



12 June 2020

Contact for Apologies: General Manager

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File Ref: GOV9.14.041

Dear Board Member

NOTICE OF MEETING

Notice is hereby given pursuant to the Victor Harbor Horse Tram Authority Charter and Section 87(4) of the Local Government Act, 1999, as amended that a meeting for the **Victor Harbor Horse Tram Authority** has been called for:-

DATE: Tuesday, 16 June 2020

TIME: 3:00pm

PLACE: Via Zoom – meeting invite to come from Rachel Kennedy

Please find enclosed a copy of the Agenda for the meeting.

Yours faithfully

Megan Whibley

General Manager

Victor Harbor Horse Tram Authority

Please be advised that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.



1. Open Meeting/Welcome

2. Attendance

Paul Brown (Chair)
Cr Carol Schofield AM
Nigel Catt
Rachel Kennedy
Natasha Hunt
Megan Whibley (General Manager VHHTA)
Tamar Herron (Minute Secretary VHHTA)

Karen Rokicinski (Director Corporate and Customer Service CVH)

3. Apologies

4. Minutes of Previous meeting

4.1 Minutes VHHTA Board Meeting 8 April 2020	3
4.2 Minutes of VHHTA Special Board Meeting 12 May 2020	6

5. Adjourned Item(s)

5.1 Adjourned Item(s)	N/A
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6. Reports for Receiving and Noting only

6.1 General Manager Operations Report	8
6.2 Resolution Register	17

7. Reports for Decision

7.1 Establishing an Audit Committee and Engaging an External Auditor.....	23
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8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

9.1 Future Meetings – whether with zoom or in person	
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Victor Harbor Horse Tram Authority
Board Meeting Agenda
For meeting Tuesday 16 June 2020
Commencing at 3.00pm via Zoom



9.2 21 July 2020 Full Planning Day with Dan Aubin

10. Correspondence Received

11. Urgent Business without Notice

12. Confidential Reports

Nil

13. Next Meeting

Tuesday 18 August 2020, 3pm – Encounter Room

14. Meeting Close

Please be advised that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.

**Minutes of the Victor Harbor Horse Tram Authority
Board Meeting
For meeting Wednesday, 8 April 2020
Commencing at 12.00pm**



2. Present

Paul Brown (Chair)
Cr Carol Schofield AM
Nigel Catt
Rachel Kennedy
Natasha Hunt
Megan Whibley (General Manager VHHTA)
Tamar Herron (Minute secretary VHHTA)

In attendance

Karen Rokicinski (Director Corporate and Customer Service CVH)
Pauline Corcoran (CVH)

Commencement

The meeting commenced at 11:59 pm via Zoom

3. Apologies

Nil

4. Minutes of the Previous Meeting

4.1 Minutes VHHTA Board Meeting 18 February 2020

VHHTA161 Moved: Rachel Kennedy
 Seconded: Nigel Catt

That the minutes of the previous Victor Harbor Horse Tram Authority meeting held on 18 February 2020, as per copies supplied to members, be adopted as a true and correct record of the meeting.

CARRIED

5. Business Arising

Nil

6. Reports for Receiving and Noting only

6.1 General Manager Operations Report

VHHTA162 Moved: Rachel Kennedy
 Seconded: Natasha Hunt



That the Victor Harbor Horse Tram Authority receive and note the General Manager Operations Report.

CARRIED

6.2 Outstanding Resolutions Register

VHHTA162 Moved: Nigel Catt
 Seconded: Rachel Kennedy

1. That the decision VHHTA39 made at the Victor Harbor Horse Tram Authority meeting on 12 February 2019, to investigate and consider all alternative means of vehicle to pull the Horse Tram carriages, including electrical, tractor or vehicle, overseas options and Investigate the costs and time of introducing such a service be revoked.

CARRIED

7. Reports for Decision

7.1 Operating budget 2020/21

VHHTA164 Moved: Nigel Catt
 Seconded: Rachel Kennedy

1. That the Victor Harbor Horse Tram Authority receive and note the Operating Budget 2020/21 report.
2. That:
 - the Victor Harbor Horse Tram Authority adopt the 2020/21 Operating Budget in the accompanying financial statements as provided at Attachment A to this report and consistent with the approval given by the Council at their meeting on 24 February 2020, recognising that adjustments will need to be considered in light of the evolving COVID-19 pandemic, as the extent of these adjustments become understood; and
 - the Victor Harbor Horse Tram Authority provide a copy of the adopted budget, as per the requirement of section 5.4 of the Charter

CARRIED



8. Presentations

Nil

9. Discussion Items – No decision(s)

- 9.1 Update on Galpin's Final Audit report for the Victor Harbor Horse Tram Authority
- 9.2 Quarterly financials delayed and will be presented to the board via circular email in the next few weeks

10. Correspondence Received

- 10.1 CEO's response letter regarding the Track replacement outcome

11. Urgent Business without Notice

Discussion around Life membership options

12. Confidential Item(s)

Nil

13. Next Meetings

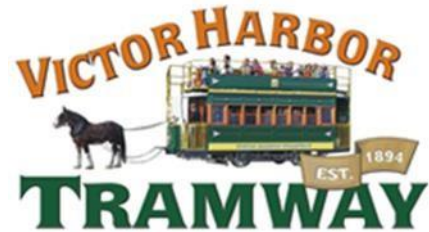
Tuesday 16 June 2020, 3pm – Zoom Meeting

14. Meeting Closed.

12:40 pm

Please be advised that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.

