



AUDIT AND RISK COMMITTEE MINUTES

for the meeting

Friday, 1 September 2023

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, Dr Jane Lomax-Smith Paula Davies Councillor Martin (Deputy Lord Mayor) (proxy for Councillor Li) John Oliver Simon Rodger

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:

Councillor Li

3 Confirmation of Minutes

Moved by Simon Rodger,
Seconded by Paula Davies -

That the Minutes of the meeting of the Audit and Risk Committee held on 4 August 2023, be taken as read and be confirmed as an accurate record of proceedings.

Carried

4 Presiding Member Reports

Discussion ensued

COO Undertaking – Audit and Risk Committee Annual Work Plan

The Chief Operating Officer gave an undertaking to bring the Annual Work Plan to the next meeting and to list it as a standing item for future Audit and Risk Committee meetings.

COO Undertaking- Legislative Compliance Reform

The Chief Operating Officer gave an undertaking to provide the status of the Legislation Compliance Audits.

5 Reports

5.1 Audit and Risk Committee Terms of Reference

Discussion ensued during which Michael Sedgman, Chief Operating Officer, City of Adelaide responded to questions.

It was then –

Moved by Paula Davies,
Seconded by John Oliver -

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT THE AUDIT AND RISK COMMITTEE

1. Endorses the revised Terms of Reference as Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023 for adoption by Council with the following addition:
 - 1.1. Reference to Kadaltilla/ Adelaide Park Lands Authority in item 2.2.
2. Authorises the CEO to make any necessary typographical or syntactical revisions to the Terms of Reference for the Audit and Risk Committee.

Carried

5.2 Q4 Report

Michael Sedgman, Chief Operating Officer, City of Adelaide provided an overview of the report.

Discussion ensued during which Michael Sedgman and Tom McCready, Director City Services, City of Adelaide responded to questions.

It was then –

Moved by John Oliver,
Seconded by Simon Rodger -

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the 2022-23 Preliminary Financial Position as presented in Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023, which include:
 - 1.1. Total operating income of \$215.454 million (\$213.446 million estimated in Q3)
 - 1.2. Total operating expenditure (including depreciation) of \$213.914 million (\$213.359 million estimated in Q3)
 - 1.3. An operating surplus of \$1.54 million (\$87,000 estimated in Q3)
2. Notes results presented are subject to external audit, and therefore are estimates at this stage.
3. Notes the Capital Works Quarter 4 Review as presented in Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023, which include:
 - 3.1. Major Projects expenditure of \$14.19 million (\$17.1 million estimated in Q3)
 - 3.2. New and Upgrades expenditure of \$4.02 million (\$6.5 million estimated in Q3)
 - 3.3. Renewals expenditure of \$30.12 million (\$38.2 million estimated in Q3)
 - 3.4. Capital Program Management expenditure of \$8.95 million (\$9.8 million in Q3)
 - 3.5. Grant funding to support capital expenditure on new/upgraded assets of \$6.7 million (\$11.7 million in Q3).
4. Notes the Adelaide Central Market Authority Quarter 4 report 2022/23 (Attachment B to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023).

5. Notes the Adelaide Economic Development Agency Quarter 4 report 2022/23 (Attachment C to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023).
6. Notes the Kadaltilla / Park Lands Authority Quarter 4 report 2022/23 (Attachment D to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023).
7. Notes the Brown Hill Keswick Creek Quarter 4 report 2022/23 (Attachment E to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023).
8. Notes that at the end of this Quarter 93% of Projects were capitalised within 10 Weeks, exceeding the 70% target proposed by the Audit and Risk Committee at its meeting of 5 February 2021.

Carried

5.3 ACMA Audited Financial Statements & Report on Financial Results

Michael Sedgman, Chief Operating Officer, City of Adelaide provided an overview of the report. Tom McCready, Director City Services, City of Adelaide outlined the highlights of the report.

Discussion ensued during which Anthony Spartalis, Manager Finance and Procurement, City of Adelaide responded to questions.

