



AUDIT COMMITTEE

MINUTES

for the meeting

Friday 19 July 2019

in the Colonel Light Room,
Adelaide Town Hall



Present -

Presiding Member	Mr David Powell
Deputy Presiding Member	Mr Ross Haslam
Members	Councillor Martin
	Mr Sean Tu
Proxy Members	<i>Councillor Hyde [proxy for the Lord Mayor]</i>

Apologies –

Members	The Right Honourable the Lord Mayor [Sandy Verschoor]
Proxy Members	<i>Councillor Knoll [proxy for Councillor Martin].</i>

In Attendance

Mr Mark Goldstone, Chief Executive Officer, City of Adelaide
 Ms Clare Mockler, Deputy CEO & Director Culture, City of Adelaide
 Ms Tracie Dawber, Associate Director Finance & Procurement, City of Adelaide
 Mr Rudi Deco, Manager Governance, City of Adelaide
 Mr Stephen Zaluski, Acting Associate Director Customer & People, City of Adelaide
 Mr Alex Brown, Manager Financial Planning & Analysis, City of Adelaide
 Ms Liz Packer, Manager Financial Accounting, City of Adelaide
 Mr Sean Mullins, Corporate Accountant, City of Adelaide
 Ms Danielle Pedler, Financial Accountant, City of Adelaide
 Ms Jess Dillon, Senior Consultant Risk & Audit, City of Adelaide
 Ms Annette Pianezzola, Risk & Audit Analyst, City of Adelaide
 Ms Fiona Galbraith, Governance Advisor, City of Adelaide
 Ms Stacey Bateson, Manager Business Engagement, City of Adelaide
 Mr David Carroll, Manager Service Delivery & Operations, City of Adelaide
 Mr Andrew Tickle, Partner, BDO
 Ms Linh Dao, Senior Manager, BDO
 Mr Gary Watts, Director Team Technical Assurance, CQR
 Mr Justin Jamieson, Partner, KPMG
 Ms Heather Martens, Manager, KPMG

Acknowledgement of Country

The Presiding Member stated:

'Council acknowledges that we are meeting on traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

Confirmation of Minutes

1. Item 1 - Confirmation of Minutes – 3/5//2019 & 7/6/2019 [AC]

Moved by Mr Haslam,

Seconded by Mr Tu –

That the Minutes of the meeting of the City of Adelaide Audit Committee held on 3 May 2019 and the Minutes of the Special meeting of the City of Adelaide Audit Committee held on 7 June 2019, be taken as read and be confirmed as an accurate record of proceedings.

Carried

Presiding Member Reports

Nil

Reports

2. Item 4.1 - Accounting Standards Position Papers [2019/00266] [AC]

Ms Tracie Dawber, Associate Director Finance & Procurement, City of Adelaide and Mr Sean Mullins, Corporate Accountant, City of Adelaide addressed the meeting to provide background information and an overview of the report.

During the address Councillor Hyde entered the Colonel Light Room at 8.33am.

Discussion ensued during which Ms Tracie Dawber responded to questions from members.

It was then –

Moved by Mr Haslam,

Seconded by Mr Tu –

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL:

1. Adopts the proposed accounting policy changes to Leases, as contained in Attachment A to Item 4.1 on the Agenda for the meeting of the Audit Committee held on 19 July 2019.
2. Adopts the proposed accounting policy changes to Income, as contained in Attachment B to Item 4.1 on the Agenda for the meeting of the Audit Committee held on 19 July 2019.

Carried

It was then –

Moved by Mr Haslam,

Seconded by Mr Tu –

THAT THE AUDIT COMMITTEE

1. Notes the proposed accounting policy changes in relation to AASB 1058 *Income of Not-for-Profit Entities* will have no impact on the Council's financial statements for 2018-19.
2. Notes the proposed accounting policy changes in relation to AASB 15 *Revenue from Contracts with Customers* does not have any current impact on Council's income recognition.

Carried

3. Item 4.2 - External Audit Interim Management Letter [2019/00266] [AC]

The Presiding Member invited Mr Andrew Tickle, Partner, BDO to address the meeting.

Mr Andrew Tickle addressed the meeting to provide comment on the report.

Discussion ensued during which Mr Andrew Tickle and Ms Tracie Dawber responded to questions from members.

It was then –

Moved by Mr Haslam,
Seconded by Councillor Hyde –

THAT THE AUDIT COMMITTEE

1. Notes the report.

Carried.