**Minutes of the Victor Harbor Horse Tram Authority
Special Board Meeting
For meeting Tuesday 12 May 2020
Commencing at 12:30pm**



VHHTA 166 Moved: Nigel Catt
 Seconded: Rachel Kennedy

2. That the Victor Harbor Horse Tram Authority endorse the March Quarterly Budget Review 2019/20 as presented at attachment A to this report, noting a changed contribution from Council (operating deficit) of \$392,500.

CARRIED

3.2 Quarterly Projects Update

VHHTA 167 Moved: Carol Schofield
 Seconded: Natasha Hunt

1. That the Victor Harbor Horse Tram Authority receive and note the Quarterly Projects Update report.
2. That the Quarterly projects update be provided to Council for their information.

CARRIED

4. Meeting Closed

1:01pm

Please be advised that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.

Meeting **Victor Harbor Horse Tram Authority**
Date **Tuesday 16 June 2020**
From **Meg Whibley**
Subject **General Manager Operations Report**
Report Number **6.1**

RECOMMENDATION

That the Victor Harbor Horse Tram Authority receive and note the General Manager Operations Report.

INFORMATION

Whilst the following matters are operational and do not require endorsement by the Board, it is important to update the Victor Harbor Horse Tram Authority Board during the easing of restrictions of COVID-19 for this reason, an update is provided for Board information.

Purpose

The purpose of this report is to provide an update from the General Manager to the Board, regarding Horse Tram operations.

Background

On 23 March 2020, the Tram operation ceased carrying passengers due to COVID-19 restrictions. During this service downtime, projects involving maintenance of trams and training of horses have been implemented to make good use of the time and utilise permanent staff to their full potential.

Commentary

Tram Operation: COVID-Safe

With the startup of the tram on Friday 5 June 2020, prior to the long weekend, new protocols were implemented as part of a state government requirement for businesses to establish COVID-Safe plans, including the disinfecting of trams between trips, recording of passenger details and limiting passenger numbers. Passengers were very understanding of the restrictions and operations ran smoothly despite the challenges of these new protocols, largely due to how well the staff adapted to implementing the procedural changes.

Ticket takings from re opening:

Over the Long weekend, takings were approx. \$1000 for each day. This was a great result considering limitations to the number of passengers the horse tram was able to safely accommodate under the Covid-Safe plan. I am encouraged by this result and look optimistically forward to the easing of restrictions going into the July School Holidays. Feedback from passengers and other members of our local community suggest that people are absolutely loving seeing the tram back running and with the weather largely in our favor, each weekday has seen takings ranging from \$300 - \$500.

Staff:

Staff hours have been reduced during the closure of Tram operations but some hours have been allocated to setting up electronic WHS systems to position operations well into the future. As we recommence operations, staff are beginning to take on more hours again. As a means of minimising costs as much as practicable, which is always a priority, I personally worked the Sunday and Monday of the long weekend, utilising assistance from a volunteer for the paddock clean up on the public holiday. Juniors are now back working on the weekends with paddock clean up and helping at the tram office with the horses and trams.

WHS Report:

- Skytrust Account setup for the VHHTA has occurred with GM and Admin staff setup and part training completed.
- Staff training still to be actioned but logins have been created. At present hard copies are inputted by Admin staff
- Site inspections completed and uploaded into Skytrust with the outcomes being actioned. Ongoing
Upload of Safe operating Procedures (SOP) and Job Safety Analysis (JSA) is approximately half completed in Skytrust. All review dates have been set to ensure ongoing compliance.

Horses:

Horses are currently being paddocked at the Gillespie land and rotated through paddocks as needed. Spray out of the Salvation Jane has occurred and was reasonably effective. Boundary fences have been sprayed as well – some still to be completed.

Chester's training and the return of Jay Jay to tram work is going well and a documented plan has been put in place for these processes by our horse husbandry staff.

During May the Annual Vet checks occurred for each of our horses, with certificates to be supplied for insurance purposes. An outcome of these checks is that a decision has been made to retire Karni from horse tram operations due to the worsening condition of his hind legs. The decision has been made to ensure that his welfare is maintained and before he begins to experience too much pain from a previous injury.

Vet report: Also see Attachment A

Overall general wellbeing : *Good general health, but most notably his lameness/degenerative condition in his near hindlimb has progressed to the degree that he is markedly uncomfortable at the walk. Given the consideration that a lameness workup performed by Morphettville Equine Clinic failed to achieve resolution of this problem, along with his declining response to medical therapy instituted some time ago, I strongly feel that it is unfair for him to continue in his current role and he should be retired from active work duties forthwith. At present I feel he is sufficiently sound to be retired to a paddock, a flatter area for him somewhere would be preferred.*

Details regarding Karni's retirement are being considered, and will be discussed with the Board in due course.

A new horse will need to be purchased in 2020/21 to replace Karni and fortunately, one is available for us to look at up at Howard Moss's, the same place that Chester and Isabella were purchased from. The available horse is only three years old and would need to go to Patterson's in Melbourne for initial training if a decision was made to purchase it.

Maintenance:

Renovations to Tram 3 are underway and proceeding well. The steel railing is being stripped back to bare metal in readiness for painting, with advice being sought for the best reapplication of paint. Paneling for along the sides of the tram is currently on order. New aluminum composite sheeting will be used and fortunately, comes already painted in the correct green colour.

Business planning:

Dan Aubin, the facilitator that the VHHTA used for the planning day in June 2020 has been booked for 21 July 2020 for the continuation of our business planning. Paul Brown and I will meet with Dan prior to the day to establish an agenda for the plenary session.

Grant applications and enquiries into eligibility for grants have included:

South Australian Tourism Commission - \$5000 - unsuccessful

Job Keeper – unsuccessful

SA Treasury – Small Business \$10,000 – Outcome pending.

