



AUDIT COMMITTEE

MINUTES

for the meeting

Friday 30 July 2021

in the Colonel Light Room,
Adelaide Town Hall



Present -**Presiding Member**

Mr David Powell

Members

The Right Honourable the Lord Mayor [Sandy Verschoor]

Ms Paula Davies

Proxy Member

Councillor Couros (Deputy Lord Mayor) [proxy for Councillor Hyde].

Apologies -**Member**

Councillor Hyde

Proxy Member*Councillor Knoll [proxy for the Lord Mayor]***In Attendance**

Ms Clare Mockler, Acting Chief Executive Officer, City of Adelaide

Ms Jodie Kannane, General Manager, Adelaide Central Market Authority

Mr Tom McCready, Acting Director City Shaping, City of Adelaide

Ms Amanda McIlroy, Chief Operating Office Corporate Services, City of Adelaide

Ms Grace Pelle, Manager Finance & Procurement, City of Adelaide

Mr Mick Petrovski, Manager Governance, City of Adelaide

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 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.'

Confirmation of Minutes**1. Item 2 - Confirmation of Minutes – 18/6/2021 [AC]**

Moved by Ms Davies,

Seconded by the Lord Mayor –

That the Minutes of the meeting of the Audit Committee held on 18 June 2021 be taken as read and be confirmed as an accurate record of proceedings.

Carried

Presiding Member Reports

Nil

Presentation

2. Item 4.1 - Presentation – Adelaide Central Market Authority Update [2016/03926] [AC]

Presenters:

Ms Jodie Kannane, General Manager, Adelaide Central Market Authority

Mr Tom McCready, Acting Director City Shaping, City of Adelaide

Precis of topic:

Utilising the PowerPoint presentation published in the Agenda, the Audit Committee was provided with an update on the Adelaide Central Market Authority including the objectives and purpose, Adelaide Central Market Authority Charter, risk and financials, highlights for 2020-21 and financial summary for 2020-21.

During the presentation Councillor Couros (Deputy Lord Mayor) entered the Colonel Light Room at 8.40 am.

Reports

3. Item 5.1 - 2020-21 Preliminary Financial Position [2021/00122] [AC]

Ms Grace Pelle provided an overview of the report and responded to questions.

It was then –

Moved by Ms Davies,

Seconded by the Lord Mayor –

THAT THE AUDIT COMMITTEE

1. Receives the 2020-21 Preliminary Financial Position report and notes results are estimates only at this stage.

Carried

4. Item 5.2 - Presiding Member's Annual Report [2019/02483] [AC]

Moved by the Lord Mayor,

Seconded by Ms Davies –

THAT THE AUDIT COMMITTEE

1. Receives and notes the Presiding Member's Annual Report for the 2020/21 financial year as included in Attachment A to Item 5.2 on the Agenda for the meeting of the Audit Committee held on 30 July 2021.

Carried

5. Item 5.3 - Annual Report Risk Statement [2019/02483] [AC]

Discussion ensued.

It was then –

Moved by Ms Davies,

Seconded by Councillor Couros (Deputy Lord Mayor) –

THAT THE AUDIT COMMITTEE

1. Approves the statement to be included in the Annual Report, as outlined in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit Committee held on 30 July 2021.

Carried

6. Item 5.4 - Internal Audit Progress Report [2021/00982] [AC]

Mr Mick Petrovski, Mr Justin Jamieson and Ms Heather Martens provided an overview of the report. Mr Mick Petrovski and Ms Amanda McIlroy responded to questions.

During the discussion Councillor Couros (Deputy Lord Mayor) left the Colonel Light Room at 9.05 am and re-entered at 9.11 am.

It was then –

Moved by Ms Davies,

Seconded by the Lord Mayor –

THAT THE AUDIT COMMITTEE

- Notes the Internal Audit Progress Update report.

Carried

Item 5.4 distributed separately to the Agenda is attached for reference at the conclusion of the Minutes of this meeting.

Emerging Key Risks

Nil

Independent Member Discussion

Nil

Other Business

Discussion ensued

Exclusion of the Public**7. Item 9.1 - Exclusion of the Public to Consider [2018/04291] [AC]:**

For the following items seeking consideration in confidence:

- 10.1 Activities of the Strategic Risk and Internal Audit Group Meetings [s 90(3) (i)]
- 10.2 Confidential Discussion with the Internal Auditor [s 90(3) (b)]

Order to Exclude for Item 10.1

Moved by the Lord Mayor,
Seconded by Ms Davies –

THAT THE AUDIT COMMITTEE

- Having taken into account the relevant consideration contained in section 90(3) (i) and section 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee dated 30 July 2021 resolves that it is necessary and appropriate to act in a meeting closed to the public for the consideration of Item 10.1 [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 actual litigation of Council.

- Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit Committee dated 30 July 2021 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 10.1 [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 section 90(3) (i) of the Act.

Carried

Order to Exclude for Item 10.2

Moved by Ms Davies,
Seconded by the Lord Mayor –

THAT THE AUDIT COMMITTEE

1. Having taken into account the relevant consideration contained in section 90(3) (b) and section 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee dated 30 July 2021 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 10.2 [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.

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

The disclosure of information discussed may adversely impact the commercial position of the Council.

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 section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit Committee dated 30 July 2021 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 10.2 [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 section 90(3) (b) of the Act.

Carried

There were no members of the public present. Councillor Couros (Deputy Lord Mayor) and members of Corporation staff present not directly involved with Items 10.1 & 10.2 left the Colonel Light Room at 9.22 am.

