



AUDIT COMMITTEE

MINUTES

for the Special meeting

Monday 25 November 2019

in the Colonel Light Room,
Adelaide Town Hall



Special Meeting Minutes, Monday, 25 November 2019, at 8.30 am

Present -

Presiding Member	Mr David Powell
Deputy Presiding Member	Mr Ross Haslam
Member	Councillor Martin
Proxy Member	Councillor Hyde [proxy for the Lord Mayor]

Apologies –

Members	The Right Honourable the Lord Mayor [Sandy Verschoor] Mr Sean Tu
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Proxy Member	<i>Councillor Knoll [proxy for Councillor Martin].</i>
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In Attendance

Mr Mark Goldstone, Chief Executive Officer, City of Adelaide
 Ms Clare Mockler, Deputy CEO & Director Culture, City of Adelaide
 Mr Klinton Devenish, Director Place, City of Adelaide
 Ms Tracie Dawber, Associate Director Finance & Procurement, City of Adelaide
 Mr Rudi Deco, Manager Governance, City of Adelaide
 Mr Alex Brown, Manager Financial Planning & Analysis, City of Adelaide
 Ms Liz Packer, Manager Financial Accounting, City of Adelaide
 Johanna Williams, General Manager, Rundle Mall Management Authority
 Jodie Kannane, General Manager, Adelaide Central Market Authority
 Karen Rodda, Finance Manager, Adelaide Central Market Authority
 Mr Sean Mullins, Corporate Accountant, City of Adelaide
 Ms Danielle Pedler, Financial Accountant, City of Adelaide
 Mr Mark Booth, Director BRM Holdich
 Linh Dao, Senior Manager, BDO

Acknowledgement of Country

Councillor Hyde entered the Colonel Light Room at 8.30 am.

The Presiding Member stated:

‘Council acknowledges that we are meeting on traditional Country of the Kaurna 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 Kaurna people living today.

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

Reports

1. Item 2.1 – Bridging to Preliminary End of Year [2019/00266] [AC]

Mr Alex Brown, Manager Financial Planning & Analysis, City of Adelaide addressed the meeting to provide an overview of the report.

Discussion ensued during which:

- Councillor Hyde left the Colonel Light Room at 8.39 am and re-entered at 8.43 am.
- Mr Alex Brown and Ms Tracie Dawber, Associate Director Finance & Procurement, City of Adelaide and Ms Clare Mockler, Deputy CEO & Director Culture, City of Adelaide responded to questions from Committee members.

It was then -

Moved by Mr Haslam,
Seconded by Councillor Martin –

THAT THE AUDIT COMMITTEE:

1. Receives and notes the report.
2. Notes that the reference to Committee in the Executive Summary of Item 2.1 on the Agenda for the meeting of the Audit Committee held on 25 November 2019 is The Committee and not the Audit Committee.
3. Requests that in future meetings of the Audit Committee include the following standing items prior to consideration by The Committee (of Council):
 - 3.1 quarterly budget review
 - 3.2 analysis of capital work in progress

Carried

Discussion ensued

2. Item 2.2 – Audited Financial Statements 2018-19 [2019/00266] [AC]

Ms Tracie Dawber provided comments in relation to the Audited Financial Statements 2018-19.

Discussion ensued during which Ms Tracie Dawber, Ms Clare Mockler, Mr Mark Booth, Director BRM Holdich responded to questions from Committee members.

It was then -

Moved by Mr Haslam,
Seconded by Councillor Martin –

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL:

That Council:

1. Considers the Consolidated Financial Statements present fairly the financial position of the City of Adelaide, having reviewed the Consolidated Financial Statements for 2018-19, contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019;
2. Receives the City of Adelaide's Consolidated Financial Statements for 2018-19, contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, subject to minor administrative changes and subsequent balance date event adjustments, to be certified by the Chief Executive Officer and the Lord Mayor;
3. Considers it is appropriate that the representation letter requested by the External Auditor, contained in Attachment B to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
4. Notes the Certification of Auditor Independence, contained in Attachment C to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 by the Chief Executive Officer and the Presiding Member of the Audit Committee;
5. Notes the audited Adelaide Central Market Authority Financial Statements for 2018-19 as contained in Attachment D to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, have been audited and have been approved by the Adelaide Central Market Authority Board on 19 September 2019. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide;