Nature-based Tourism Co-investment Fund – Enquiring regarding eligibility. If deemed eligible, a business model for the VIP Experience will need to be developed prior to applying. As the application would be for capital funds, the application would need to be supported by Council, who would determine whether this or another Council project had the greater likelihood of funding success.

RISK ASSESSMENT

A risk assessment has not been undertaken as this operations report is provided to the Board for receiving and noting only.

BUDGET IMPLICATIONS

There are no budget implications associated with the Board receiving and noting the General Manager Operations Report.

Dr. Lindsay Young B SC BVMS (Hons)

Veterinary Surgeon

ABN 22 394 901 433

Veterinary Inspection Report

20/5/2020

HORSE NAME: Karni 13yr old Roan Gelding

Procedures performed/medications: General Health Check, Routine Dentistry (under sedation), Deworm Drench, Vaccinate Strangles.

Eyes, head and neck: No abnormalities

Body condition score: 9/10

Musculoskeletal: Good - toned

Hoof and leg examination:

Hoof cracks: Nil

Wall and Frog quality: Good

Farriery/Shoeing – Well shod /Balanced

Evidence of Lameness/soreness present? Markedly lame at walk – Near Hind -Chronic

Distal limb dermatitis: Very Mild Lesions present – Currently being treated. Active lesion still present Off forelimb

Overall general wellbeing: Good general health, but most notably his lameness/degenerative condition in his near hindlimb has progressed to the degree that he is markedly uncomfortable at the walk. Given the consideration that a lameness workup performed by Morphettville Equine Clinic failed to achieve resolution of this problem, along with his declining response to medical therapy instituted some time ago, I strongly feel that it is unfair for him to continue in his current role and he should be retired from active work duties forthwith. At present I feel he is sufficiently sound to be retired to a paddock, a flatter area for him somewhere would be preferred.

21/5/2020

HORSE NAME: Albert (2008 Gelding)

Procedures performed/medications: General Health Check, Routine Dentistry (under sedation), Deworm Drench, Vaccinate Strangles.

Eyes, head and neck: No abnormalities

Body condition score: 7.5 -8/10

Musculoskeletal: good

Hoof and leg examination:

Hoof cracks: Nil

Wall and frog quality: Good

Farriery: Good

Evidence of Lameness/soreness present? Nil

Distal limb dermatitis: Lesions Visible Near fore– Undergoing treatment-ongoing

Overall general wellbeing: Very Good. Note past lesions in tail static at this time. Monitor only

21/5/2020

HORSE NAME: Jay Jay 11yr old Roan Gelding

Procedures performed/required/medications: General Health Check, Routine Dentistry (under sedation), Deworm Drench, Vaccinate Strangles.

Eyes, head and neck: Good

Body condition score: 8.5-9/10

Musculoskeletal: Good

Hoof and leg examination:

Hoof cracks: Nil

Wall and Frog quality: Good

Farriery: Shod – Well balanced.

Evidence of Lameness/soreness: No. Mild muscle asymmetry off hindlimb

Distal Limb Dermatitis: Both hindlimbs – Hyperkeratosis noted. No skin erosion. Near Fore - Mild active lesion.

Overall general wellbeing: Good. Recommend an anabolic hormone could be used to increase muscle bulk over hindquarters.

20/5/2020

HORSE NAME: Murray Bay Gelding

Procedures performed/medications: General Health Check, Routine Dentistry (under sedation), Deworm Drench, Vaccinate Strangles.

Eyes, head and neck: Good – no abnormalities

Body condition score: 9/10

Musculoskeletal: Good - toned

Hoof and leg examination:

Hoof cracks: Nil

Wall and Frog quality: Good

Farriery: Good

Evidence of Lameness/soreness present? Nil

Distal limb dermatitis: Nil

Overall general wellbeing: Excellent

20/5/20

HORSE NAME: Isabella Bay Mare

Procedures performed/medications: General Health Check, Routine Dentistry (under sedation), Deworm Drench, Vaccinate Strangles.

Eyes, head and neck: Good – no abnormalities

Body condition score: 9.5/10

Musculoskeletal: Good

Hoof and leg examination:

Hoof cracks: Nil

Wall and Frog quality: Good

Farriery: Good.

Evidence of Lameness/soreness present- Nil.

Distal limb dermatitis: Nil

Overall general wellbeing: Excellent

21/5/2020

HORSE NAME: Elliott Bay gelding

Procedures performed/medications: General health check, Routine Dentistry (under sedation), Deworm Drench, Vaccinate Strangles.

Eyes, head and neck: Good

Body condition score: 8/10

Musculoskeletal: NAD

Hoof and leg examination:

Hoof cracks: Nil

Wall and Frog quality: Good

Farriery: Shod – Good, slight flare of the hoof wall, no significant changes.

Evidence of Lameness/soreness present? No.

Distal limb dermatitis: Mild irritation. Hyperkeratosis all four legs – Active. Undergoing treatment

Overall general wellbeing: Very Good.

20/5/2020

HORSE NAME: Scotty 4yr old gelding

Procedures performed/medications: General Health Check, Routine Dentistry (under sedation), Deworm Drench, Vaccinate Strangles.

Eyes, head and neck: Good

Body condition score: 9/10

Musculoskeletal: Good - toned

Hoof and leg examination:

Hoof cracks: Nil

Wall and Frog quality: Good-Mild thrush

Farriery: Shod as required.

