

## ITEM NUMBER: 18.9

### CONFIDENTIAL REPORT

## CONFIDENTIAL MINUTES – AUDIT COMMITTEE MEETING - 17 AUGUST 2022

*Pursuant to Section 83(5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:*

- d. **commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.**

**Recommendation – Exclusion of the Public – Section 90(3)(d) Order**

1. That pursuant to Section 90(2) of the *Local Government Act 1999* Council hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 372/22 Confidential Minutes - Audit Committee Meeting – 17 August 2022 in confidence.
  2. That in accordance with Section 90(3) of the *Local Government Act 1999* Council is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 372/22 Confidential Minutes - Audit Committee Meeting – 17 August 2022 on the following grounds:
    - d. pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.
  3. The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.
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Item No: 18.9

Subject: **CONFIDENTIAL MINUTES – AUDIT COMMITTEE – 17 AUGUST 2022**

Date: 23 August 2022

Written By: Personal Assistant, Strategy and Corporate

General Manager: Strategy and Corporate, Ms P Jackson

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### **SUMMARY**

The confidential minutes of the meeting of the Audit Committee held 17 August 2022 are presented to Council for information and endorsement.

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### **RECOMMENDATION**

1. **That Council notes the confidential minutes of the Audit Committee meeting of 17 August 2022 and that the Audit Committee advises Council that:**
  - (a) **it has received and considered an assessment of community loans receivable as at 30 June 2022;**
  - (b) **the current impairment amount of \$517,780 be maintained for impairment of community loans receivable as at 30 June 2022;**
  - (c) **in accordance with Accounting Standards the impairment amount be reviewed and updated annually; and**

### **RETAIN IN CONFIDENCE - Section 91(7) Order**

2. **That having considered Agenda Item 18.9 372/22 Confidential Minutes - Audit Committee Meeting – 17 August 2022 in confidence under section 90(2) and (3)(d) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report, attachment and minutes be retained in confidence for a period of six months and the Chief Executive Officer is authorised to release the documents when Audited Financial Statements are presented to Council.**
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### **STRATEGIC PLAN**

Statutory requirement

**COUNCIL POLICY**

Not applicable

**STATUTORY PROVISIONS**

*Local Government Act 1999*

*Local Government (Financial Management) Regulations 2011*

**BACKGROUND**

The Audit Committee is established under Section 41 of the *Local Government Act 1999*, and Section 126 of the *Local Government Act 1999* defines the functions of the Audit Committee to include:

- reviewing annual financial statements to ensure that they present fairly the state of affairs of the council;
- proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan;
- proposing, and reviewing, the exercise of powers under Section 130 A;
- if the council has exempted a subsidiary from the requirement to have an audit committee, the functions that would, apart from the exemption, have been performed by the subsidiary's audit committee;
- liaising with the council's auditor; and
- reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

**REPORT**

Confidential minutes of the meeting of the Audit Committee held on 17 August 2022 are attached for Members' information.

*Refer Attachment 1*

**BUDGET**

Not applicable

**LIFE CYCLE COSTS**

Not applicable

**Confidential Minutes of the meeting of the Audit Committee of the City of Holdfast Bay held via Electronic Means in a Virtual Meeting Room on Wednesday 17 August 2022 at 5:30pm.**

**9. CONFIDENTIAL ITEMS**

**9.1 Alwyndor Investment Portfolio (Report No: 347/22)**

**Motion - Exclusion of the Public – Section 90(3)(d) Order**

- 1. That pursuant to Section 90(2) of the *Local Government Act 1999* the Audit Committee hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No 347/22 Alwyndor Investment Portfolio in confidence.**
- 2. That in accordance with Section 90(3) of the *Local Government Act 1999* the Audit Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 347/22 Alwyndor Investment Portfolio on the following grounds:**
  - d. pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a third party.**

**In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.**
- 3. The Audit Committee is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.**

Moved R Snewin, Seconded D Powell

**Carried**

The Local Government Act requires councils to review the performance of its investments annually. This includes Alwyndor.

The establishment of Alwyndor's investment portfolio in 2021, managed by Ord Minnett, requires consideration of accounting alternatives to account for these investments in accordance with Australian Accounting Standard (AAS) IFRS 9 Financial Instruments. In the first year of investment portfolio management investors are

required to make a 'one-time irrevocable decision' regarding the appropriate accounting treatment.

At its meeting held on 30 June 2022 the Alwyndor Management Committee (AMC) requested Audit Committee consideration and recommendation to Council of the preferred accounting treatment for Alwyndor investments.

