



# AUDIT AND RISK COMMITTEE

## MINUTES

for the meeting

Wednesday, 15 May 2024

in the Colonel Light Room, Adelaide Town Hall

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**Present:**

<b>Presiding Member</b>	<b>Nicolle Rantanen Reynolds</b>
<b>Committee Members</b>	<b>The Right Honourable the Lord Mayor, Dr Jane Lomax-Smith (ex-officio)</b>
	<b>Mark Davies</b>
	<b>Simon Rodger</b>

<b>Apologies -</b>	<b>Paula Davies</b>
	<b>Councillor Jing Li</b>

**1 Acknowledgement of Country**

The Presiding Member read the Acknowledgment of Country in Kurna language.

The Presiding Member then 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.’

**2 Apologies and Leave of Absence**

Apologies:

Paula Davies  
Councillor Li

**3 Confirmation of Minutes**

Moved by Mark Davies,  
Seconded by Nicolle Rantanen Reynolds -

That the Minutes of the meeting of the Audit and Risk Committee held on 12 April 2024, be taken as read and be confirmed as an accurate record of proceedings.

Carried

**4 Declaration of Conflict of Interest**

Nil

**5 Presiding Member Reports**

Nil

## 6 Reports

### 6.1 2023/24 Business Plan & Budget Quarter 3 Update

Discussion ensued

It was then –

Moved by Simon Rodger,  
Seconded by Mark Davies -

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Receives the City of Adelaide 2023/24 Q3 Progress Report and updated Long Term Financial Plan projections as provided in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held 15 May 2024.
2. Approves adjustments for the 2023/24 Business Plan and Budget (BP&B) as identified in this report and reflected in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held 15 May 2024.
3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 March 2024, which includes:
  - 3.1. Total operating income of \$176.175m
  - 3.2. Total Operating expenses (including depreciation) of \$161.668m
  - 3.3. An operating surplus of \$14.507m
  - 3.4. Total Capital Expenditure of \$60.147m
  - 3.5. Net cash surplus position of \$20.475m.
4. Approves the budgeted year end Operating Position, which includes:
  - 4.1. Total operating income of \$234.470m
  - 4.2. Total operating expenses (including depreciation) of \$227.655m
  - 4.3. An operating surplus of \$6.815m
5. Approves total capital expenditure of \$99.556m for 2023/24 year.
6. Approves total borrowings of \$23.593m projected to 30 June 2024.
7. Receives the Council Subsidiary Q3 updates as provided as Attachments B, C, D and E to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

Carried

Leave of the meeting was sought by the Presiding Member and granted to bring forward Items 6.6 [Emergency Management Internal Audit] and 6.8 [Project Health Check Internal Audit], given the attendance of KPMG.

### 6.6 Emergency Management Internal Audit

Discussion ensued

It was then –

Moved by Mark Davies,  
Seconded by Simon Rodger -

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.6 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

2. Endorses the responses of the Administration to the Emergency Management Internal Audit Report as outlined in Attachment A to Item 6.6 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

Carried

## 6.8 Project Health Check Internal Audit

Discussion ensued

It was then –

Moved by Simon Rodger,  
Seconded by Mark Davies -

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.8 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
2. Endorses the responses of the Administration to the Project Health Check Internal Audit Report as outlined in Attachment A to Item 6.8 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

Carried

## 6.2 Draft 2024/25 Business Plan & Budget

Discussion ensued

It was then –

Moved by Simon Rodger,  
Seconded by Mark Davies -

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Draft 2024/25 Business Plan & Budget document set out in Attachments A, B, C and D to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
2. Notes the Draft 2024/25 Business Plan & Budget document is currently out for consultation, which concludes on midnight Sunday 19 May 2024.
3. Receives the Draft 2024/25 Business Plan & Budget document set out in Attachments A, B, C and D to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024 and provides the following advice:
  - 3.1. Attachment A - Page 2 – Pie Charts – prior year comparison is difficult to interpret
  - 3.2. Attachment A – Page 2 – second last dot point regarding rate revenue – consider reframing the sentence to be more positive and consistent with positioning
  - 3.3. Attachment A – Page 3 – inconsistency in that some items talk in dollars and other in percentages and information is difficult to reconcile with the pie charts on page 2
  - 3.4. Plan is outwardly focussed and a people aspect within the plan could be considered
  - 3.5. Attachment A – Page 83 – Borrowings – include prudential limits dollar figure and commentary for clarity
  - 3.6. Attachment A – Page 93 – Balance Sheet – include commentary regarding funds from strategic property sales offsetting borrowings
  - 3.7. Attachment B – ACMA - Include commentary re Council underwriting the planned deficit

