



AUDIT COMMITTEE

MINUTES

for the meeting

Friday 8 October 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

Councillor Hyde

Apologies -**Proxy Members***Councillor Knoll [proxy for the Lord Mayor]**Councillor Couros (Deputy Lord Mayor) [proxy for Councillor Hyde].***In Attendance**

Ms Clare Mockler, Chief Executive Officer, City of Adelaide

Mr Mick Petrovski, Manager Governance, City of Adelaide

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

Ms Linh Dao, Associate Director Audit & Assurance, BDO

Mr Paul Gosnold, Partner, BDO

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 – 30/7/2021 & 15/9/2021 [AC]**

Moved by Ms Davies,

Seconded by the Lord Mayor –

That the Minutes of the meeting of the City of Adelaide Audit Committee held on 30 July 2021 and the Minutes of the Special meeting of the City of Adelaide Audit Committee held on 15 September 2021, be taken as read and be confirmed as an accurate record of proceedings.

Carried

Presiding Member Reports

Nil

Reports**2. Item 4.1 - Audit & Risk Committee Terms of Reference [2019/02483] [AC]**

Mr Mick Petrovski provided an overview of the report.

It was then –

Moved by Ms Davies,

Seconded by the Lord Mayor –

That the Audit Committee

1. Supports Council adopting the Terms of Reference as contained in Attachment A to Item 4.1 on the Agenda for the meeting of the Audit Committee held on 8 October 2021.
2. Notes the change in name from 'Audit Committee' to 'Audit and Risk Committee' in accordance with updated legislative provisions of section 126 of the *Local Government Act 1999 (SA)*.

Carried

3. Item 4.2 - Audited Financial Statements 2020-21 [2021/00122] [AC]

Ms Grace Pelle provided an overview of the report.

Discussion ensued during which:

- Ms Grace Pelle and Mr Mick Petrovski responded to questions.
- The Audit Committee acknowledged a typographical error in paragraph 11.2 of Item 4.2 – Audited Financial Statements 2020-21:

Operating expenditure ~~increased~~ decreased by \$13.2m (6.1%) over the previous year and includes the following movements:

- Councillor Hyde entered the Colonel Light Room at 8.49 am.

It was then –

Moved by Ms Davies,

Seconded by Councillor Hyde –

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL

That Council:

1. Considers that the Consolidated Financial Statements present fairly the financial position of the City of Adelaide, having reviewed the Consolidated Financial Statements for 2020-21, contained in Attachment A to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021.
2. Receives the City of Adelaide's Consolidated Financial Statements for 2020-21, contained in Attachment A to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, subject to minor administrative changes and subsequent balance date event adjustments, to be certified by the Chief Executive Officer and the Lord Mayor.
3. Notes the Audit Committee acknowledgement of the significant effort of the Administration in delivering this turnaround in the financial result with a final operating deficit of \$6.9m during a difficult and challenging year.
4. Considers it is appropriate that the representation letter requested by the external auditor, contained in Attachment B to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, is signed by management.
5. Notes the Certification of Auditor Independence contained in Attachment C to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021 by the Chief Executive Officer and the Presiding Member of the Audit Committee.
6. Notes the Adelaide Economic Development Agency Financial Statements for 2020-21, contained in Attachment D to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, have been reviewed by the Adelaide Economic Development Agency Board out of session, 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 2020-21 present fairly the financial position of the Adelaide Economic Development Agency.
 - 6.2. Notes the Certification of Auditor Independence in relation to Adelaide Economic Development Agency, contained in Attachment E to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021 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 Adelaide Economic Development Agency, contained in Attachment F to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, is signed by management.
7. Notes the Rundle Mall Management Authority Financial Statements for 2020-21, contained in Attachment G to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, have been reviewed by the Adelaide Economic Development Agency Board out of session, and certified by the Chair of

the Board. These financial results are included in the Consolidated Financial Statements of the City of Adelaide, and