Evidence of Lameness/soreness present? No

Distal limb dermatitis: Off Fore – mild active dermatitis below knee – currently being treated

Overall general wellbeing: Very Good

20/5/2020

HORSE NAME: Chester 9yr old bay gelding

Procedures performed/medications: General Health Check, Routine Dentistry (under sedation), Deworm Drench, Vaccinate Strangles.

Eyes, head and neck: Good

Body condition score: 8/10

Musculoskeletal: Improvement in hindquarters. He is a lightly muscled horse behind which hopefully will improve further with work. Hormone use can be considered to increase muscle bulk if required.

Hoof and leg examination:

Hoof cracks: Small wall crack which is being attended to.

Wall and frog quality: Good

Farriery: Currently unshod- flat sole with balance good

Evidence of Lameness/soreness present? No. Moves forward well . Exhibits mild neurologically derived hypermetria in off hindlimb when being backed which I feel will be off little to no significance in his work.

Distal limb dermatitis: Mild irritation Near Hind

Overall general wellbeing: Very Good

Comment on Health:

Dr. Lindsay Young B Sc. BVMS (Hons)

Meeting	Victor Harbor Horse Tram Authority
Date	16 June 2020
From	Megan Whibley
Subject	Outstanding Resolutions Register
Report Number	6.2

RECOMMENDATION

That the Victor Harbor Horse Tram Authority receive and note the Outstanding Resolutions Register report.

INFORMATION

Purpose

The purpose of this report is to review the outstanding resolutions register and determine the best course of action for items where required.

Background

The General Manager is to maintain a register of outstanding resolutions and implement resolutions of the Board in a timely and efficient manner.

The outstanding resolutions report lists all the outstanding resolutions from previous Board meetings, with a progress note against each resolution. Completed items are removed from the register for the following Board meeting to ensure that the list remains a current working document of outstanding resolutions that require action.

Commentary

The current outstanding resolutions register is provided at attachment A.

RISK ASSESSMENT

Corporate Governance –The Board must manage its governance risk of implementing decisions of the Board and associated actions as well as undertake duties as required by the Local Government Act 1999 Section 99(1)(a) and the Charter within approved budgets and required time frames. This report provides a mechanism for the Board to monitor progress of resolutions, work and actions and to manage the associated governance risk. The risk is assessed as **low**.

Socio Political, Community Issues / Reputation – There may be some concern from former or current Board members, Council and the broader community if resolutions are not actioned in a timely manner or if the current Board determines to resolve contrary to an earlier resolution. The risk is assessed as **medium**.

BUDGET IMPLICATIONS

There are no budget implications associated with the Board receiving and noting this report.

The majority of tasks on the outstanding resolutions register will be undertaken by the General Manager Horse Tram Authority as scheduled and without requirement for additional funds. Where additional funds are required to achieve items on the resolutions register, endorsement by the Horse Tram Authority Board, or where applicable, budget bids to Council, will be applied to individual items as required.



Attachment A

VHHTA – Outstanding Resolutions Register – updated 12-Jun-20

*newest at top

Date	Minute Number	Resolution	Status/Update
<i>Leave blank</i>			
12 May 2020	VHHTA167	That the Quarterly projects update be provided to Council for their information.	Provided Quarterly Projects Update to Council CEO. COMPLETED – May 2020
12 May 2020	VHHTA166	That the Victor Harbor Horse Tram Authority endorse the March Quarterly Budget Review 2019/20 as presented at attachment A to this report, noting a changed contribution from Council (operating deficit) of \$392,500.	Provided to Council CEO who presented the budget review to the Council meeting on 25 May 2020, where it was accepted as presented. COMPLETED – May 2020
8 April 2020	VHHTA162	That the decision VHHTA39 made at the Victor Harbor Horse Tram Authority meeting on 12 February 2019, to investigate and consider all alternative means of vehicle to pull the Horse Tram carriages, including electrical, tractor or vehicle, overseas options and Investigate the costs and time of introducing such a service be revoked.	Removed from Resolution Register, as per 8 April 2020 resolution. COMPLETED – May 2020
8 April 2020	VHHTA164	the Victor Harbor Horse Tram Authority provide a copy of the adopted budget, as per the requirement of section 5.4 of the Charter	A copy of the adopted budget for 2020/21 was provided the council CEO in 20 April 2020 meeting. COMPLETED – April 2020



Attachment A

Date	Minute Number	Resolution	Status/Update
18 February 2020	VHHTA159	That the Victor Harbor Horse Tram Authority endorse the process as outlined in this report for the six month performance review of the General Manager, and determine that the performance review panel will consist of the Chair and board member Rachel Kennedy.	Completed on 8 April 2020 via zoom with Rachel and Paul. New KPI's set and discussed in the Board meeting that same day. COMPLETED – April 2020
17 Dec 2019	VHHTA147	That with reference to minute VHHTA40 as detailed in this report regarding improvements to the Causeway Horse Tram Station, the matter be discontinued in light of the new causeway alignment and that the Authority work with DPTI and/or Council to ensure that the future design of any new facilities and infrastructure are suitable to the ongoing needs of the VHHTA.	Ongoing – liaising with Council/DPTI regarding future of Causeway and infrastructure needs of VHHTA.
17 Dec 2019	VHHTA135	That the Board view the video produced by the Friends of the Victor Harbor Horse Tram to determine suitability to display in the office window and give delegation to the General Manager to purchase a monitor up to the value to \$500.	In progress - Carol Schofield has shared video with the other Board members. No feedback received as yet. – Discuss with Board June 2020 Monitor still to be purchased – Video content needs updating, work in progress.
17 Dec 2019	VHHTA134	That with reference to minute VHHTA59 as detailed in this report, a review of the VHHTA the Code of Practice for Meeting Procedures be undertaken by the Board in the first quarter of 2020.	Not yet commenced - Email has been sent requesting the Board to review and determine if any changes are required.
17 Dec 2019	VHHTA132	That the Board include outstanding items from the Work Program in their review of the VHHTA Business Plan 2019-21 to	In progress - Business Plan to be further revised following presentation to Council