6. Notes the Rundle Mall Management Authority Financial Statements for 2018-19, contained in Attachment E to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, have been approved by the Rundle Mall Management Authority Board at its meeting 23 September 2019, and certified by the chair of the board. These financial results are included in the Consolidated Financial Statements of the City of Adelaide; and
 - 6.1. Considers the Financial Statements for 2018-19 present fairly the financial position of the Rundle Mall Management Authority;
 - 6.2. Notes the Certification of Auditor Independence in relation to Rundle Mall Management Authority, contained in Attachment E to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 is signed by the Chief Executive Officer and the Presiding Member of the Audit Committee;
 - 6.3. Notes the representation letter requested by the External Auditor of the Rundle Mall Management Authority, contained in Attachment F to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
7. Notes the Adelaide Park Lands Authority Financial Statements for 2018-19, contained in Attachment G to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, are included in the Consolidated Financial Statements of the City of Adelaide; and
 - 7.1. Considers the Financial Statements for 2018-19 present fairly the financial position of the Adelaide Park Lands Authority, and can be certified by the Lord Mayor as Chair of Adelaide Park Lands Authority;
 - 7.2. Considers it is appropriate that the representation letter requested by the External Auditor of the Adelaide Park Lands Authority, contained in Attachment H to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
 - 7.3. Notes the Certification of Auditor Independence in relation to the Adelaide Park Lands Authority, contained in Attachment I to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, and considers it is appropriate to be signed by the Chief Executive Officer and the Presiding Member of the Audit Committee;
8. Notes the Council Solutions Regional Authority Financial Statements for 2018-19 as contained in Attachment J to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 have been audited and approved by the Council Solutions Regional Authority Board. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide;
9. Notes the Brown Hill and Keswick Creeks Stormwater Board's Financial Statements for 2018-19 as contained in Attachment K to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019. Council's equity interest of eight percent (8%) is included in the Consolidated Financial Statements of the City of Adelaide.
10. Recommends the 2018-19 Consolidated Financial Statements of the City of Adelaide, and the Financial Statements of the Rundle Mall Management Authority, Adelaide Park Lands Authority, Adelaide Central Market Authority, Brown Hill and Keswick Creeks Stormwater Board and Council Solutions Regional Authority be subsequently laid before Council for noting on 28 November 2019.

Carried

Discussion ensued

3. Item 2.3 – Matters arising from the 2018-19 External Audit [2019/00266] [AC]

Ms Linh Dao, Senior Manager, BDO addressed the meeting to provide an overview of the Annual Audit Completion Report.

Discussion ensued during which Ms Linh Dao and Ms Tracie Dawber responded to questions from Committee members.

It was then -

Moved by Mr Haslam,
Seconded by Councillor Hyde –

That Audit Committee:

1. Notes the Annual Audit Completion Report from the External Auditors (BDO), contained in Attachment A to Item 2.3 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019.

Carried

The Presiding Member thanked Ms Linh Dao for her attendance and response to questions.

4. Item 2.4 – Report on Financial Results 2018-19 [2019/00266] [AC]

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

It was then -

Moved by Councillor Hyde,
Seconded by Councillor Martin –

THAT THE AUDIT COMMITTEE:

1. Notes the 2018-19 Report on the financial results for the City of Adelaide and its subsidiaries, contained in Attachments A, B, C and D to Item 2.4 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019.

Carried

5. Item 2.5 – Review undertaken of Financial Statements 2018-19 [2019/00266] [AC]

Ms Clare Mockler provided comments in relation to the report and responded to questions from Committee members.

It was then -

Moved by Councillor Martin,
Seconded by Mr Haslam –

THAT THE AUDIT COMMITTEE

1. Notes the approach undertaken to prepare the 2018-19 Financial Statements.
2. Notes the following process and policy improvements:
 - 2.1. Present findings from KPMG's internal audit on budget management to the Audit Committee in February 2020.
 - 2.2. Formalise a consistent and detailed Asset Capitalisation Policy and associated guideline that includes detailed guidance on the future treatment of 'green' expenditure and other costs which are incurred as incidental to the delivery of projects.
 - 2.3. Focus on the management of capital Work in Progress in the context of the City of Adelaide's budget setting process, quarterly budget reviews and the preparation of financial statements.

Carried

Closure

The meeting closed at 9.34 am.

Mr David Powell
Presiding Member
City of Adelaide Audit Committee