It was then –

Moved by Paula Davies,

Seconded by Councillor Martin (Deputy Lord Mayor) -

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the 2022-23 Financial Position as presented in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023, which includes:
 - 1.1 An operating surplus of \$83,000 (deficit of \$146,000 in 2021/22)
 - 1.2 Total operating income of \$4.775 million (\$4.282 million 2021/22)
 - 1.3 Total operating expenditure of \$4.692 million (\$4.428 million 2021/22)
2. Notes the audited Adelaide Central Market Authority Financial Statements for 2022-23 as contained in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023, have been reviewed by the Adelaide Central Market Authority Board at its meeting on 24 August 2023. These financial results will be included in the Consolidated Financial Statements of the City of Adelaide.
3. Notes the Adelaide Central Market Authority Annual Completion Report for the year ended 30 June 2023 from Council's external auditors, BDO, contained in Attachment B to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023.
4. Considers the Financial Statements for 2022-23 as contained in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023 present fairly the financial position of the Adelaide Central Market Authority, and subject to minor administrative changes and subsequent balance date event adjustments, be certified by the City of Adelaide Chief Executive Officer and the Acting Chair of Adelaide Central Market Authority.
5. Considers it is appropriate that the representation letter requested by the external auditor of the Adelaide Central Market Authority, contained in Attachment C to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023 is signed by management.
6. Notes the Certification of Auditor Independence in relation to Adelaide Central Market Authority, contained in Attachment D to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023.
7. Notes the audited Central Market Marketing Fund (CMMF) Financial Statements for 2022-23 as contained in Attachment E to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023, have been audited and present fairly the position of the CMMF.

8. Notes the representation letter requested by the external auditor of the Central Market Marketing Fund, contained in Attachment F to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023, is signed by management.

Carried

5.4 Adelaide Aquatic Centre Redevelopment - Prudential Review

Michael Sedgman, Chief Operating Officer, City of Adelaide provided an overview of the report and introduced Mark Booth, Director, BRM Advisory.

Discussion ensued during which, Michael Sedgman, Mark Booth, Iliia Houridis, Director City Shaping, City of Adelaide responded to questions.

It was then –

Moved by Simon Rodger,
Seconded by John Oliver -

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Receives the BRM Advisory 'Prudential Report: Adelaide Aquatic Centre Redevelopment' August 2023' as per Attachment A to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023 as required by the Audit and Risk Committee Terms of Reference. With the following typographical correction:
 - Page 2 Executive Summary and Page 7 of the document from “acquisition” to “disposition”
 - Include the reference to the resolution of Council on 27 June 2023 in relation to the \$20 million contribution
2. Notes that the Strategic Risks raised in the report will be monitored by the Administration through the Strategic Risk and Internal Audit Group.

Carried

COO Undertaking – Adelaide Aquatic Centre Redevelopment – Council Resolution of 27 June 2023

The Chief Operating Officer gave an undertaking to provide to relevant staff the Council resolution of 27 June 2023 in relation to the Adelaide Aquatic Centre Redevelopment.

6 Emerging Key Risks

Nil

7 Independent Member Discussion

Nil

8 Other Business

Nil

9 Exclusion of the Public

Moved by Councillor Martin (Deputy Lord Mayor),
Seconded by Paula Davies -

ORDER TO EXCLUDE FOR ITEM 10.1

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 1 September 2021 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 10.1 [Strategic Property Matter – Prudential Report] 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 contains certain information of a confidential nature (not being a trade secret) the disclosure of which could reasonably expect to confer a commercial advantage on a person with whom the Council is conducting business, prejudice the commercial position of the Council. This Item provides commercially sensitive information concerning possible negotiation positions and financial negotiation ranges.

The disclosure of information in this report could reasonably prejudice the position of Council as it includes specialist information provided to Council on a confidential basis.

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 commencement and finalisation of a 'commercial in confidence' negotiation process with the vendor.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit and Risk Committee dated 1 September 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 10.1 [Strategic Property Matter – Prudential Report] 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

There were no members of the public present. Members of Corporate staff not directly involved in Item 10.1 left the Colonel Light Room at 9.45 am.

10 Confidential Item

10.1 Strategic Property Matter - Prudential Report

The meeting re-opened to the public at 9.56 am

Confidentiality Order

Item 10.1 – Strategic Property Matter – Prudential Report

Confidentiality Order

That, in accordance with Section 91(7) and (9) of the *Local Government Act 1999 (SA)* and because Item 10.1] listed on the Agenda for the meeting of the Audit and Risk Committee on 1 September 2023 was received, discussed and considered in confidence pursuant to Section 90(3) (b) and (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 2030.
2. The confidentiality of the matter be reviewed in December 2024.
3. The Chief Executive Officer be delegated the authority to review and revoke all or part of the order herein and directed.

Closure

The meeting closed at 9.56 am.

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