Attachment A

Date	Minute Number	Resolution	Status/Update
		consolidate the direction of the Authority and streamline reporting so that it is against the current business plan.	<p>in February 2020 – Dan Aubin is booked as the facilitator for the second planning day on the 21 July 2020.</p> <p>Outstanding items from work program to be incorporated as part of this amendment process.</p>
17 Sept 2019	VHHTA108	That the Victor Harbor Tram Authority modify the works program by delaying the Tram 4 action for 12 months and removing the ticket machine action from the works program	In progress - A 2021/22 Budget Bid. Current Capital budget bids are with Council for their consideration.
20 Aug 2019	VHHTA96	That the Victor Harbor Horse Tram Authority examine the policy associated with sales and Merchandise.	Not yet commenced.
20 Aug 2019	VHHTA97	That the Victor Harbor Horse Tram Authority review the volunteer policy.	In progress – email sent to Board with the policy to review.
18 June 2019	VHHTA82	<p>Grazing Land</p> <p>1. That the Victor Harbor Horse Tram Authority (VHHTA) write to the Chief Executive Officer of the City of Victor Harbor to seek approval to access the Council owned land outlined in Option 1 (known as Gillespie Land) as a short term grazing solution.</p>	<p>Complete</p> <p>In progress - Negotiations with SA Water are being undertaken by Council, as the</p>



Attachment A

Date	Minute Number	Resolution	Status/Update
		2. The VHHTA request that the General Manager commence negotiations with SA Water to access land identified as Options 2 & 3 and report back to the Board.	party with current tenure arrangements with the property owner, to secure tenure/ownership.



Meeting **Victor Harbor Horse Tram Authority**
Date **Tuesday 16 June 2020**
From **Megan Whibley**
Subject **Establishing an Audit Committee and Engaging an External Auditor**
Report Number **7.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Board receive and note the Establishing an Audit Committee and Engaging an External Auditor report.**
- 2. That the Victor Harbor Horse Tram Authority Board endorse the Draft Terms of Reference for the VHHTA Audit Committee at Attachment A to this report, with removal of sitting fees for independent Audit Committee members and Chair described in section 4.8.**
- 3. That the Victor Harbor Horse Tram Authority General Manager be directed to undertake a recruitment process for *one* Independent Member position for the Victor Harbor Horse Tram Authority Audit Committee.**
- 4. That an Independent Member Application Appraisal Panel be established for the purpose of reviewing, short-listing and interviewing applications for the Independent Member to the Victor Harbor Horse Tram Authority Audit Committee and that the panel consists of:**
 - Megan Whibley, Victor Harbor Horse Tram Authority General Manager;**
 - Paul Brown, Board Chair;**
 - , Board Member (*nominations to be sought at meeting*)**
- 5. That at the conclusion of their review process, the Independent Member Application Appraisal Panel Authority make recommendation to the Victor Harbor Horse Tram Authority Board regarding the appointment of an Independent Member to the Audit Committee, for subsequent recommendation by the Board to Council.**
- 6. That the Victor Harbor Horse Tram Authority determines to engage an External Auditor and that the Board approves appointment of an external auditor for a three year period, with the possibility of a further two years if both parties are in agreeance, through VHHTAs usual procurement processes as delegated to the General Manager or delegate; and**

that Council's Audit Committee is utilised for oversight of the External Auditor engagement, pending the formation of the Authority's Audit Committee.

INFORMATION

Purpose

The purpose of this report is to endorse the Draft Victor Harbor Horse Tram Authority Audit Committee terms of reference and recruitment process for independent audit committee member(s), and to endorse the engagement of an External Auditor.

Background

As per the Charter, the Victor Harbor Horse Tram Authority (VHHTA) is required to appoint an external Auditor and establish an Audit Committee:

3.3 Auditor

3.3.1 The Authority must appoint an auditor. Subject to the Act, and this Charter, an auditor holds office on the terms and conditions (including as to remuneration) that the Authority determines.

3.3.2 The Authority must provide its audited financial statements to the Chief Executive Officer of the Council by 30 September in each year.

4.1 Audit Committee

4.1.1 The Authority is required to establish an Audit Committee and clause 13(4) of Schedule 2 of the Act governs the constitution and functions of the Audit Committee. The Authority may establish its own Audit Committee or use the Council's Audit Committee with the agreement of the Council.

4.1.2 If the Authority establishes its own Audit Committee:

4.1.2.1 it must comply with the Local Government (Financial Management) Regulations 2011 regarding the membership of the Audit Committee;

An officer(s) of the Council nominated by the Chief Executive Officer of the Council may attend Audit Committee meetings as an observer;

4.1.2.3 at least two members of the Audit committee must be neither elected members nor employees of the Council.

4.1.2.4 The presiding member of the Audit Committee must not be an elected member or employee of the Council;

4.1.2.5 members of the Audit Committee are not entitled to payment of Remuneration fees unless approved by the Council;

4.1.2.6 minutes of an Audit Committee Meeting must be provided to the Chief Executive Officer of the Council within five days of the Audit Committee meeting to which the minutes relate.

The Authority must ensure the Auditor meets the requirements as detailed in *Regulation 20 (2) of the Local Government (Financial Management) Regulations 2011:*

(1) A Council subsidiary or regional subsidiary must have an auditor.