4. Item 4.3 - Corporate Complaints Handling Operating Guidelines [2014/05026] [AC]

Ms Jess Dillon, Senior Consultant Risk & Audit, City of Adelaide addressed the meeting to provide an overview of the report.

Discussion ensued during which Ms Jess Dillon and Mr Stephen Zaluski, Acting Associate Director Customer & People, City of Adelaide responded to questions from members.

It was then –

Moved by Councillor Hyde,
Seconded by Mr Haslam –

THAT THE AUDIT COMMITTEE

1. Notes the Corporate Complaints Handling Operating Guideline, including the Section 270 Internal Review of Council Decisions procedure, contained within Attachment A to Item 4.3 on the Agenda for the meeting of the Audit Committee held on 19 July 2019

Carried

5. Item 4.4 - Presiding Member's Annual Report [2014/05026] [AC]

Discussion ensued

It was then –

Moved by Mr Haslam,
Seconded by Mr Tu –

THAT THE AUDIT COMMITTEE

1. Receives and notes the Presiding Member's Annual Report for the 2018/19 financial year as included in Attachment A to Item 4.4 on the Agenda for the meeting of the Audit Committee held on 19 July 2019.

Carried

6. Item 4.5 - Public Interest Disclosure Operating Guideline [2019/01309] [AC]

Ms Jess Dillon addressed the meeting to provide an overview of the report.

Discussion ensued during which Ms Jess Dillon and Mr Rudi Deco, Manager Governance, City of Adelaide responded to questions from members.

It was then –

Moved by Councillor Hyde,
Seconded by Mr Haslam –

THAT THE AUDIT COMMITTEE

1. Notes the new Public Interest Disclosure Operating Guideline contained in Attachment A to Item 4.5 on the Agenda for the meeting of the Audit Committee held on 19 July 2019, which will replace the Whistleblowers Operating Guideline contained in Attachment B to Item 4.5 on the Agenda for the meeting of the Audit Committee held on 19 July 2019.

Carried

Whistleblowing

In response to the introduction of the new Public Interest Disclosure Act, the Presiding Member advised the meeting that the Whistleblowing agenda item was no longer required and would be removed from future Audit Committee Agendas.

Emerging Key Risks

Discussion ensued

Other Business

Nil

Exclusion of the Public

7. Item 8.1 - Exclusion of the Public to Consider [2018/04291] [AC]:

For the following items seeking consideration in confidence:

- 9.1 Update on Activities of the Strategic Risk and Internal Audit Group Meetings [s 90(3) (i)]
- 9.2 Internal Audit Progress Update [s 90(3) (b) & (d)]
- 9.3 Confidential Discussion with the Internal Auditor [s 90(3) (b)]

ORDER TO EXCLUDE FOR ITEM 9.1:

Moved by Councillor Hyde,
Seconded by Mr Haslam –

THAT THE AUDIT COMMITTEE:

1. Having taken into account the relevant consideration contained in s 90(3) (i) and s 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee dated 19/7/2019 resolves that it is necessary and appropriate to act in a meeting closed to the public for the consideration of Item 9.1 [Update on Activities of the Strategic Risk and Internal Audit Group Meetings] listed on the Agenda.

Grounds and Basis

This Item is of a confidential nature because the report includes information on Council litigation.

The disclosure of information in this report could reasonably be expected to prejudice the outcome of Council's actual litigation.

The Audit Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information relates to the actual litigation of council.

2. Pursuant to s 90(2) of the *Local Government Act 1999 (SA)* this meeting of the Audit Committee dated 19/7/2019 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this meeting to enable this meeting to receive, discuss or consider in confidence Item 9.1 [Update on Activities of the Strategic Risk and Internal Audit Group Meetings] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in s 90(3) (i) of the Act.

Carried

ORDER TO EXCLUDE FOR ITEM 9.2:

Moved by Councillor Hyde,
Seconded by Mr Haslam –

THAT THE AUDIT COMMITTEE:

1. Having taken into account the relevant consideration contained in s 90(3) (b) & (d) and s 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee dated 19/7/2019 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 9.2 [Internal Audit Progress Update] listed on the Agenda in a meeting open to the public would on balance be contrary to the public interest.

Grounds and Basis

This Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business and prejudice the commercial position of the council.

The disclosure of information in this report could reasonably prejudice the commercial position of the Council in relation to the findings contained within the audit reports regarding data security.

Public Interest

The Audit Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in the disclosure of Council's commercial position severely prejudice the ability to conduct ordinary business activities whilst maintaining secure systems in relation to third party data.