Confidential Item 10.1

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 10.2

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 10.04 am.

Confidentiality Orders

Minute 8 - Item 10.1 – Activities of the Strategic Risk and Internal Audit Group Meetings [AC]

Resolution & Confidentiality Order

THAT THE AUDIT COMMITTEE

1. Notes the report is provided to the next meeting of the Council as part of the confidential report of the Audit Committee meeting.
2. In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 10.1 listed on the Agenda for the meeting of the Audit Committee held on 30 July 2021 was received, discussed and considered in confidence pursuant to Section 90(3)(i) of the *Local Government Act 1999 (SA)*, this meeting of the Audit Committee, do order that:
 - 2.1. The resolution become public information and included in the Minutes of the meeting.
 - 2.2. 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 2028.
 - 2.3. The confidentiality of this matter be reviewed in December 2022.
 - 2.4. 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 10.2 – Confidential Discussion with the Internal Auditor [AC]

Confidentiality Order

In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 10.2 listed on the Agenda for the meeting of the Audit Committee held on 30 July 2021 was received, discussed and considered in confidence pursuant to Section 90 (3) (b) of the *Local Government Act 1999 (SA)*, 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 2028.
2. The confidentiality of the matter be reviewed in December 2022.
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 10.04 am.

Mr David Powell
Presiding Member
City of Adelaide Audit Committee

Documents Attached:

Minute 6 - Item 5.4 – Internal Audit Progress Report – Distributed Separately

Internal Audit Progress Update

**ITEM 5.4 30/07/2021
Audit Committee**

Strategic Alignment - Enabling Priorities

Program Contact:
Mick Petrovski, Manager,
Governance 8203 7119

2021/00982
Public

Approving Officer:
Amanda McIlroy, Chief Operating
Officer, Corporate Services

EXECUTIVE SUMMARY

To provide the Audit Committee with a progress update on the Internal Audit program, findings and recommendations.

RECOMMENDATION

THAT THE AUDIT COMMITTEE

1. Notes the Internal Audit Progress Update report.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities The role of the City of Adelaide is to uphold the values of integrity and accountability. To ensure that the Council delivers services to the community as a leader, advocate, and facilitator by maintaining a transparent decision-making process.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	The Internal Audit program provides advice to the Audit Committee on assurance related activities to meet best practice standards.
21/22 Budget Allocation	\$30,000
Proposed 22/23 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
21/22 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. The role of Internal Audit is to assist Council, Audit Committee and the Chief Executive Officer in meeting their assurance obligations relating to corporate governance, the system of internal controls and identifying areas for more efficient and effective processes.
2. Pursuant to the Audit Committee's Terms of Reference, approved by Council on 9 February 2021, the Audit Committee shall receive reports on all Internal Audit projects and review and monitor management's responsiveness to the findings and recommendations of the Internal Auditors (currently KPMG) and inhouse advice. At the request of the Audit Committee, full copies of all completed audit reports are included at [Link 1](#).
3. At its meeting 19 June 2020, the City of Adelaide Audit Committee recommended to Council to approve the Internal Audit Plan (the Plan) 2020/2021. The Plan was approved by Council at its meeting on 14 July 2020. The Audit Committee can at all times consider an amendment to the plan in context of operational needs and priorities. The 2020/2021 plan has now been finalised, with the last two reports listed below.
4. A summary of internal audits, strategic reviews and internal investigations for the period April 2021 to July 2021 is provided below:

Completed projects:	Software Asset Management Management of Leave Entitlements
Continuing projects:	-
Projects commenced:	-

5. Recommendations arising from Internal Audit and Strategic Reviews are reported to the Strategic Risk and Internal Audit Group (SRIA). Associate Directors are involved (as required) in the reviews and assist in drafting the management responses, agree on actions, and have overall responsibility of the completion dates.
6. Recommendations, agreed actions, responsibilities and timeframes for implementation are recorded centrally in Council's process mapping software, Promapp. The implementation status of recommendations is tracked and reported to the Audit Committee.
7. As agreed by SRIA, all extension requests for outstanding actions are now to be approved by the CEO. This process will ensure that there is appropriate accountability before a request is granted an extension. This was implemented in June 2021.
8. During the May Audit Committee meeting the Training and Development Internal Audit Report was presented. Members raised questions about the one high finding, "Invalid/expired certification checks" and one medium finding, "Prescribed position assessment register not updated". These 2 findings have been closed and all other actions resulting from that audit are in progress.
9. Since the last Internal Audit Progress Update reported to the Audit Committee at its meeting on 30 April 2021, 19 internal audit recommendations have been completed and 73 recommendations are in progress ([Link 2](#)), as summarised in the table below:

Risk	Definition	Overdue	In Progress	Total
High	Issue represents a control weakness which could have or is having major adverse effect on the ability to achieve project objectives. Requires a detailed plan of action to be put in place within 60 days with an expected resolution date and a substantial improvement within 3-6 months.	0	3	3
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives. Requires a detailed plan of action to be put in place within 90 days with an expected resolution date and a substantial improvement within 6-9 months.	14	13	27

Risk	Definition	Overdue	In Progress	Total
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives. Timeframe for action is subject to competing priorities and cost/benefit analysis, e.g. 9-12 months	18	10	28
	Total	32	26	58
N/A	Improvement Opportunity	8	7	15

DATA AND SUPPORTING INFORMATION

Link 1 – Completed Audit Reports

Link 2 – Progress Summary of Recommendations Report

ATTACHMENTS

Nil

- END OF REPORT -