(2) The auditor must be –

(a) A registered company auditor; or

- (b) *A firm comprising at least 1 registered company auditor.*
- (3) *A person is not eligible to be the auditor of a subsidiary if –*
 - (a) *The person is a member of the board of management of the subsidiary; or*
 - (b) *The person is a member of the council which established the subsidiary or, in the case of a regional subsidiary, a member of a constituent council; or*
 - (c) *The person is a nominated candidate for election as a member of the council which established the subsidiary or, in the case of a regional subsidiary, is a nominated candidate for election as a member of a constituent council.*
- (4) *The office of auditor of a subsidiary becomes vacant if –*
 - (a) *The auditor dies; or*
 - (b) *The auditor resigns by written notice to the person who has been appointed to chair the board of management of the subsidiary; or*
 - (c) *The auditor is not or ceases to be eligible for appointment as the auditor; or*
 - (d) *The auditor accepts remunerated office or employment from the subsidiary or -*
 - (i) *In the case of a council subsidiary – the council which established the subsidiary; or*
 - (ii) *In the case of a regional subsidiary – a constituent council; or*
 - (e) *The term of appointment of the auditor expires and the auditor is not reappointed; or*
 - (f) *The auditor is removed from office by the subsidiary for reasonable cause.*

The external auditor will provide the Authority an opinion on Financial Statements and the internal financial controls to ensure the finances of the Authority provide a true and fair indication of the actual result and assist the Authority to meet their obligations under Clause 3.3.2 of the Charter.

Commentary

At their 18 June 2019 meeting, the VHHTA Board endorsed that the Authority seek approval from the City of Victor Harbor to utilise Council’s Audit committee and external Auditor for the VHHTA financial Statements until 25 October 2020. This decision provided the VHHTA with a further 12 months to determine the suitability of establishing their own Audit committee and engaging their own external Auditor. After consideration over the course of this nearly 12 month period, through the process of separating a number of financial and operational aspects of the VHHTA from Council, there appears to be merit in also separating out these audit functions. In particular, the VHHTA carries a number of unique risks and may benefit from some specific expertise to audit and add value through the recommendation of appropriate controls.

Audit Committee:

This report seeks support to formulate an audit committee specific to the VHHTA. A draft terms of reference (TOR) for this new audit committee has been prepared, and is provided at Attachment A. Please be aware that being recommended to the Board with this report, is removal of the sitting fees for independent Audit Committee members, at section 4.8 of the draft TOR in Attachment A. If sitting fees were endorsed by the Board for

independent members, then approval would need to be sought from Council, in accordance with the VHHTA Charter.

The draft TOR details positions for up to two independent members (though the recommendation to the Board with this report is for only one independent member), who would be sourced through an open application process led by the General Manager, with the formation of a review panel to assess and recommend preferred applicants to the Board for appointment to the positions. The review panel could also make recommendation for an Audit Committee Chair, which could be any member of the audit committee including any Board member who is not a member of staff, nor an elected member of Council.

The Board would then consider the recommendations of the review panel, and also endorse nominations for Board members to take up positions on the Audit Committee, in line with the TOR. All positions endorsed by the Board for the VHHTA Audit Committee would then be recommended to Council to approve the appointments.

External Auditor:

This report seeks a decision from the VHHTA Board to engage an external auditor specifically for the Authority, rather than continuing to utilise the auditor engaged by Council. Subject to support for this approach from the Board, procurement of an external auditor could be undertaken by the General Manager under delegation, in accordance with the VHHTA Procurement Policy.

RISK ASSESSMENT

The risks associated with the recommendation have been assessed as follows:

Corporate Governance - The Victor Harbor Horse Tram Authority Charter requires the establishment of an Audit Committee and appointment of its own Auditor in accordance with the Audit committee Terms of Reference. The risk is assessed as **low**.

Financial Management – Provision has been made in the 2020/21 budget for the Victor Harbor Horse Tram Authority to appoint their own Audit Committee and External Auditor. The risk is assessed as **low**

Socio Political, Community Issues / Reputation – There may be concern from some Council Elected Members that audit committee responsibilities will no longer be managed by Council's Audit Committee. With the Terms of reference in place, the procurement policy and the reporting requirements to the council the controls are all in place and meet the requirements of the Charter. The risk is assessed as **low**.

REFERENCES

VHHTA Charter

Regulation 20 of the Local Government (Financial Management) Regulations 2011

BUDGET IMPLICATIONS

In accordance with the draft TOR as presented, Audit Committee members who are also Board members would be paid sitting fees of \$350 per meeting (\$450 for the Chair), however it is being recommended to the Board that these sitting fees are removed from the TOR. They have not been specifically built into the 2020/21.

External auditor expenses can be found within the 2020/21 budget.

No additional funds are required.

CONSULTATION

City of Victor Harbor– Karen Rokicinski (Director Corporate & Customer Service)



THE VICTOR HARBOR HORSE TRAM AUTHORITY
AUDIT COMMITTEE
TERMS OF REFERENCE

1. ESTABLISHMENT

- 1.1 The Victor Harbor Horse Tram Authority ('the Authority') is a single council subsidiary established under Section 42 of the *Local Government Act 1999* ('the Act') by the Constituent Council, the City of Victor Harbor ('the Council').
- 1.2 At a meeting held on 16 June 2020, the Authority resolved to establish the Audit Committee ('the Committee') pursuant to Clause 4.1.1 of the Authority Charter.