Carried

### 6.3 Internal Audit Progress Report

Discussion ensued

It was then –

Moved by Simon Rodger,  
Seconded by Mark Davies -

#### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as outlined in Item 6.3 the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

Carried

### 6.4 Risk Management Systems

Discussion ensued

It was then –

Moved by Simon Rodger,  
Seconded by Mark Davies -

#### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Risk Management Systems report in Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

Carried

### 6.5 Payment Card Industry Compliance Review

Discussion ensued

It was then –

Moved by Simon Rodger,  
Seconded by Mark Davies -

#### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.5 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024 and that Administration will provide a further report in 6 month's time regarding the prioritised approach.

Carried

### 6.7 Post Audit Implementation Internal Audit

Discussion ensued

It was then –

Moved by Simon Rodger,  
Seconded by Mark Davies -

#### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.7 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
2. Endorses the responses of the Administration to the Post Audit Implementation Internal Audit Report as outlined in Attachment A to Item 6.7 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

Carried

**7 Emerging Key Risks**

Nil

**8 Independent Member Discussion**

Nil

**9 Other Business**

Nil

**10 Exclusion of the Public**

Moved by Simon Rodger,  
Seconded by Mark Davies -

ORDER TO EXCLUDE FOR ITEM 6.9

THAT THE AUDIT AND RISK COMMITTEE

1. Having taken into account the relevant consideration contained in section 90(3) (e) and section 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit and Risk Committee dated 15 May 2024 resolves that it is necessary and appropriate to act in a meeting closed to the public for the consideration of Item 6.9 [Local Government Cyber Security Framework Audit] listed on the Agenda.

Grounds and Basis

This Item is confidential in nature because the report includes information on Council's cyber security.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit and Risk Committee dated 15 May 2024 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 6.9 [Local Government Cyber Security Framework Audit] 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) (e) of the Act.

Carried

Moved by Mark Davies,  
Seconded by Simon Rodger -

ORDER TO EXCLUDE FOR ITEM 11.1

THAT THE AUDIT AND RISK COMMITTEE

1. 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 and Risk Committee dated 15 May 2024 resolves that it is necessary and appropriate to act in a meeting closed to the public for the consideration of Item 11.1 [Strategic Risk and Internal Audit Update] listed on the Agenda.

Grounds and Basis

This Item is confidential in 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.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit and Risk Committee dated 15 May 2024 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 11.1 [Strategic Risk and Internal Audit Update] 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

The meeting moved into confidence and the doors of the Colonel Light Room closed at 10.48 am.

**11 Confidential Items**

**6.9 Local Government Cyber Security Framework Audit [S90(3) (e)]**

**11.1 Strategic Risk and Internal Audit Update [S90(3) (i)]**



The meeting re-opened to the public at 11.05 am.

**Item 6.9** - Local Government Cyber Security Framework Audit

Confidentiality Order

In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 6.9 [Local Government Cyber Security Framework Audit] listed on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024 was received, discussed and considered in confidence pursuant to Section 90 (3) (e) of the *Local Government Act 1999 (SA)* this meeting of the Audit and Risk Committee, do order that:

1. The report be removed from the City of Adelaide website.
2. The resolution, 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 2031.
3. The confidentiality of this matter be reviewed in December 2024.
4. The Chief Executive Office 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.

**Item 11.1** - Strategic Risk and Internal Audit Update

Resolution & Confidentiality Order

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the report, which will be provided to the next meeting of the Council as part of the confidential report of the Audit and Risk Committee.
2. In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 11.1 [Strategic Risk and Internal Audit Update] listed on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024 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 and Risk Committee, do order that:
  - 2.1. The resolution become public information and included in the Minutes of this 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 2031.
  - 2.3. The confidentiality of this matter be reviewed in December 2024.
  - 2.4. The Chief Executive Office 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.

**Closure**

The meeting closed at 11.05 am

Nicolle Rantanen Reynolds  
Presiding Member  
City of Adelaide Audit and Risk Committee