



AUDIT AND RISK COMMITTEE MINUTES

for the meeting

Friday, 28 October 2022

in the Colonel Light Room, Adelaide Town Hall

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Present:

Presiding Member **David Powell**

Committee Members **The Right Honourable the Lord Mayor Sandy Verschoor**
Paula Davies
John Oliver
Simon Rodger
Councillor Franz Knoll

1 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 recognize 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

Nil

3 Item 3 - Confirmation of Minutes

Moved by Simon Rodger,
Seconded by John Oliver -

That the Minutes of the meeting of the Audit and Risk Committee held on 30 September 2022, be taken as read and be confirmed as an accurate record of proceedings.

Carried

4 Presiding Member Reports

Nil

5 Presentation

6 Item 5.1 - Update on Service Planning & Performance

Presenter:

Bree Goodchild, Manager Strategy & Insights, City of Adelaide

Precis of topic:

Utilising the PowerPoint presentation published in the Agenda, the Audit and Risk Committee was provided with an Update on Service Planning & Performance

Discussion ensued during which Bree Goodchild, Ilia Houridis, Acting Chief Executive Officer, City of Adelaide and Amanda McIlroy, Chief Operating Officer, City of Adelaide, responded to questions.

7 Reports

8 Item 6.1 - 2022-2023 Q1 Business Update

Sonjoy Ghosh, Acting Manager Finance & Procurement, City of Adelaide, provided an overview of the report.

Discussion ensued during which Sonjoy Ghosh, Amanda McIlroy, Bree Goodchild, Mark Goudge, Associate Director Infrastructure, City of Adelaide and Iliia Houridis responded to questions.

It was then –

Moved by Paula Davies,
Seconded by Simon Rodger -

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the first Budget Review for 2022-23 incorporating the Uniform Presentation of Finances as presented in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022, noting the revised budget consists of:
 - 1.1. Total estimated operating income of \$213.446 million
 - 1.2. Total estimated operating expenditure (including depreciation) of \$213.359 million
 - 1.3. An operating surplus of \$87,000
 - 1.4. Capital expenditure for:
 - 1.4.1. Major Projects revised expenditure of \$38.9 million
 - 1.4.2. New and Upgrades revised expenditure of \$13.6 million
 - 1.4.3. Renewals revised expenditure of \$44.4 million
 - 1.4.4. Total Carry overs of \$7.54 million
 - 1.4.5. Other adjustments totalling (\$1.39 million)
 - 1.5. Grant funding to support capital expenditure on new/upgraded assets of \$22.6 million
 - 1.6. Council's borrowings (debt) ceiling of \$28 million
 - 1.7. Net offsets across both expenditure and revenue totalling \$0.8 million towards the \$4.83 million savings target set by Council.
2. Notes the capitalisation KPIs outlined in Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.
3. Notes that the Long Term Financial Plan assumptions will be included in the update provided to Council as a part of the formal Q1 Budget Review on 13 December 2022.
4. Notes the Capital Works Quarter 1 Review 2022-23 as presented in Attachment B to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.
5. Notes the Commercial Operations Quarter 1 Review 2022-23 as provided in Attachment C to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.
6. Notes the Adelaide Economic Development Agency Quarter 1 Review 2022-23 as provided in Attachment D to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.
7. Notes the Adelaide Central Market Authority Quarter 1 Review 2022-23 as provided in Attachment E to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.
8. Notes the Kadaltilla / Park Lands Authority Quarter 1 Review 2022-23 as provided in Attachment F to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.
9. Notes the Brown Hill Keswick Creek Quarter 1 Review 2022-23 as provided in Attachment G to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.
10. Notes the recommendation to Council on Bad Debt Write Off included in paragraphs 28 and 29 of Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.