2. PURPOSE

- 2.1 The Committee is established for the purposes of Section 13(4) of Schedule 2 of the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* to:
 - 2.1.1 reviewing annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the Authority; and
 - 2.1.2 reviewing the adequacy of Authority risk management systems; and
 - 2.1.3 proposing, and providing information relevant to, a review of the Authority's strategic management plans or annual business plan; and
 - 2.1.4 liaising with the Authority's external auditor; and
 - 2.1.5 reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Authority on a regular basis.

3. MEMBERSHIP

- 3.1 The membership of the Committee shall consist of:
 - 3.1.1 Up to two Independent Members who are not a member of the board of management of the Authority and have recent and relevant financial, risk management and internal audit experience; and
 - 3.1.2 The Authority General Manager.
 - 3.1.3 Two Authority Board Members nominated by the Authority for consideration by Council.
- 3.2 The Authority's external auditors may be invited to attend meetings of the Committee.
- 3.3 Persons appointed under this Clause 3.1 are referred to as 'Member/Members' throughout the Terms of Reference.

3.4 The current Committee membership is as per Schedule 1 to the Terms of Reference.

4. APPOINTMENT OF MEMBERS

4.1 The term of appointment of a member of the Committee shall be for a term not exceeding two (2) years at the expiry of which such member will be eligible for reappointment.

4.2 Nominations for the Independent Member position/s will be publicly advertised and considered, on the recommendation of the Authority Board, by the Council for appointment on a biennial basis.

4.3 The Board shall submit recommendations to the Council pursuant to Schedule 2, Part 1, Section 13(3) of the *Local Government Act 1999* for appointment.

4.4 The filling of any vacancy occurring by resignation or removal of a member shall be at the discretion of the Council.

4.5 The Council may at any time remove a member of the Committee but shall observe the principles of natural justice.

4.6 Any member absent for three or more consecutive meetings without apology or leave of the Committee, shall have their position declared vacant and clause 4.3 shall be invoked.

4.7 At least two members of the Committee must be neither elected members nor employees of Council in accordance with clause 4.1.2.3 of the Authority Charter.

4.8 Payment of sitting fees for Committee meetings will be paid as follows:

4.8.1 Council Officer or Horse tram Authority Officer members of the Committee will not be paid a sitting fee;

4.8.2 An Independent Authority Board Member who is also a member of the Committee will be paid a sitting fee of \$350 per meeting

4.8.3 A Council Authority Board Member who is also a member of the Committee will not be paid a sitting fee in line with non-payment of sitting fees for meetings of the Authority Board; and

4.8.4 An Independent Chairperson of the Committee will be paid a sitting fee of \$450 per meeting.

5. APPOINTMENT OF OFFICE BEARERS

5.1 Council shall appoint a Chairperson and Deputy Chairperson and the term of office shall be two (2) years.

5.2 The Chairperson and Deputy Chairperson must not be a Council Member or Employee of the Council.

6. ROLE AND RESPONSIBILITIES OF MEMBERS

6.1 The role of a Committee Member is to:

6.1.1 Participate in the deliberations of the Committee, with regard to the business which is before it;

- 6.1.2 Be mindful of the objectives and policies of the Authority as they relate to the business of the Committee;
- 6.1.3 Give due consideration to laws and regulations of the *Local Government Act 1999*;
- 6.1.4 Participate in induction and ongoing training as required;
- 6.1.5 Be aware of the Committee resources and budget, and the need for efficiency and effectiveness in the activities for which the Committee has been established;
- 6.1.6 Be well informed on issues before the Committee; to prepare adequately for meetings and seek additional information if required;
- 6.1.7 Be mindful of the potential for a Conflict of Interest to occur through participation on the Committee and to declare such interests as and when they arise; and
- 6.1.8 Observe confidentiality when it is required.

7. Role of the Audit Committee

7.1 Financial reporting:

- 7.1.1 The committee shall monitor the integrity of the financial statements of the Authority, including its annual report, reviewing significant financial reporting issues and judgments which they contain.
- 7.1.2 The committee shall review and challenge where necessary:
 - 7.1.2.1 the consistency of, and/or any changes to, accounting policies;
 - 7.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 7.1.2.3 whether the Authority has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
 - 7.1.2.4 the clarity of disclosure in the Authority's financial reports and the context in which statements are made; and
 - 7.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

7.2 Internal controls and risk management systems:

- 7.2.1 The Committee shall:
 - 7.2.1.1 keep under review the effectiveness of the Authority's internal controls and risk management systems; and
 - 7.2.1.2 review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.

7.3 External Audit:

7.3.1 The Committee shall:

7.3.1.1 consider and make recommendations to the Authority Board, in relation to the appointment, re-appointment and removal of the Authority's external auditor. The committee shall oversee the selection process for new auditors and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required;

7.3.1.2 oversee the Authority's relationship with the external auditor including, but not limited to:

7.3.1.2.1 recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;

7.3.1.2.2 recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;

7.3.1.2.3 assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of the Authority's relationship with the auditor, including the provision of any non-audit services;

7.3.1.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Authority (other than in the ordinary course of business);

7.3.1.2.5 monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and

7.3.1.2.6 assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures);

7.3.3 meet as needed with the external auditor. The committee shall meet the external auditor at least once a year, with the option to not have the Authority General Manager being present; to discuss the external auditor's report and any issues arising from the audit;

7.3.4 review and monitor the findings of the audit with the external auditor. This shall include, but not be limited to, the following;

7.3.4.1 discussion of any major issues which arose during the external audit;

7.3.4.2 any accounting and audit judgments; and

7.3.4.3 levels of errors identified during the external audit;

The committee shall also review the effectiveness of the external audit.

