



AUDIT AND RISK COMMITTEE MINUTES

for the meeting

Friday, 17 June 2022

in the Colonel Light Room, Adelaide Town Hall

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Present:
Presiding Member

David Powell

Board Members

The Right Honourable the Lord Mayor Sandy Verschoor
John Oliver
Simon Rodger
Councillor Franz Knoll

Apology -

Paula Davies

1 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 recognize 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.’

2 Apologies and Leave of Absence

Apology:

Paula Davies

3 Item 3 - Confirmation of Minutes

Moved by Simon Rodger,
Seconded by Councillor Knoll -

That the Minutes of the meeting of the Audit and Risk Committee held on 12 May 2022, be taken as read and be confirmed as an accurate record of proceedings.

Carried

4 Presiding Member Reports

Nil

5 Reports

6 Item 5.1 - 2021/22 Quarterly Business Update Q3

Grace Pelle, Manager Finance & Procurement, City of Adelaide provided an overview of the report.

Discussion ensued during which:

- The Lord Mayor entered the meeting at 8.34am
- Grace Pelle, Clare Mockler, Chief Executive Officer, City of Adelaide and Amanda McIlroy, Chief Operating Officer, City of Adelaide responded to questions.

It was then –

Moved by Simon Roger,
Seconded by John Oliver -

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the third Budget Review for 2021-22 incorporating the Uniform Presentation of Finances as presented in Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022, noting that the revised budget consists of:
 - 1.1. Total estimated operating income of \$204.373 million.
 - 1.2. Total estimated operating expenditure (including depreciation) of \$208.737 million.
 - 1.3. An operating deficit of \$4.363 million.
 - 1.4. Capital expenditure of \$60 million.
 - 1.5. Grant funding to support capital expenditure on new/upgraded assets of \$9.2 million.
 - 1.6. Council's borrowings (debt) ceiling of \$24.2 million.
 - 1.7. Offsets across both expenditure and revenue totalling \$4.75 million towards the \$4.75 million savings target.
2. Notes the capitalisation KPIs outlined in Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
3. Notes the balance of approximately \$224,000 within the 2021/22 Events and Festivals Sponsorship program is unspent due to cancellation of events that had previously had funding committed.
4. Notes the funding of \$150,000 to be allocated from the 2021/22 Events and Festivals Sponsorship budget to Illuminate Adelaide Foundation for the Illuminate Adelaide 2022 event to be held 1 to 31 July 2022 inclusive.
5. Notes the Capital Works Quarter 3 Review as presented in Attachment B to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
6. Notes the Commercial Operations Quarter 3 Review as presented in Attachment C to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
7. Notes the Adelaide Economic Development Agency Quarter 3 Review as provided in Attachment D to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
8. Notes the Adelaide Central Market Authority Quarter 3 Review as provided in Attachment E to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
9. Notes the Kadaltilla / Park Lands Authority Quarter 3 Review as provided in Attachment F. to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022
10. Notes the Brown Hill Keswick Creek Quarter 3 Review as provided in Attachment G to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.

Carried

7 Item 5.1 - CEO Undertaking - Quarterly LTFP Updates - Additional Information

In response to the meeting an undertaking was given to include information on the impacts of CPI and increased interest rates in the quarterly LTFP updates.

8 Item 5.2 - External Audit Interim Management Letter

Paul Gosnold, Partner, and Linh Dao, Associate Director Audit & Assurance, BDO provided an overview of the report and responded to questions.

Discussion ensued

It was then –

Moved by the Lord Mayor,
Seconded by Councillor Knoll -

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the report and the Interim Report on the 2022 External Audit as per Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.

Carried

9 Emerging Key Risks

Nil

10 Independent Member Discussion

Nil

11 Exclusion of the Public**12 Item 9 - Order to Exclude for Item 10.1**

Moved by John Oliver,
Seconded by Simon Rodger -

THAT THE AUDIT AND RISK COMMITTEE

1. Having taken into account the relevant consideration contained in section 90(3) (b) & (d) and section 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit and Risk Committee dated 17 June 2022 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 10.1 [Major Project – Accounting Treatment] 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 commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business, prejudice the commercial position of the council and prejudice the commercial position of the person who supplied the information and confer a commercial advantage on a third party.

The disclosure of information in this report could reasonably prejudice the commercial position and the 'commercial in confidence' information containing confidential contractual information. Disclosure of this information may adversely impact project delivery, prejudice the ability to fulfil contractual obligations contained in the contract and contravene confidentiality clauses contained within the contract.

Public Interest

The Audit and Risk 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 prior to the finalisation of 'commercial in confidence' contractual obligations and may materially and adversely affect the delivery of the projects and because the disclosure of Council's commercial position may severely prejudice Council's ability to fulfil contractual obligations contained in the contract and contravene confidentiality clauses contained within the contract.

The Audit and Risk 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 is commercial in nature.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit and Risk Committee dated 17 June 2022 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 [Major Project – Accounting Treatment] 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) & (d) of the Act.

Carried

13 Item 9 - Order to Exclude for Item 10.2

Moved by Simon Rodger,
Seconded by John Oliver -

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 17 June 2022 resolves that it is necessary and appropriate to act in a meeting closed to the public for the consideration of Item 10.2 [Activity of Strategic Risk & Internal Audit Group] listed on the Agenda.

Grounds and Basis

This Item is 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 and Risk 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.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit and Risk Committee dated 17 June 2022 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 [Activity of Strategic Risk & Internal Audit Group] 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

Members of Corporation staff not directly involved with Items 10.1 and 10.2 left the meeting at 9.02am.

14 Confidential Items

15 Item 10.1 - Major Project - Accounting Treatment [Section 90(3) (b) & (d) of the Act]

16 Item 10.1 - CEO Undertaking - Major Project - Accounting Treatment [Section 90(3) (b) & (d) of the Act]

17 Item 10.2 - Activity of Strategic Risk & Internal Audit Group [Section 90(3) (b) & (d) of the Act]

The meeting reopened to the public at 10.02am

Confidentiality Orders

Minute 15 - Item 10.1 – Major Project – Accounting Treatment

Confidentiality Order

In accordance with Section 91(7) and (9) of the *Local Government Act 1999 (SA)* and because Item 10.1 [Major Project – Accounting Treatment] listed on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022 was received, discussed and considered in confidence pursuant to Section 90(3) (b) & (d) of the *Local Government Act 1999 (SA)*, this meeting of the Audit and Risk Committee do order that

1. 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 2029.
2. The confidentiality of the matter be reviewed in December 2023.
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 revoked.

Minute 17 - Item 10.2 – Activity of Strategic Risk & Internal Audit Group

Resolution & Confidentiality Order

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the report is provided to the next meeting of the Council as part of the confidential report of the Audit and Risk Committee meeting.
2. In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 10.2 [Activity of Strategic Risk & Internal Audit Group] listed on the Agenda for the meeting of the Audit and Risk Committee held on 16 June 2022 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 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 2029.
 - 2.3. The confidentiality of this matter be reviewed in December 2023.
 - 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.

18 Other Business

Grace Pelle provided an update on the Business Plan and Budget process and responded to questions.

Closure

The meeting closed at 10.06 am

Mr David Powell
Presiding Member
City of Adelaide Audit and Risk Committee