

11.2 Appointment of Audit Committee independent members

The recruitment process for the independent members of the City of Onkaparinga Audit Committee has been concluded. This report seeks Council endorsement of the recommended candidates.

This is an update on a previously reported project, concept or issue.

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Attachments: Nil

1 Executive summary

1.1 Topic

The recruitment process for the independent members of the City of Onkaparinga Audit Committee has been concluded. This report seeks Council endorsement of the recommended candidates.

1.2 Context

In accordance with Section 126 of the *Local Government Act 1999* Council established an Audit Committee (the Committee). Mayor Rosenberg and Cr Nash were appointed as members to the Committee. Cr Schulze was appointed as proxy member.

Council endorsement is required for the appointment of an independent Chairperson and ordinary member of the Committee.

1.3 Suggested outcome

It is suggested that Council consider this item in Confidence. Section (ii) 90(3)(a) of the *Local Government Act 1999* is suggested as the most appropriate to use for this purpose.

This item is presented as a confidential item because it concerns the personal affairs of the persons interviewed for the role.

2 Recommendation(s)

1. That:

- a. **under the provisions of Section 90(2) of the *Local Government Act 1999* an order be made that the public be excluded from attendance at the meeting in order to consider in confidence this item.**
- b. **the Council is satisfied that it is necessary that the public be excluded to enable the Council to consider the report at the meeting on the following grounds:**

Section 90(3)(a) information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead);

- c. **accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.**
2. **That Mr David Powell be appointed as independent Chairperson of the City of Onkaparinga Audit Committee commencing on 1 July 2011 and concluding on 31 December 2013.**
3. **That the remuneration for the independent Chairperson of the Audit Committee be \$6,500 per annum.**
4. **That Mr Allen Bolaffi be appointed as independent member of the City of Onkaparinga Audit Committee commencing on 1 July 2011 and concluding on 31 December 2013.**
5. **That the remuneration for the independent member of the Audit Committee be \$5,000 per annum.**
6. **That a formal letter expressing the appreciation of the Council for his service on the Audit Committee for the previous 4 years is sent to Mr Peter Agars.**
7. **That the matter of the Appointment of Audit Committee independent members having been considered in confidence under Section 90(3)(a) of the *Local Government Act 1999* an order be made under the provisions of Section 91(7) and (9) of the *Local Government Act 1999* that the Appointment of Audit Committee independent members and the minutes and the report of the Council relating to discussion of the subject matter be kept confidential until all parties are notified of the outcome of Council's deliberations.**

Key factors

3 Discussion

The vacancies for the positions of an ordinary member and the Chairperson of the Committee were advertised in the Adelaide Advertiser, Seek online, Local Government Association career website and the City of Onkaparinga employment page.

At the closure of the advertising, 9 (nine) applications were received for those positions. At its meeting on 17 May 2011, Council resolved to:

'appoint the Mayor, the Chief Executive Officer and Mr M Petrovski, Director, Office of State/Local Government Relations, to the selection panel for the review of expressions of interest and interview of prospective candidates for appointment to be independent members of the Audit Committee.'

The 9 (nine) of expressions of interest were shortlisted to 3 (three) prospective candidates for interview. Interviews were conducted on 6 June 2011.

The candidates interviewed were as follows:

Name	Summary of expertise / background
Peter Agars, AM	<p>Current ordinary member of the City of Onkaparinga Audit Committee. Independent member of the Finance and Audit Committees of the SA Housing Trust and the Risk Management and Audit Committee of the Department for Families and Communities. Principal, Peter Agars and Associates. Previously Partner of Coopers & Lybrand, Touche Ross & KPMG. Past president of CPA Australia (national) and the International Federation of Accountants. Chairman of Lochert Bros Pty Ltd, Director of Hands on SA, Foodbank and Paragon Equity Ltd.</p> <p>Particular expertise and interest in strategic leadership, corporate governance and operational management of companies and not for profit organisations, financial management, performance management, operational and resource reviews, internal audit and risk management reviews.</p>
Allen Bolaffi	<p>Current Chair of the City of Onkaparinga Audit Committee. Member of the Audit Committee for Adelaide City Council, Adelaide Hills Council, City of Salisbury, City of Tea Tree Gully, Flinders University, SRWRA and SA Health's Audit and Risk Committee. Managing Partner of accounting firm, UHY Haines Norton. President of the Australia Israel Chamber of Commerce. Director of Arrowcrest Group, Drake Foodmarkets Group and John Shearer Holdings.</p> <p>Particular expertise and interest in public and private sector governance and risk management, corporate auditing, consulting and advisory, business management, revenue law and strategy and policy in government.</p>
David Powell	<p>Independent member of the Audit Committee of the City of Adelaide, Chair of the Audit and Governance Committee of the national body of the Australia China Business Council, Horizon Power (a Government Business Enterprise in WA) and finance and risk advisor to the Board. Probity Auditor for the City of Burnside. National Director of the Australian China Business Council, National Branch.</p> <p>Particular expertise and interest in IT audit, security, risk management, internal audit, corporate governance and external audit, and probity audit and advice.</p>

The selection panel concluded that based on qualifications, expertise and experience, Mr David Powell was the preferred candidate for the role of independent Chairperson of the Audit Committee.

The interview panel also felt that Mr Allen Bolaffi would add considerable knowledge and skills to the Audit Committee. It recommends that he be appointed as ordinary member of the Committee.

It should be noted that Mr Bolaffi, in his role as Chair of the Audit Committee, was appointed to the Audit Committee of the Southern Region Waste Resource Authority.

Remuneration

A scan of metropolitan Councils shows some considerable variation in remuneration (from \$300 to \$1,000 per meeting) with some set as a sitting fee and others a capped annual amount.

This council also sets an additional expectation of the Audit Committee independent members to provide some independent advice to the Council on specific matters at the request of Council.

It is recommended to Council that the remuneration is a fixed annual amount as the number of meetings varies from year to year (see Table 1, below) and the frequency and scope of any independent advice required is also unknown in any given year.

Year	No. of Meetings
2011	3 (Year To Date) with a further 5 Scheduled
2010	6
2009	7
2008	7

Table 1. Number of Audit Committee meetings held

The recommended remuneration level for the independent members of the Audit Committee is as follows:

- \$6,500 per annum for the independent Chairperson
- \$5,000 per annum for the independent Member

Initial discussions with the candidates indicate that these levels would be acceptable.