

Audit and Risk Committee Report - 16 February 2024

Tuesday, 27 February 2024
Council

Strategic Alignment - Our Corporation

Program Contact:
Alana Martin, Manager
Governance

Public

Approving Officer:
Anthony Spartalis, Acting 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 16 February 2024 (view the public component of the meeting documents at [Agenda for Audit and Risk Committee on Friday, 16th February, 2024, 8.30 am - City of Adelaide](#)).

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

Item 5.1 – 2023/24 BP&B Q2 Progress Report (referred via City Finance and Governance Committee 20 February 2024

Item 5.4 – 2023-24 End of Year Financial Reporting Process & External Timetable

RECOMMENDATION

- Recommendation 1 – Item 5.4 – 2023-24 End of Year Financial Reporting Process & External Timetable**
THAT COUNCIL
 - Notes the endorsement by the Audit and Risk Committee that the external audit plan, as contained in Attachment C to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024, is consistent with the scope of the External Audit engagement and relevant legislation and standards.
 - Approves the proposed 2023-24 End of Year Financial Reporting process and external audit timetable as contained in Attachment C to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
 - Notes the external auditor's independence declaration in relation to the audit engagement for the year ended 30 June 2024 as detailed in Attachment A to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
 - Approves the External Audit terms of engagement as contained in Attachment A and Attachment B to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.

DISCUSSION

1. The Audit and Risk Committee met on 16 February 2024 and considered the following items:
 - 1.1. Item 5.1 - 2023/24 BP&B Q2 Progress Report
 - 1.2. Item 5.2 - Climate Change Action Plan Internal Audit
 - 1.3. Item 5.3 - Draft Integrated Climate Strategy 2030
 - 1.4. Item 5.4 - 2023-24 End of Year Financial Reporting Process & External Timetable
 - 1.5. Item 5.5 - Community Safety Internal Audit
 - 1.6. Item 5.6 - Mercer Review Internal Audit
 - 1.7. Item 5.7 - AEDA Review Implementation Plan Update
 - 1.8. Item 5.8 - Internal Audit Progress Report
 - 1.9. Item 5.9 - 2024 Audit and Risk Committee Meeting Dates
 - 1.10. Item 5.10 - Audit and Risk Committee Work Plan
 - 1.11. Item 5.11 - Review of Asset Management Plans
 - 1.12. Item 6.1 - Workshop - What Underpins the Build of the 2024/25 BP&B
 - 1.13. Item 11.1 - Strategic Risk and Internal Audit Update (considered in confidence pursuant to Section 90(3)(i) of the *Local Government Act 1999 (SA)*)

Resolutions of the Committee

2. Item 5.1 - 2023/24 BP&B Q2 Progress Report
3. Please note that this was recommended to the Council via the City Finance and Governance Committee 20 February 2024

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Receives the quarterly update for the 2023/24 Business Plan and Budget as provided in Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024, and notes the highlights of deliverables, status updates and risks and opportunities provided for Projects, Portfolios and Subsidiaries.
2. Approves adjustments for the 2023/24 Business Plan and Budget as identified in this report and reflected in Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
3. Approves the budgeted year end Operating Position, which includes:
 - 3.1. Total operating income of \$230.537m
 - 3.2. Total operating expenses (including depreciation) of \$228.534m
 - 3.3. An operating surplus of \$2.003m
4. Approves total capital expenditure of \$110.336m for the 2023/24 year.
5. Approved total borrowings of \$42.106m projected to 30 June 2024
6. Notes the year-to-date Operating Position (Financial Performance) for the quarter as presented in Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024, which includes:
 - 6.1. Total operating income of \$118.306m
 - 6.2. Total operating expenses (including depreciation) of \$109.307m
 - 6.3. An operating surplus of \$8.999m
 - 6.4. Total Capital Expenditure of \$40.741m
 - 6.5. Net Cash borrowings position of \$3.076m, with \$5.700m in borrowings, offset by \$2.624m in deposits.

7. Notes the detailed quarterly updates of Council Subsidiaries as provided as Attachments B, C, D & E to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
8. Notes the updated Long Term Financial Plan as provided in Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.

