT, BUSINESS SUPPORT  
AND IMPROVEMENT

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Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds set out below.

### 1. **RECOMMENDATION**

That:

1. Pursuant to Section 90(2) and (3)(d)(i) and (ii) of the *Local Government Act 1999*, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because it relates to information the disclosure of which:
  - Could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
  - Would, on balance, be contrary to the public interest.
2. In weighing up the factors related to disclosure:
  - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations; and
  - non-disclosure of this item at this time will enable Council to consider the Centennial Park Cemetery Authority (CPCA) Operating Budget 2018-19 without compromising the CPCA's commercial position.

On that basis, the public's interest is best served by not disclosing Item 88 – Centennial Park Cemetery Authority Operating Budget 2018-19 and discussion at this point in time.

3. Pursuant to Section 90(2) of the *Local Government Act 1999* it is recommended the Council orders that all members of the public be excluded, with the exception of staff of the City of Unley on duty in attendance.
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**ITEM 88**

**Confidential - removed from the public agenda - pages 8 - 12**

## DECISION REPORT

**REPORT TITLE:** CONFIDENTIALITY MOTION TO REMAIN IN  
CONFIDENCE ITEM 88 – CENTENNIAL PARK  
CEMETERY AUTHORITY OPERATING BUDGET  
2018-19

**ITEM NUMBER:** 89

**DATE OF MEETING:** 21 AUGUST 2018

**AUTHOR:** LAUREN BLYTH

**JOB TITLE:** EXECUTIVE ASSISTANT, BUSINESS SUPPORT  
AND IMPROVEMENT

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### 1. RECOMMENDATION

That:

- 1.1 Pursuant to Section 91(7) of the *Local Government Act 1999* the following elements of Item 88 – Centennial Park Cemetery Authority Operating Budget 2018-19, considered at the Audit and Governance Committee Meeting on 14 August 2018:

- Minutes
- Report
- Attachment

remain confidential until 31 January 2020 and not available for public inspection until the cessation of that period.

1. Pursuant to Section 91(9)(c) of the *Local Government Act 1999*, the power to revoke the order under Section 91(7) prior to any review or as a result of any review is delegated to the Chief Executive Officer.
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## DECISION REPORT

**REPORT TITLE:** CONFIDENTIALITY MOTION FOR ITEM 91 –  
CENTENNIAL PARK CEMETERY AUTHORITY –  
COMMERCIAL INVESTMENT

**ITEM NUMBER:** 90

**DATE OF MEETING:** 21 AUGUST 2018

**AUTHOR:** TAMI NORMAN

**JOB TITLE:** EXECUTIVE MANAGER OFFICE OF THE CEO

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Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if the Audit and Governance Committee so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds set out below.

### 1. **RECOMMENDATION**

That:

1. Pursuant to Section 90(2) and (3)(d)(i) and (ii) of the *Local Government Act 1999*, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because it relates to information the disclosure of which:
  - Could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
  - Would, on balance, be contrary to the public interest.
2. In weighing up the factors related to disclosure:
  - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations; and
  - non-disclosure of this item at this time will enable Council to consider a commercial investment proposal from the Centennial Park Cemetery Authority (CPCA) without compromising the CPCA's commercial position in relation to the proposal.

On that basis, the public's interest is best served by not disclosing Item 91 – Centennial Park Cemetery Authority – Commercial Investment and discussion at this point in time.

3. Pursuant to Section 90(2) of the *Local Government Act 1999* it is recommended the Council orders that all members of the public be excluded, with the exception of staff of the City of Unley on duty in attendance.
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**ITEM 91**

**Confidential - removed from the public agenda - pages 15 - 20**



## DECISION REPORT

**REPORT TITLE:** CONFIDENTIALITY MOTION TO REMAIN IN  
CONFIDENCE ITEM 91 – CENTENNIAL PARK  
CEMETERY AUTHORITY – COMMERCIAL  
INVESTMENT

**ITEM NUMBER:** 92

**DATE OF MEETING:** 21 AUGUST 2018

**AUTHOR:** TAMI NORMAN

**JOB TITLE:** EXECUTIVE MANAGER OFFICE OF THE CEO

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### 1. RECOMMENDATION

That:

- 1.1 Pursuant to Section 91(7) of the *Local Government Act 1999* the following elements of Item 91 – Centennial Park Cemetery Authority – Commercial Investment, considered at the Audit and Governance Committee Meeting on 21 August 2018:

- Minutes
- Report
- Attachment

remain confidential until 18 August 2023 and not available for public inspection until the cessation of that period.

1. Pursuant to Section 91(9)(c) of the *Local Government Act 1999*, the power to revoke the order under Section 91(7) prior to any review or as a result of any review is delegated to the Chief Executive Officer.
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