

Audit and Risk Committee Report - 6 October 2023

Tuesday, 24 October 2023
Council

Strategic Alignment - Enabling Priorities

Program Contact:
Alana Martin, Manager
Governance

Public

Approving Officer:
Michael Sedgman – Chief
Operating Officer

EXECUTIVE SUMMARY

The Audit and Risk Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference in order to facilitate informed decision making in relation to discharging its legislative responsibilities and duties.

The Audit and Risk Committee is required to report to Council after every meeting. This report presents the outcomes of the Audit and Risk Committee following their meeting on 6 October 2023 (view the public component of the meeting documents at [Agenda for Audit and Risk Committee on Friday, 6th October, 2023, 8.30 am - City of Adelaide](#)).

The Audit and Risk Committee resolved to present a recommendation on the following matter to Council for Council determination:

Item 7.3 - Audited Financial Statements & Report on Financial Results

RECOMMENDATION

THAT COUNCIL

1. **Recommendation 1 – Item 7.3 - Audited Financial Statements & Report on Financial Results**

THAT COUNCIL

1. Considers that the Consolidated Financial Statements present fairly the financial position of the City of Adelaide, having reviewed the Consolidated Financial Statements for 2022/23, contained in Attachment A to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.
2. Receives the City of Adelaide's Consolidated Financial Statements for 2022/23, contained in Attachment A to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, subject to minor administrative changes and subsequent balance date event adjustments, to be certified by the Chief Executive Officer and the Lord Mayor.
3. Considers it is appropriate that the representation letter requested by the external auditor, contained in Attachment B to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, is signed by management.
4. Notes the Certification of Auditor Independence contained in Attachment C to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023 by the Chief Executive Officer and the Presiding Member of the Audit and Risk Committee.
5. Authorises the Chief Executive Officer and the Lord Mayor to certify the Annual Financial Statements in their final form.
6. Notes the Adelaide Economic Development Agency Financial Statements for 2022/23, contained in Attachment D to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, have been reviewed by the Adelaide Economic Development Agency Board at its

meeting on 26 September 2023. These financial results are included in the Consolidated Financial Statements of the City of Adelaide, and

- 6.1. Considers the Financial Statements for 2022/23 present fairly the financial position of the Adelaide Economic Development Agency.
- 6.2. Notes the Certification of Auditor Independence in relation to Adelaide Economic Development Agency, contained in Attachment E to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023 is signed by the Chief Executive Officer and the Presiding Member of the Audit and Risk Committee.
- 6.3. Notes the representation letter requested by the external auditor of the Adelaide Economic Development Agency, contained in Attachment F to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, is signed by management.
7. Notes the Adelaide Park Lands Authority Financial Statements for 2022/23, contained in Attachment G to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, are included in the Consolidated Financial Statements of the City of Adelaide, and
 - 7.1. Considers the Financial Statements for 2022/23 present fairly the financial position of the Adelaide Park Lands Authority and can be certified by the Lord Mayor as Chair of Adelaide Park Lands Authority.
 - 7.2. Considers it is appropriate that the representation letter requested by the external auditor of the Adelaide Park Lands Authority, contained in Attachment H to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, is signed by management.
 - 7.3. Notes the Certification of Auditor Independence in relation to the Adelaide Park Lands Authority, contained in Attachment I to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, and considers it is appropriate to be signed by the Chief Executive Officer and the Presiding Member of the Audit and Risk Committee.
8. Notes the Brown Hill and Keswick Creeks Storm Water Board's Financial Statements for 2022/23 as contained in Attachment J to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023. Council's equity interest of 8% is included in the Consolidated Financial Statements of the City of Adelaide.
9. Recommends the 2022/23 Consolidated Financial Statements of the City of Adelaide, and the Financial Statements of the Adelaide Park Lands Authority, Adelaide Central Market Authority and Brown Hill and Keswick Creeks Stormwater Board be presented to Council for noting on 24 October 2023 and included in the adopted Annual Report.
10. Notes the 2022/23 Report on the financial results for the City of Adelaide and its subsidiaries, contained in Attachments K, L, M and N to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.

DISCUSSION

1. The Audit and Risk Committee met on 6 October 2023 and considered the following items:
 - 1.1. Item 6.1 – Confidential Meeting with Internal Auditors, considered in confidence pursuant to Section 90(3) (b) of the *Local Government Act 199 (SA)*
 - 1.2. Item 7.1 – City of Adelaide Annual Report 2022/23
 - 1.3. Item 7.2 – Audit and Risk Committee Self-Assessment Results
 - 1.4. Item 7.3 – Audited Financial Statements & Report on Financial Results
 - 1.5. Item 7.4 – Matters arising from External Audit Finance Audit
 - 1.6. Item 12.1 – Confidential Meeting with External Auditors, considered in confidence pursuant to Section 90(3) (b) of the *Local Government Act 199 (SA)*

Resolution of the Committee

2. Item 6.1 – Confidential Meeting with Internal Auditors

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the verbal report, in confidence from Council's Internal Auditors, KPMG.
2. In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 6.1 [Confidential Meeting with Internal Auditors] listed on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023 was received, discussed and considered in confidence pursuant to Section 90 (3) (b) of the *Local Government Act 1999 (SA)*, this meeting of the Audit and Risk Committee, do order that:
 - 2.1. The resolution and report become public information and included in the Minutes of the meeting.
 - 2.2. The discussion and the Minutes of the meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2030.
 - 2.3. The confidentiality of the matter be reviewed in December 2024.
 - 2.4. 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 received.
3. Item 7.1 – City of Adelaide Annual Report 2022/23

