

# AEDA Review Implementation Plan Update

Friday, 16 February 2024

Audit and Risk Committee

Strategic Alignment – Our Corporation

**Program Contact:**

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Public

**Approving Officer:**

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## EXECUTIVE SUMMARY

This report details progress made to date in implementing the AEDA Review Recommendations.

At its meeting on 24 October 2023, Council endorsed the AEDA Review Implementation Plan which outlines how each recommendation from the Deloitte and KPMG reviews of the Adelaide Economic Development Agency (AEDA) will be addressed.

As part of this resolution Administration committed to providing implementation update reports to Council in March 2024 and July 2024.

This report outlines the progress made to mid-January 2024 in implementing the AEDA Review Recommendations.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes progress made to date on the AEDA Review Implementation Plan as outlined in Attachment A to Item 5.7 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
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# IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<a href="#">Strategic Alignment – Our Corporation</a>
Policy	Not as a result of this report
Consultation	Council and the AEDA Board discussed a range of matters on 30 January 2024 in a workshop focused on recommendations that were strategic in nature.
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Not as a result of this report
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

# DISCUSSION

## Background

1. Council at its meeting on 22 August 2023, considered the findings of both AEDA reviews undertaken by KPMG and Deloitte and authorised the Chief Executive Officer to work with the AEDA Board and City of Adelaide administration to implement review recommendations.
2. The AEDA Review Implementation Plan (The Plan) provides a clear approach for each action, the officer responsible for delivery, and the action due date. The Plan was endorsed by Council at its 24 October 2023 meeting, conditional on there being another workshop between Council Members and AEDA to discuss the approach to several of the actions deemed to be strategic in nature. These specific actions would not be progressed until after this workshop (which was held on 30 January 2024).

## AEDA Implementation Plan Update

3. **Attachment A** provides an update on the recommendations within the AEDA Review Implementation Plan. Key actions taken to date are summarised below.
4. An administrative workshop on 7 December 2023 between AEDA and Governance staff discussed recommendations from the reviews regarding governance and accountability. Discussion outcomes were:
  - 4.1. Assurance Model (Action 4d – implementing an ongoing assurance model for AEDA).
    - 4.1.1. Outcome: Corporate Governance will conduct a strategic risk management review in Q3 of this financial year. This review will include the development of an Assurance Model for all City of Adelaide subsidiaries.
  - 4.2. Risk and Mitigation Strategies (Action 4b – clearly defining and agreeing on the level of risk and mitigation strategies that AEDA needs to report to the Audit and Risk Committee).
    - 4.2.1. Outcome: AEDA's quarterly reporting was reviewed in consultation with Corporate Services. It now includes updates on financials, current risks and opportunities, and reporting against BP&B Key Performance Indicators. In Q3 of this financial year, Governance will also review the Corporate Strategic Risk Register, which includes Council's subsidiaries.
  - 4.3. CoA Governance / AEDA Operation Processes (Action 4a – Deloitte's review recommended greater oversight by the CoA Governance Unit at the initial stages of key operational processes).
    - 4.3.1. Outcome: Governance confirmed that AEDA is included in their assurance reviews, which involve testing controls through audits and policy reviews, however a compliance register (based on the AEDA Charter and Schedule 2 of the Local Government Act) will be developed by Governance to assist with providing greater oversight.
5. The workshop held on 30 January 2024 between Council Members and AEDA Board Members discussed strategic actions from the review: the AEDA Strategic Plan, the CoA Economic Development Strategy, AEDA governance and accountability, and AEDA/CoA roles and responsibilities (including Mainstreets, Precincts and Place Coordination functions), and specific strategic AEDA projects. The workshop provided constructive discussions which resulted in the following outcomes:
  - 5.1. Economic Development Strategy (Actions 1 – 1a)
    - 5.1.1. It was noted that the AEDA Board will be discussing the revised draft of the Economic Development Strategy (EDS) at its February meeting to provide input to the draft strategy which will then be presented to Council in March 2024 for approval to commence public consultation on the draft EDS.
  - 5.2. AEDA Strategic Plan (Actions 2 – 2d):
    - 5.2.1. The City of Adelaide 2024-2028 Strategic Plan, adopted by Council on 12 December 2023, and the impending EDS will be core to the development of AEDA's Strategic Plan.
    - 5.2.2. AEDA's Board, Advisory Committee and staff have workshopped economic priorities and opportunities for inclusion in the AEDA Strategic Plan, based on assessment of the economic environment.
    - 5.2.3. The AEDA Strategic Plan will be further progressed and finalised following Council's adoption of the EDS.