4. Item 5.2 - Climate Change Action Plan Internal Audit

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
2. Endorses the responses of the Administration to the Climate Change Action Plan Internal Audit as outlined in Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.

5. Item 5.3 - Draft Integrated Climate Strategy 2030

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the integration of the Climate Risk Adaptation Action Plan into the draft Integrated Climate Strategy 2030, along with six other climate related City of Adelaide action plans and strategies.
2. Notes that Council endorsed the draft Integrated Climate Strategy 2030 contained in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024 for public consultation on 12 December 2023.

6. Item 5.4 - 2023-24 End of Year Financial Reporting Process & External Timetable

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the endorsement by the Audit and Risk Committee that the external audit plan, as contained in Attachment C to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024, is consistent with the scope of the External Audit engagement and relevant legislation and standards.
2. Approves the proposed 2023-24 End of Year Financial Reporting process and external audit timetable as contained in Attachment C to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
3. Notes the external auditor's independence declaration in relation to the audit engagement for the year ended 30 June 2024 as detailed in Attachment A to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
4. Approves the External Audit terms of engagement as contained in Attachment A and Attachment B to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.

7. Item 5.5 - Community Safety Internal Audit

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 5.5 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
2. Endorses the responses of the Administration to the Community Safety Internal Audit Report as outlined in Attachment A to Item 5.5 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.

8. Item 5.6 - Mercer Review Internal Audit

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
2. Endorses the responses of the Administration to the Mercer Review Internal Audit Report as outlined in Attachment A to Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.

9. Item 5.7 - AEDA Review Implementation Plan Update

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.

10. Item 5.8 - Internal Audit Progress Report

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of Internal Audit Plan as outlined in Item 5.8 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 5.8 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.

11. Item 5.9 - 2024 Audit and Risk Committee Meeting Dates

THAT THE AUDIT AND RISK COMMITTEE

1. Approves the following meeting schedule for the Audit and Risk Committee to be held in the Colonel Light Room, Town Hall, Adelaide:
 - 1.1 Friday 12 April 2024 from 8.30am
 - 1.2 Friday 3 May 2024 from 8.30am
 - 1.3 Friday 14 June 2024 from 2.00pm
 - 1.4 Friday 27 September 2024 from 8.30am
 - 1.5 Friday 8 November 2024 from 9.30am
 - 1.6 Friday 14 February 2025 from 8.30am

12. Item 5.10 - Audit and Risk Committee Work Plan

THAT THE AUDIT AND RISK COMMITTEE

1. Adopts the revised 2024 work plan (Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024) to guide Audit and Risk Committee activity during 2024.

13. Item 5.11 - Review of Asset Management Plans

THAT THE AUDIT AND RISK COMMITTEE

1. Receives the draft Urban Elements Asset Management Plan as per Attachments A and B to Item 5.11 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
2. Receives the draft Transportation Asset Management Plan as per Attachments C and D to Item 5.11 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
3. Notes the draft Urban Elements Asset Management Plan and the draft Transportation Assessment Management Plan as per Attachments A, B, C and D to Item 5.11 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024 were endorsed by Council on 12 December 2023 for the purposes of public consultation.
4. Notes the advice provided in response to questions regarding community engagement and the proposed update of the Long Term Financial Plan to address the implications of the draft Asset Management Plans and to improve the executive summary for the purpose of informing the community what is covered within the asset classes.

14. Item 6.1 - Workshop - What Underpins the Build of the 2024/25 BP&B

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the items that underpin the build of the 2024/25 Business Plan and Budget.
2. Notes the timelines for the development of the Business Plan and Budget which includes a further engagement of the Audit and Risk Committee.

15. Item 11.1 - Strategic Risk and Internal Audit Update (considered in confidence pursuant to Section 90(3)(i) of the *Local Government Act 1999 (SA)*)

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the report, which will be 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 [Strategic Risk and Internal Audit Update] listed on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024 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 this 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 inspections until 31 December 2031.
 - 2.3. The confidentiality of this matter be reviewed in December 2024.
- 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.

DATA AND SUPPORTING INFORMATION

Link 1 – Public component of the Audit and Risk Committee Agenda – 16 February 2024

ATTACHMENTS

Nil

- END OF REPORT -