- 7.1. Considers the Financial Statements for 2020-21 present fairly the financial position of the Rundle Mall Management Authority.
- 7.2. Notes the Certification of Auditor Independence in relation to Rundle Mall Management Authority, contained in Attachment H to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021 is signed by the Chief Executive Officer and the Presiding Member of the Audit Committee.
- 7.3. Notes the representation letter requested by the external auditor of the Rundle Mall Management Authority, contained in Attachment I to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, is signed by management.
8. Notes the Adelaide Park Lands Authority Financial Statements for 2020-21, contained in Attachment J to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, are included in the Consolidated Financial Statements of the City of Adelaide, and
 - 8.1. Considers the Financial Statements for 2020-21 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.
 - 8.2. Considers it is appropriate that the representation letter requested by the external auditor of the Adelaide Park Lands Authority, contained in Attachment K to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, is signed by management.
 - 8.3. Notes the Certification of Auditor Independence in relation to the Adelaide Park Lands Authority, contained in Attachment L to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021, and considers it is appropriate to be signed by the Chief Executive Officer and the Presiding Member of the Audit Committee.
9. Notes the Brown Hill and Keswick Creeks Stormwater Board's Financial Statements for 2020-21 as contained in Attachment M to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021. Council's equity interest of 8% is included in the Consolidated Financial Statements of the City of Adelaide.
10. Recommends the 2020-21 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 (as presented to the Audit Committee on 15 September 2021 and since amended), Brown Hill and Keswick Creeks Stormwater Board and Council Solutions Regional Authority be presented to Council for noting on 12 October 2021.
11. Notes the 2020-21 Report on the financial results for the City of Adelaide and its subsidiaries, contained in Attachments N, O and P to Item 4.2 on the Agenda for the meeting of the Audit Committee held on 8 October 2021.

Carried

Discussion ensued

4. Item 4.3 - Matters Arising from the 2020-21 External Audit [2021/00122] [AC]

Mr Paul Gosnold provided an overview of the report and responded to questions.

It was then –

Moved by the Lord Mayor,
Seconded by Ms Davies –

THAT THE AUDIT COMMITTEE

1. Notes the 'Annual Completion Report for the year ended 30 June 2021' from Council's external auditors, BDO, contained in Attachment A to Item 4.3 on the Agenda for the meeting of the Audit Committee held 8 October 2021.

Carried

Emerging Key Risks

Nil

Independent Member Discussion

Nil

Other Business

Nil

Exclusion of the Public

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

For the following item seeking consideration in confidence:

9.1 Confidential Meeting with External Auditors 2020-21 [s 90(3) (b)]

Order to Exclude for Item 9.1

Moved by Councillor Hyde,
Seconded by Ms Davies –

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 8 October 2021 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 9.1 [Confidential Meeting with External Auditors 2020-21] 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 confidential because in accordance with Section 7.7.3 of the Audit Committee Terms of Reference, the Audit Committee is required to meet with the external auditors at least once per year, without management present in order to discuss their responsibilities and any issues arising from the external audit.

The disclosure of information in this report may result in the release of information that would breach the Audit Committee's Terms of Reference and 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 the release of information of a commercial advantage that may adversely impact the Council and would breach the Terms of Reference of the Audit Committee.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit Committee dated 8 October 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 9.1 [Confidential Meeting with External Auditors 2020-21] 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. All members of Corporation staff left the Colonel Light Room at 9.13 am.

Confidential Item 9.1

Confidential Meeting with External Auditors 2020-21
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 9.32 am.

Confidentiality Order

Minute 6 - Item 9.1 – Confidential Meeting with External Auditors 2020-21 [AC]

Resolution & Confidentiality Order

THAT THE AUDIT COMMITTEE

1. Receives a verbal report in confidence from Council's external auditors, BDO.
2. In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* (the Act) and because Item 9.1 listed on the Agenda for the meeting of the Audit Committee held on 8 October 2021 was received, discussed and considered in confidence pursuant to Section 90(3)(b) of the Act, this meeting of the Audit Committee do order that:
 - 2.1. The resolution and report become public information and included in the Minutes of the meeting.
 - 2.2. 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 the matter be reviewed in December 2022.
 - 2.4. 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 revoked.

Closure

The meeting closed at 9.32 am.

Mr David Powell
Presiding Member
City of Adelaide Audit Committee

Documents Attached:

Nil