**Motion**

**That the Audit Committee:**

1. notes this report regarding the performance of Alwyndor's 2021/22 investments, as required under Section 140 of the *Local Government Act 1999* and recommends it to Council for noting; and
2. advises Council it has considered Alwyndor's recommended accounting treatment for the Investment Portfolio to be that all fair value movements would be recorded through the Profit and Loss statement and included as part of Net Surplus/Deficit noting this decision is irrevocable.

**RETAIN IN CONFIDENCE - Section 91(7) Order**

3. That having considered Agenda Item 9.1 Alwyndor Investment Portfolio (Report No: 347/22) in confidence under section 90(2) and (3)(d) of the *Local Government Act 1999*, the Audit Committee, pursuant to section 91(7) of that Act orders that the report and minutes be retained in confidence for a period of 12 months and that this order be reviewed every 12 months.

Moved D Powell, Seconded S Tu

**Carried**

9.2 **Cyber Security** (Report No: 346/22)

**Motion - Exclusion of the Public – Section 90(3)(e) Order**

1. That pursuant to Section 90(2) of the *Local Government Act 1999* the Audit Committee hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 346/22 Cyber Security in confidence.
2. That in accordance with Section 90(3) of the *Local Government Act 1999* the Audit Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 346/22 on the following grounds:
  - e. pursuant to section 90(3)(e) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is related to matters affecting the security of the Council in that cyber security matters will be discussed.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

Moved P Davies, Seconded D Powell

**Carried**

As per its Terms of Reference, the Audit Committee is required to '*review and assess the effectiveness of Council's internal controls and risk management systems...*'

On 24 May 2022, a cyber security incident was identified. In short, following forensic digital analysis, it was determined that the organisation's security systems did what they were designed to do and no data loss or significant penetration occurred. Based on lessons learned from the incident, relevant policies and procedures are currently being updated. A draft incident management process is provided for the Committee's information and comment.

The following report is presented for the Committee's information.

**Motion**

**That the Audit Committee:**

- 1. notes the information presented, and**
- 2. provides comments on the draft Incident Management Process (Attachment 1).**

**RETAIN IN CONFIDENCE - Section 91(7) Order**

- 3. That having considered Agenda Item 9.2 Cyber Security (Report No. 346/22) in confidence under section 90(2) and (3)(e) of the *Local Government Act 1999*, the Audit Committee, pursuant to section 91(7) of that Act orders that the report, attachment and minutes be retained in confidence for a period of at least three years and that this order be reviewed every 12 months.**

Moved S Tu, Seconded D Powell

**Carried**

CONFIDENTIAL



**9.3 Loan Receivables (Report No: 345/22)****Motion - Exclusion of the Public – Section 90(3)(d) Order**

1. That pursuant to Section 90(2) of the *Local Government Act 1999* Audit Committee hereby orders that the public be excluded from attendance at this meeting with the exception of the Staff in attendance at the meeting in order to consider Report No: 345/22 Loan Receivables in confidence.
2. That in accordance with Section 90(3) of the *Local Government Act 1999* the Audit Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 345/22 Loan Receivables on the following grounds:

- d. pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, as this would prejudice the commercial position who supplied the information.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

3. The Audit Committee is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.

Moved S Tu, Seconded P Davies

**Carried**

In order to complete the financial statements for the year ended 30 June 2022 an assessment is required of community loans that are owed to Council and whether there is any objective evidence that they will not be fully repaid. This assessment has been done and it is presented to the Audit Committee for review.

**Motion**

**That the Audit Committee advises Council that:**

1. it has received and considered an assessment of community loans receivable as at 30 June 2022;

2. the current impairment amount of \$517,780 be maintained for impairment of community loans receivable as at 30 June 2022;
3. in accordance with Accounting Standards the impairment amount be reviewed and updated annually; and

**RETAIN IN CONFIDENCE - Section 91(7) Order**

4. that having considered Agenda Item 9.3 Loan Receivables (Report No: 345/22) in confidence under Section 90(2) and (3)(d) of the *Local Government Act 1999*, the Audit Committee, pursuant to Section 91(7) of that Act orders that the report, attachment and minutes, be retained in confidence for a period of six months and the Chief Executive Officer is authorised to release the documents when the Audited Financial Statements are presented to Council.

Moved R Snewin, Seconded S Tu

**Carried**

**CONFIRMED**

**12 OCTOBER 2022**

**PRESIDING MEMBER**

CONFIDENTIAL