

Audit Committee Report – 6 November 2020

ITEM 9.2 10/11/2020
Council

Strategic Alignment - Enabling Priorities

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2018/04062
Public

Approving Officer:
Mark Goldstone, Chief Executive
Officer

EXECUTIVE SUMMARY

The Audit Committee plays a critical role supporting the Council and Chief Executive Officer in the financial reporting framework of Council, by overseeing and monitoring the participation of management and external auditors in the financial reporting process. It also addresses issues such as the approach being adopted by Council and management to address business risks, corporate and financial governance responsibilities and legal compliance.

The Audit Committee held a meeting on Friday, 6 November 2020 and is required to report to Council after every meeting to identify and present advice and recommendations.

A precis of the matters considered by the Audit Committee is presented within this report.

The Recommendation below is in response to the deliberation of the Audit Committee on 2020-2021 Quarter 1 Finance Report.

RECOMMENDATION

1. Report of the Audit Committee – 6 November 2020

THAT COUNCIL

1. Notes the report of the meeting of the Audit Committee held on 6 November 2020.

2. 2020-2021 Quarter 1 Finance Report

THAT COUNCIL

1. Adopts the 2020-21 Quarter 1 Finance Report, including the proposed 2020-21 Quarter 1 Revised Forecast as summarised in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit Committee held on 6 November 2020.
2. Notes the 2020-21 Quarter 1 Finance Report includes adjustments of (\$0.85) million of increased operating costs and (\$1.5) million of increased borrowings as a result of Council decisions in Quarter 1.
3. Notes the updated Long Term Financial Plan, shown in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit Committee held on 6 November 2020.
4. Notes that exceeding the budget deficit of the year is not considered financially prudent
5. Notes that the savings identified in quarter 1 appear to be timing differences and the Audit Committee recommends opportunities to find savings in the next 3 quarters.

DISCUSSION

1. The Audit Committee met on Friday, 6 November 2020. The Agenda with Reports for the public component of the meeting can be viewed [here](#).
2. The following matters were subject of deliberations:

2.1. Audit Committee Performance

THAT THE AUDIT COMMITTEE

1. Reviews the results of the Audit Committee Self-Performance Evaluation outlined in the report to Item 5.1 on the Agenda of the City of Adelaide Audit Committee held on 6 November 2020.

2.2. Capitalisation Process

THAT THE AUDIT COMMITTEE

1. Notes the report.
2. Notes the improvements to the capitalisation process already made and supports the further improvements noted in the report.
3. Notes the Chief Executive Officer will implement the recommended KPI's regarding financial capitalisation and financial reporting as listed in Item 5.2 on the Agenda for the meeting of the Audit Committee held on 6 November 2020 and the changes suggested by the Audit Committee as follows:
 - 3.1 Remove excluding major projects from KPI reference 14.2
4. Requests an update at the first meeting in 2021 on the status of the improvements and progress on KPIs.

2.3. 2020-2021 Quarter 1 Finance Report

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL

That Council:

1. Adopts the 2020-21 Quarter 1 Finance Report, including the proposed 2020-21 Quarter 1 Revised Forecast as summarised in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit Committee held on 6 November 2020.
2. Notes the 2020-21 Quarter 1 Finance Report includes adjustments of (\$0.85) million of increased operating costs and (\$1.5) million of increased borrowings as a result of Council decisions in Quarter 1.
3. Notes the updated Long Term Financial Plan, shown in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit Committee held on 6 November 2020.
4. Notes that exceeding the budget deficit of the year is not considered financially prudent.
5. Notes that the savings identified in quarter 1 appear to be timing differences and the Audit Committee recommends opportunities to find savings in the next 3 quarters.

2.4. Appointment of External Auditor

Considered in confidence pursuant to Section 90(3)(k) of the *Local Government Act 1999 (SA)*

In accordance with Section 91(7) and (9) of the *Local Government Act 1999 (SA)* (the Act) and on the grounds that Item 10.1 [Appointment of External Auditor] listed on the Agenda for the meeting of the Audit Committee held on 6 November 2020 was received, discussed and considered in confidence pursuant to Section 90(3)(k) of the Act, this meeting of the Audit Committee, do order that:

1. The resolution, the report, 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 until 31 December 2027.
2. The confidentiality of the matter be reviewed in December 2021.
3. The Chief Executive Officer be delegated the authority to review and revoke all or part of the order herein and is directed to present a report containing the item for which the confidentiality order has been revoked.

- END OF REPORT -