- 5.3. AEDA governance performance and accountability (including grants management, risk assurance) (Actions 4 – 4f):
    - 5.3.1. It was confirmed AEDA is included in CoA assurance review processes, testing controls, audits and policy reviews including for grant funding, procurement, and risk assessments.
    - 5.3.2. A draft funding policy has been developed and will be presented to the City Community Services and Culture Committee on 6 February 2024. This policy will provide a framework to ensure a consistent approach to the administration of funding across the organisation, including its subsidiaries. This policy will also provide greater clarity to Council Members around where funding sits within Council and its subsidiaries, and a consistent approach to the approval process of funding as per Council's Financial Delegations and Procurement Approvals.
    - 5.3.3. The adequacy of AEDA's current reporting requirements was discussed and there was general support for the current approach. However, views were put that it would be enhanced by greater inclusion of economic development outcome measures, while noting the difficulties of doing this in general, and in particular for small scale projects.
  - 5.4. Clarify AEDA-CoA roles and responsibilities (including Mainstreets, Precincts and Place Coordination functions) (Actions 5 – 5e):
    - 5.4.1. The Council Members and AEDA Board Members that attended the workshop were supportive of an in-depth review to be led by the City of Adelaide on how Council and its subsidiaries supports placemaking within the City of Adelaide (including Mainstreets, Precincts, Associations etc.). Any reallocation of staff would be informed by the review's findings.
    - 5.4.2. The review will also recommend whether a previous decision of Council regarding an annual Precinct Group funding increase should progress in its current form.
  - 5.5. Information on specific projects and services including byADL, Wellfest Adelaide, Experience Adelaide Visitor Centre, and small business support (Actions 9 – 9d) was provided while noting that an additional report will be prepared for Council in February on the Experience Adelaide Visitor Centre.
6. Of the 36 actionable recommendations, 11 have now been completed and 4 are scheduled for completion by March 2024.
- 6.1. The 11 recommendations which have been completed are:
    - 6.1.1. AEDA General Manager and/or Board Chair to be invited to present the quarterly progress report to the City Finance and Governance Committee (Action 3a)
    - 6.1.2. Lord Mayor to share insights regarding AEDA Board discussions with Councillors and encourage attendance at Board meetings (Action 3b)
    - 6.1.3. Ensure more targeted AEDA reporting to Council (relevant and aligned to economic activities and with sufficient evidence support) (Action 3c)
    - 6.1.4. Ensure CoA Governance has greater oversight at initial stages of key AEDA operational processes (Action 4a)
    - 6.1.5. Undertake an internal audit on AEDA's administration of grant allocation (Action 4e)
    - 6.1.6. Provide a detailed breakdown of budget allocation that aligns actions to progress and accountability (Action 4f)
    - 6.1.7. Articulate and document AEDA and CoA marketing units respective roles, responsibilities and collaboration principles (Action 5b)
    - 6.1.8. Ensure CoA is acknowledged as the key funding body for large events and campaigns (Action 6b)
    - 6.1.9. Conduct a review of the purpose and value of the AEDA Advisory Committee (Action 7e)
    - 6.1.10. Identify obligations of ByADL contract and investigate options to continue or exit (Action 9b)
    - 6.1.11. Reassess ambition and contractual obligations for Wellfest Program (Action 9c)
  - 6.2. Further information on these recommendations can be found in the updated AEDA Review Implementation Plan (**Attachment A**).

7. Recommendations involving the development of a CoA Economic Development Strategy and AEDA Strategic Plan (Actions 1-1a to 2-2d) were originally due for completion in March and May 2024 respectively. Council at its 14 November 2023 meeting requested administration seek additional advice from industry experts to develop a revised draft of the Economic Development Strategy (EDS), and additional consultation meant completion was delayed. Consequently, the AEDA's Strategic Plan (strongly informed by the EDS) is also delayed. The City of Adelaide Chief Executive Officer in late 2023 granted an extension to June 2024 and August 2024 respectively for completion of these actions.
8. Actions related to additional or re-allocated staffing between CoA and AEDA (Actions 5c-d, and 8-8a) were also pushed back from February 2024 to April 2024, to ensure adequate time for the Council and Executive to consider any potential structural changes (including the review of CoA placemaking activity noted above).
9. Implementation of actions is monitored and managed via the City of Adelaide Promapp system, with the next update to the Council scheduled for July 2024.

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## DATA AND SUPPORTING INFORMATION

Nil

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## ATTACHMENTS

**Attachment A** – AEDA Review Implementation Plan Update

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