- 7.3.5 review any representation letter(s) requested by the external auditor before they are signed;
- 7.3.6 review the management letter and management's response to the external auditor's findings and recommendations.

8. MEETINGS

8.1 Ordinary meetings

- 8.1.1 The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle.
- 8.1.2 The Committee shall resolve by majority a 12 month schedule of the meetings including the date, time and location in accordance with Section 87(2) of *the Local Government Act 1999*.

8.2 Special Meetings

- 8.2.1 Special Meetings may be called by the Presiding Member or by at least two members of the Committee at any time in accordance with the conditions of the Terms of Reference.

8.3 Meeting Procedures

- 8.3.1 The procedures and protocols to be observed at the Committee meetings shall be as provided in Part 3 of *the Local Government (Procedures at Meetings) Regulations 2013*, unless varied by these Terms of Reference.

8.4 Quorum

- 8.4.1 A quorum for the Committee shall constitute three members, one of whom shall be a Board Member.

8.5 Notice of Meetings –

- 8.5.1 A Notice of each meeting is to be provided to each member in writing, setting out the date, time and location of the meeting and be accompanied by an agenda.
- 8.5.2 The agenda for Ordinary Meetings of the Committee shall be forwarded to members of the Committee electronically no later than three clear days prior to the meeting.
- 8.5.3 A minimum of four hours' notice shall be given for any Special Meetings of the Committee.
- 8.5.3 A copy of the notice of meeting, agenda and accompanying reports shall be placed on public display at the principle office of the City of Victor Harbor and the Authority on the Victor Harbor Horse Tram website as soon as practicable following circulation to members of the Committee and shall be kept on display for a period of one month

8.6 Minutes

- 8.6.1 Minutes shall be kept of all meetings of the Committee
- 8.6.2 Each Member shall receive a copy of the minutes within five days of the meeting of the Committee.
- 8.6.3 The minutes shall be confirmed at the next regular meeting with or without amendments.
- 8.6.4 One copy of all minutes shall be supplied to the Authority Board before its next meeting following that of the Committee. Resolutions of the Committee are to be presented to a formal meeting of Authority Board for endorsement before they can be enacted.
- 8.6.4 A copy of the minutes shall be placed on public display at the Principal Office of the City of Victor Harbor and the Authority on the Victor Harbor Horse Tram website within five days of the meeting of the Committee and kept on public display for a period of one month

9. VOTING

- 9.1 A matter for decision at a meeting of the Committee will be decided by simple majority of the members present at the meeting and entitled to vote on the matter.
- 9.2 Each member of the Committee present at the meeting and entitled to vote on a shall have one vote on any matter.
- 9.3 The Chairperson or Deputy Chairperson shall have a deliberative vote only.
- 9.4 Each member present at a meeting of the Committee must vote on all matters arising for a decision at that meeting.

10. CONFLICT OF INTEREST

- 10.1 Section 73-75 of *the Local Government Act 1999* (inclusive) refers to conflict of interest provisions.
- 10.2 Members need to be aware of the circumstances under which a conflict of interest may arise and declare that interest to the membership present at the meeting.

11. COMMITTEE RESOURCES

- 11.1 The Authority's General Manager shall provide support to and attend Committee meetings. Other invited guests may attend meetings as required.
- 11.2 An officer(s) of the Council nominated by the Chief Executive Officer of the Council may attend Audit Committee meetings as an observer in accordance with the Authority Charter clause 4.1.2.2.
- 11.3 The Authority's General Manager will provide administrative/secretarial support as required.

12. REPORTING

- 12.1 The Committee shall supply to the Authority Board a copy of all Committee minutes pursuant to clause 8.6.2, and the Chairperson (or other member in their absence) shall draw to the attention of the Board any significant issues when the minutes are presented.
- 12.2 The Committee shall supply to the Chief Executive Officer of the Council a copy of all Committee minutes within 5 days of the Committee meeting in accordance with Clause 4.1.2.6 of the Authority Charter.
- 12.3 The Committee's yearly activities shall be reported in Authority's Annual Report.
- 12.4 The committee shall make whatever recommendations to the Authority it deems appropriate on any area within its terms of reference where in its view action or improvement is needed.

13. PUBLIC ACCESS

- 13.1 Meetings of the Committee shall be held in public.
- 13.2 The Committee may resolve to exclude the Public from attendance at the meeting if it is considered necessary to receive, discuss or consider in confidence any information or matter listed in Section 90(3) of the *Local Government Act 1999*.
- 13.3 Minutes, Agendas, Reports and Documents produced by the Committee may be inspected at the Principle Office of the City of Victor Harbor.

14. LIABILITY OF MEMBERS

- 14.1 In accordance with Section 39 of the *Local Government Act 1999*, no civil liability attaches to a member of the Committee for an honest act or omission in the exercise, performance or discharge, or purported exercise, performance or discharge, of the member's or Committee's powers, functions or duties.

15. REVIEW

- 15.1 The Committee shall at least once a year, review its own performance in line with the purpose for establishing the Committee; and review its Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Authority for approval.
- 15.2 These Terms of Reference shall be reviewed by the Authority annually.

16. Document History

Version	Date	Resolution No.	Description
1.0	16 June 2020		Draft Terms of Reference



Schedule 1

Victor Harbor Horse Tram Authority

Audit Committee

Committee Membership

Member	Representative	Appointed	Expires
Independent Member(s)			
Authority General Manager			
Victor Harbor Horse Tram Authority Board Member			
Victor Harbor Horse Tram Authority Board Member			
Office Bearers			
Chairperson			