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the draft City of Adelaide Annual Report 2022/23 as provided in Attachment A to Item 7.1 on the Agenda for the meeting of Audit and Risk Committee held on 6 October 2023.
2. Notes the Adelaide Central Market Authority Annual Report 2022/23 as provided in Attachment B to Item 7.1 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.
3. Notes the draft Adelaide Economic Development Agency Annual Report 2022/23 as provided in Attachment C to Item 7.1 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.
4. Notes the draft Kadaltilla / Adelaide Park Lands Authority Annual Report 2022/23 as provided in Attachment D to Item 7.1 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.
5. Notes the draft Brown Hill and Keswick Creeks Stormwater Board Annual Report 2022/23 as provided in Attachment E to Item 7.1 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.
6. Notes that the Chief Executive Officer will make any editorial amendments resulting as a recommendation of Council and any formatting changes to the 2022/23 Annual Report.
4. Item 7.2 – Audit and Risk Committee Self-Assessment Results

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the results of the Audit and Risk Committee Self-Assessment outlined in Attachment A to Item 7.2 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.

5. Item 7.3 – Audited Financial Statements & Report on Financial Results

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Considers that the Consolidated Financial Statements present fairly the financial position of the City of Adelaide, having reviewed the Consolidated Financial Statements for 2022/23, contained in Attachment A to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.
2. Receives the City of Adelaide's Consolidated Financial Statements for 2022/23, contained in Attachment A to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, subject to minor administrative changes and subsequent balance date event adjustments, to be certified by the Chief Executive Officer and the Lord Mayor.
3. Considers it is appropriate that the representation letter requested by the external auditor, contained in Attachment B to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, is signed by management.
4. Notes the Certification of Auditor Independence contained in Attachment C to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023 by the Chief Executive Officer and the Presiding Member of the Audit and Risk Committee.
5. Authorises the Chief Executive Officer and the Lord Mayor to certify the Annual Financial Statements in their final form.
6. Notes the Adelaide Economic Development Agency Financial Statements for 2022/23, contained in Attachment D to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, have been reviewed by the Adelaide Economic Development Agency Board at its meeting on 26 September 2023. These financial results are included in the Consolidated Financial Statements of the City of Adelaide, and
 - 6.1. Considers the Financial Statements for 2022/23 present fairly the financial position of the Adelaide Economic Development Agency.
 - 6.2. Notes the Certification of Auditor Independence in relation to Adelaide Economic Development Agency, contained in Attachment E to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023 is signed by the Chief Executive Officer and the Presiding Member of the Audit and Risk Committee.
 - 6.3. Notes the representation letter requested by the external auditor of the Adelaide Economic Development Agency, contained in Attachment F to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, is signed by management.
7. Notes the Adelaide Park Lands Authority Financial Statements for 2022/23, contained in Attachment G to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, are included in the Consolidated Financial Statements of the City of Adelaide, and
 - 7.1. Considers the Financial Statements for 2022/23 present fairly the financial position of the Adelaide Park Lands Authority and can be certified by the Lord Mayor as Chair of Adelaide Park Lands Authority.
 - 7.2. Considers it is appropriate that the representation letter requested by the external auditor of the Adelaide Park Lands Authority, contained in Attachment H to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, is signed by management.
 - 7.3. Notes the Certification of Auditor Independence in relation to the Adelaide Park Lands Authority, contained in Attachment I to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023, and considers it is appropriate to be signed by the Chief Executive Officer and the Presiding Member of the Audit and Risk Committee.
8. Notes the Brown Hill and Keswick Creeks Storm Water Board's Financial Statements for 2022/23 as contained in Attachment J to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023. Council's equity interest of 8% is included in the Consolidated Financial Statements of the City of Adelaide.
9. Recommends the 2022/23 Consolidated Financial Statements of the City of Adelaide, and the Financial Statements of the Adelaide Park Lands Authority, Adelaide Central Market Authority and Brown Hill and Keswick Creeks Stormwater Board be presented to Council for noting on 24 October 2023 and included in the adopted Annual Report.

10. Notes the 2022/23 Report on the financial results for the City of Adelaide and its subsidiaries, contained in Attachments K, L, M and N to Item 7.3 on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023.

6. Item 7.4 – Matters arising from External Audit Finance Audit

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the 'City of Adelaide Annual Completion Report for the year ended 30 June 2023' from Council's external auditors, BDO, contained in Attachment A to Item 7.4 on the Agenda for the meeting of the Audit and Risk Committee held 6 October 2023.

7. Item 12.1 – Confidential Meeting with External Auditors

THAT THE AUDIT AND RISK COMMITTEE

1. Receives a verbal report from Council's external auditors, BDO at the Audit and Risk Committee Meeting on 6 October 2023.

2. In accordance with Section 91(7) & (9) of the *Local Government Act 1999 (SA)* (the Act) and because Item 6.1 [Confidential Meeting with External Auditors] listed on the Agenda for the meeting of the Audit and Risk Committee held on 6 October 2023 was received, discussed and considered in confidence pursuant to Section 90(3)(b) of the Act, this meeting of the Audit and Risk Committee do order that:

- 2.1. The resolution and report become public information and included in the Minutes of the meeting.
- 2.2. 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 the matter be reviewed in December 2024.
- 2.4. 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.

DATA AND SUPPORTING INFORMATION

Link 1 – Public component of the Audit and Risk Committee Agenda – 6 October 2023

ATTACHMENTS

Nil

- END OF REPORT -