

Audit and Risk Committee Report - 15 May 2024

Tuesday, 28 May 2024
Council

Strategic Alignment - Our Corporation

Program Contact:
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Governance

Public

Approving Officer:
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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 15 May 2024 (view the public component of the meeting documents at [Agenda for Audit and Risk Committee on Wednesday, 15th May, 2024, 9.00 am - City of Adelaide](#)).

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

Item 6.1 – 2023/24 Business Plan & Budget Quarter 3 Update (referred via City Finance and Governance Committee 21 May 2024)

RECOMMENDATION

1. **Recommendation 1** – Item 6.1 - 2023/24 Business Plan & Budget Quarter 3 Update

THAT COUNCIL

1. Receives the City of Adelaide 2023/24 Q3 Progress Report and updated Long Term Financial Plan projections as provided in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held 15 May 2024.
2. Approves adjustments for the 2023/24 Business Plan and Budget (BP&B) as identified in this report and reflected in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held 15 May 2024.
3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 March 2024, which includes:
 - 3.1. Total operating income of \$176.175m
 - 3.2. Total Operating expenses (including depreciation) of \$161.668m
 - 3.3. An operating surplus of \$14.507m
 - 3.4. Total Capital Expenditure of \$60.147m
 - 3.5. Net cash surplus position of \$20.475m.
4. Approves the budgeted year end Operating Position, which includes:
 - 4.1. Total operating income of \$234.470m
 - 4.2. Total operating expenses (including depreciation) of \$227.655m
 - 4.3. An operating surplus of \$6.815m

5. Approves total capital expenditure of \$99.556m for 2023/24 year.
 6. Approves total borrowings of \$23.593m projected to 30 June 2024.
 7. Receives the Council Subsidiary Q3 updates as provided as Attachments B, C, D and E to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
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DISCUSSION

1. The Audit and Risk Committee met on 15 May 2024 and considered the following items:
 1. Item 6.1 – 2023/24 Business Plan & Budget Quarter 3 Update
 2. Item 6.2 – Draft 2024/25 Business Plan & Budget
 3. Item 6.3 – Internal Audit Progress Report
 4. Item 6.4 – Risk Management Systems
 5. Item 6.5 – Payment Card Industry Compliance Review
 6. Item 6.6 – Emergency Management Internal Audit
 7. Item 6.7 – Post Audit Implementation Internal Audit
 8. Item 6.8 – Project Health Check Internal Audit
 9. Item 6.9 – Local Government Cyber Security Framework Audit (considered in confidence pursuant to Section 90(3)(e) of the *Local Government Act 1999 (SA)*).
 10. 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 6.1 - 2023/24 Business Plan & Budget Quarter 3 Update
3. Note this item was also recommended to Council via the City Finance and Governance Committee on 21 May 2024.

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Receives the City of Adelaide 2023/24 Q3 Progress Report and updated Long Term Financial Plan projections as provided in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held 15 May 2024.
2. Approves adjustments for the 2023/24 Business Plan and Budget (BP&B) as identified in this report and reflected in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held 15 May 2024.
3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 March 2024, which includes:
 - 3.1. Total operating income of \$176.175m
 - 3.2. Total Operating expenses (including depreciation) of \$161.668m
 - 3.3. An operating surplus of \$14.507m
 - 3.4. Total Capital Expenditure of \$60.147m
 - 3.5. Net cash surplus position of \$20.475m.
4. Approves the budgeted year end Operating Position, which includes:
 - 4.1. Total operating income of \$234.470m
 - 4.2. Total operating expenses (including depreciation) of \$227.655m
 - 4.3. An operating surplus of \$6.815m
5. Approves total capital expenditure of \$99.556m for 2023/24 year.
6. Approves total borrowings of \$23.593m projected to 30 June 2024.
7. Receives the Council Subsidiary Q3 updates as provided as Attachments B, C, D and E to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

4. Item 6.2 – Draft 2024/25 Business Plan & Budget

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Draft 2024/25 Business Plan & Budget document set out in Attachments A, B, C and D to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
2. Notes the Draft 2024/25 Business Plan & Budget document is currently out for consultation, which concludes on midnight Sunday 19 May 2024.
3. Receives the Draft 2024/25 Business Plan & Budget document set out in Attachments A, B, C and D to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024 and provides the following advice:
 - 3.1. Attachment A - Page 2 – Pie Charts – prior year comparison is difficult to interpret
 - 3.2. Attachment A – Page 2 – second last dot point regarding rate revenue – consider reframing the sentence to be more positive and consistent with positioning
 - 3.3. Attachment A – Page 3 – inconsistency in that some items talk in dollars and other in percentages and information is difficult to reconcile with the pie charts on page 2
 - 3.4. Plan is outwardly focussed and a people aspect within the plan could be considered
 - 3.5. Attachment A – Page 83 – Borrowings – include prudential limits dollar figure and commentary for clarity
 - 3.6. Attachment A – Page 93 – Balance Sheet – include commentary regarding funds from strategic property sales offsetting borrowings
 - 3.7. Attachment B – ACMA - Include commentary re Council underwriting the planned deficit

5. Item 6.3 – Internal Audit Progress Report

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as outlined in Item 6.3 the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

6. Item 6.4 – Risk Management Systems

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Risk Management Systems report in Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

7. Item 6.5 – Payment Card Industry Compliance Review

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.5 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024 and that Administration will provide a further report in 6 month's time regarding the prioritised approach.

8. Item 6.6 – Emergency Management Internal Audit

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.6 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
2. Endorses the responses of the Administration to the Emergency Management Internal Audit Report as outlined in Attachment A to Item 6.6 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

9. Item 6.7 – Post Audit Implementation Internal Audit

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.7 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

2. Endorses the responses of the Administration to the Post Audit Implementation Internal Audit Report as outlined in Attachment A to Item 6.7 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

10. Item 6.8 – Project Health Check Internal Audit

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.8 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
 2. Endorses the responses of the Administration to the Project Health Check Internal Audit Report as outlined in Attachment A to Item 6.8 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
11. Item 6.9 – Local Government Cyber Security Framework Audit (considered in confidence pursuant to Section 90(3)(e) of the *Local Government Act 1999 (SA)*)

In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 6.9 [Local Government Cyber Security Framework Audit] listed on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024 was received, discussed and considered in confidence pursuant to Section 90 (3) (e) of the *Local Government Act 1999 (SA)* this meeting of the Audit and Risk Committee, do order that:

1. The report be removed from the City of Adelaide website.
 2. 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 2031.
 3. The confidentiality of this matter be reviewed in December 2024.
 4. The Chief Executive Office 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.
12. 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 15 May 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 inspection until 31 December 2031.
 - 2.3. The confidentiality of this matter be reviewed in December 2024.
 - 2.4. The Chief Executive Office 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 – 15 May 2025

ATTACHMENTS

Nil

- END OF REPORT -