2. Pursuant to s 90(2) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee dated 19/7/2019 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this meeting to enable this meeting to receive, discuss or consider in confidence Item 9.2 [Internal Audit Progress Update] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in s 90(3) (b) & (d) of the Act.

Carried

ORDER TO EXCLUDE FOR ITEM 9.3:

Moved by Councillor Hyde,
Seconded by Mr Haslam –

THAT THE AUDIT COMMITTEE:

1. Having taken into account the relevant consideration contained in s 90(3) (b) and s 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee dated 19/7/2019 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 9.3 [Confidential Discussion with the Internal Auditor] listed on the Agenda in a meeting open to the public would on balance be contrary to the public interest.

Grounds and Basis

This Item in the discussion could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business.

The disclosure of information discussed may adversely impact the commercial advantage on a person with who the Council is conducting business.

Public Interest

The Audit Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in release of information of 'commercial advantage' of the person conducting business with Council.

2. Pursuant to s 90(2) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee dated 19/7/2019 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this meeting to enable this meeting to receive, discuss or consider in confidence Item 9.3 [Confidential Discussion with the Internal Auditor] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in s 90(3) (b) of the Act.

Carried

Members of the public and Corporation staff present not directly involved with Items 9.1, 9.2 and 9.3 left the Colonel Light Room at 9.12 am.

Confidential Item 9.1

Update on Activities of the Strategic Risk and Internal Audit Group Meetings

Section 90 (3) (i) of the *Local Government Act 1999 (SA)*

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Confidential Item 9.2

Internal Audit Progress Update

Section 90 (3) (b) & (d) of the *Local Government Act 1999 (SA)*

Pages 6 to 7

Confidential Item 9.3

Confidential Discussion with the Internal Auditor

Section 90 (3) (b) of the *Local Government Act 1999 (SA)*

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The Colonel Light Room re-opened to the public at 10.10 am.

Confidentiality Order

Minute 8 - Item 9.1 - Update on Activities of the Strategic Risk and Internal Audit Group Meetings [AC]

Resolution and Confidentiality Order

THAT THE AUDIT COMMITTEE

1. Receives and notes the report.
2. The report is provided to the next meeting of the Council as part of the confidential report of Audit Committee meeting.
3. In accordance with Section 91(7) & (9) of the *Local Government Act 1999* and on the grounds that Item 9.1 listed on the Agenda for the meeting of the Audit Committee held on 19 July 2019 was received, discussed and considered in confidence pursuant to Section 90(3)(i) of the *Local Government Act 1999*, this meeting of the Audit Committee, do order that:
 - 3.1. The resolution becomes public information and included in the Minutes of the meeting.
 - 3.2. The report, the discussion and any other associated information submitted to this meeting and the Minutes of this meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2026.
 - 3.3. The confidentiality of the matter be reviewed in December 2020.
 - 3.4. The Chief Executive Officer be delegated authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been revoked.

Minute 9 - Item 9.2 – Internal Audit Progress Update [AC]

Resolution and Confidentiality Order

THAT THE AUDIT COMMITTEE

1. Receives and notes the report
2. In accordance with Section 91(7) and (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 9.2 listed on the Agenda for the meeting of the Audit Committee held on 19 July 2019 was received, discussed and considered in confidence pursuant to Section 90(3) (b) & (d) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee, does order that:
 - 2.1. The resolution and report become public information and included in the Minutes of the meeting.
 - 2.2. The attachments, the discussions and any other associated information submitted to this meeting and the Minutes of this meeting in relation to the matter remain confidential and not available for public inspection under 31 December 2026.
 - 2.3. The confidentiality of the matter be reviewed in December 2020.
 - 2.4. The Chief Executive Officer be delegated by authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been resolved.

Minute 10 - Item 9.3 – Confidential Discussion with the Internal Auditor [AC]

Confidentiality Order

In accordance with Section 91 (7) & (9) of the *Local Government Act 1999* and on the grounds that Item 9.3 listed on the Agenda for the meeting of the Audit Committee held on 19 July 2019 was received, discussed and considered in confidence pursuant to Section 90 (3) (b) of the *Local Government Act 1999*, this meeting of the Audit Committee, do order that:

1. The discussion and the Minutes of the meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2026.
2. The confidentiality of the matter be reviewed in December 2020.
3. The Chief Executive Officer be delegated the authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been received.

Closure

The meeting closed at 10.10am.

Mr David Powell
Presiding Member
City of Adelaide Audit Committee