

Audit and Risk Committee Report - 3 February 2023

Tuesday, 14 February 2023
Council

Strategic Alignment - Enabling Priorities

Program Contact:
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Governance

Public

Approving Officer:
Amanda McIlroy – 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 met on Friday, 3 February 2023 and is required to report to Council after every meeting to identify and present advice and recommendations.

A precis of the matters considered by the Audit and Risk Committee is presented within this report.

The recommendation below is in response to the deliberations of the Audit and Risk Committee on:

- 2022-23 End of Year Financial Reporting Process & Proposed Timetable.

Recommendations for the following items, will be included in future reports to Council or Committee:

- Cybersecurity Update, will be included in a report to the City Finance & Governance in March 2023.
- Q2 Business Update 2022-23, is included at Item 10.1 on this Agenda.

RECOMMENDATION

1. 2022-23 End of Year Financial Reporting Process & Proposed Timetable

THAT COUNCIL

1. Notes the endorsement by the Audit and Risk Committee of 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 3 February 2023, is consistent with the scope of the External Audit engagement and relevant legislation and standards.
2. Approves the proposed 2022-23 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 3 February 2023).
3. Notes the external auditor's independence declaration in relation to the audit engagement for the year ended 30 June 2022 as detailed in Attachment A to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023.
4. Approves the External Audit terms of engagement as contained in Attachments A and B to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023.
5. Approves the external audit Engagement Partner and Quality Control Reviewer.

DISCUSSION

1. The Audit and Risk Committee met on Friday 3 February 2023. The Agenda with reports for the public component of the meeting can be viewed [here](#).
2. The following matters were subject of deliberations:

2.1. Climate Change Risk Adaptation Action Plan

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the report.

2.2. Cybersecurity Update

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

That Council

1. Notes the cyber security principles that provide strategic guidance on how we protect our systems and data from cyber threats.
2. Notes Council's current baseline achievement against the Essential Eight maturity model.
3. Endorses the four-year plan in Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023.

2.3. Q2 Business Update 2022-23

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

That Council

1. Approves the changes for the 2022/23 Business Plan and Budget as identified in this report and reflected in the Quarter 2 update presented in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023.
2. Approves the Uniform Presentation of Finances as presented in Attachment A to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023 and the revised Annual Financial Summary as identified in this report, which include:
 - 2.1. Total estimated operating income of \$213.446 million
 - 2.2. Total estimated operating expenditure (including depreciation) of \$213.359 million
 - 2.3. An operating surplus of \$87,000
 - 2.4. Council borrowings (debt) projected to \$37.9 million.
3. Approves the proposed changes to Operating Position of:
 - 3.1. New offsets across both expenditure and revenue totalling \$2.04 million towards the \$4.83 million savings target set by Council
 - 3.2. The addition of new Strategic Projects as identified in this report.
4. Approves the proposed changes to Capital Budget of:
 - 4.1. Major Projects revised expenditure of \$30.5 million
 - 4.2. New and Upgrades revised expenditure of \$11.3 million
 - 4.3. Renewals revised expenditure of \$42.6 million
 - 4.4. Capital Program Management revised expenditure of \$9.8 million
 - 4.5. Grant funding to support capital expenditure on new/upgraded assets of \$11.5 million.
5. Notes the Adelaide Economic Development Agency Quarter 2 report 2022-23 (Attachment B to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023).
6. Notes the Adelaide Central Market Authority Quarter 2 report 2022-23 (Attachment C to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023).
7. Notes the Kadaltilla / Park Lands Authority Quarter 2 report 2022-23 (Attachment D to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023).

8. Notes the Brown Hill Keswick Creek Quarter 2 report 2022-23 (Attachment E to Item 5.3 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023).
9. Notes that the following KPI's are on track:
 - 9.1. KPI 1 - 85% of Projects capitalised within 10 Weeks (exceeding the target of above 70%). This KPI was measured 90% at the conclusion of Quarter 2.

2.4. 2022-23 End of Year Financial Reporting Process & Proposed Timetable

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

That Council

1. Notes the endorsement by the Audit and Risk Committee of 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 3 February 2023, is consistent with the scope of the External Audit engagement and relevant legislation and standards.
2. Approves the proposed 2022-23 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 3 February 2023).
3. Notes the external auditor's independence declaration in relation to the audit engagement for the year ended 30 June 2022 as detailed in Attachment A to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023.
4. Approves the External Audit terms of engagement as contained in Attachments A and B to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023.
5. Approves the external audit Engagement Partner and Quality Control Reviewer.

2.5. Internal Audit Progress Report

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan
2. Notes the progress of the completion of Internal Audit Actions

2.6. Review of Audit and Risk Committee Terms of Reference

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the revised Terms of Reference as Attachment A to Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023, notes the discussed areas of additional clauses and requests that the Terms of Reference be brought back to the March meeting of the Audit and Risk Committee.

2.7. Audit and Risk Committee 2023 Workplan

THAT THE AUDIT AND RISK COMMITTEE

1. Adopts the following meeting schedule for the Audit and Risk Committee to be held in the Colonel Light Room, Town Hall, Adelaide at 8.30am on:
 - 1.1. 10 March 2023
 - 1.2. 21 April 2023
 - 1.3. 5 May 2023
 - 1.4. 16 June 2023
 - 1.5. 4 August 2023
 - 1.6. 8 September 2023
 - 1.7. 6 October 2023
 - 1.8. 24 November 2023
 - 1.9. 23 February 2024
2. Approves the forward 2023 Work Plan as included in Attachment A to Item 5.7 on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023 to assist Administration in bringing forward reports as appropriate.

2.8. 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 is provided to the next meeting of the Council as part of the confidential report of the Audit and Risk Committee meeting.
2. In accordance with Section 91 (7) & (9) of the *Local Government Act 1999 (SA)* and on the grounds that Item 10.1 listed on the Agenda for the meeting of the Audit and Risk Committee held on 3 February 2023 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 the 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 2029.
 - 2.3. The confidentiality of this matter be reviewed in December 2023.
 - 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.

- END OF REPORT -