Carried

9 Item 6.1 - COO Undertaking - Enhancements to Quarterly Business Update Reports

In response to the meeting, the Chief Operating Officer gave an undertaking to address the following in future Quarterly Business Update reports:

- Provide a page of Long Term Financial Plan assumptions including explanations where there are big movements between financial years.
- Provide a more substantive summary of debt write offs ie how it occurred, amount of particular debt, level of interrogation done by Council
- For Major Projects, provide commentary on items that haven't achieved green light including explanation, original timing and budget, estimated timing and budget and an explanation of why it has changed
- For Major Projects provide explanation including details on the approval process where modifications to the scope to budget occur
- Present New and Upgrade Projects Status Update as a traffic light report
- Provide more detail on status of projects within Renewals Update ie indicators re projects in progress on time, projects in progress on budget

10 Item 6.2 - Internal Audit Progress Report

Jess Dillon, Team Leader Corporate Governance & Risk, City of Adelaide provided an overview of the report during which the Lord Mayor left the Colonel Light Room at 9.18am.

Discussion ensued during which Jess Dillon, Amanda McIlroy and Ilia Houridis responded to questions.

It was then –

Moved by Simon Rodger,
Seconded by John Oliver -

THAT THE AUDIT AND RISK COMMITTEE

11. Notes the report.

Discussion continued during which:

- Lara Daddow, Manager Low Carbon & Circular Economy, City of Adelaide, responded to questions
- The Lord Mayor re-entered the Colonel Light Room

The motion was then put and carried

11 Item 6.2 - COO Undertaking - Update to Audit and Risk Committee Workplan

In response to the meeting the Chief Operating Officer gave an undertaking to update the Audit and Risk Committee work plan to incorporate early engagement into building the Internal Audit Plan

12 Item 6.2 - COO Undertaking - Audit and Risk Committee Agenda - Additional Standing Agenda Item

In response to the meeting the Chief Operating Officer gave an undertaking to include progress on Internal and External Audit Plans for the year as standing Agenda items and provide a traffic light report as a snapshot detailing what is coming, what is on track, not on track etc.

13 Item 6.2 - COO Undertaking - Enhancement to Internal Audit Progress Report

In response to the meeting an undertaking was given to provide additional details in relation to where audits have had extensions approved by the CEO ie how many extensions granted, timeframe (6 months, 6-12 months, more than 12 months) in future Internal Audit Progress reports.

14 Item 6.2 - COO Undertaking - Internal Audit Progress Report - Enhancements to Climate Change Risk Adaptation Action Plan Report

In response to the meeting an undertaking was given to provide a progress note against each individual action in future reports.

15 Item 6.3 - Audit and Risk Committee Self-Assessment Results

Amanda McIlroy provided an overview of the report.

Discussion ensued during which Amanda McIlroy, Ilia Houridis and Alana Martin, Manager Governance, City of Adelaide, responded to questions.

It was then –

Moved by Paula Davies,
Seconded by John Oliver -

THAT THE AUDIT AND RISK COMMITTEE

12. Notes the results of the Audit and Risk Committee Self-Assessment outlined in Attachment A to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 2022.

Carried

16 Emerging Key Risks

The Presiding Member addressed the meeting to identify the importance of matters relating to data breaches and cyber security being discussed by the Audit and Risk Committee.

17 Independent Member Discussion

Nil

18 Other Business

Nil

19 Exclusion of the Public

In accordance with sections 90(2),(3) and (7) of the *Local Government Act 1999 (SA)* the Audit and Risk Committee considered whether to discuss in confidence the reports contained within section 11 of the Agenda.

20 Item 10 - Order to Exclude for Item 11.1

Moved by Councillor Knoll,
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 28 October 2022 resolves that it is necessary and appropriate to act in a meeting closed to the public for the consideration of Item 11.1 [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 related 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 28 October 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 11.1 [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

No public or members of Corporation staff not directly involved in Item 11.1 were present to leave the Colonel Light Room at 9.53am.

21 Confidential Item

22 Item 11.1 - Activity of Strategic Risk & Internal Audit Group [Section 90(3) (i) of the Act]

The meeting re-opened to the public at 10.43am

Confidentiality Order

Minute 22 - Item 11.1 – 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.
2. In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 11.1 listed on the Agenda for the meeting of the Audit and Risk Committee held on 28 October 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.

Discussion ensued during which the Presiding Member acknowledged the final meeting of the Audit and Risk Committee for the Council term and for the year.

Closure

The meeting closed at 10.44 am

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