

Minutes of the meeting of the Audit and Risk Committee of the City of Holdfast Bay held in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton on Wednesday 16 August 2023 at 6:00pm.

PRESENT

Members

Presiding Member – Councillor J Smedley
Ms P Davies
Ms C Garrett
Mr D Powell

Staff

Chief Executive Officer – Mr R Bria
A/General Manager Strategy and Corporate – Ms S Wachtel
General Manager Assets and Delivery – Ms P Jackson
General Manager Alwyndor – Ms B Davidson-Park
Manager Finance – Mr C Blunt
Manager Strategy and Governance – Ms A Karzek
Manager Finance Alwyndor – Mr R Mirzaev

Guests

Ms Janna Burnham, Partner, Galpins

1. OPENING

The Chairman declared the meeting open at 6.00pm.

2. KAURNA ACKNOWLEDGEMENT

We acknowledge Kaurna people as the traditional owners and custodians of this land.

We respect their spiritual relationship with country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to Kaurna People today.

3. APOLOGIES

- 3.1 Apologies Received – Councillor R Snewin
- 3.2 Absent

4. DECLARATION OF INTEREST

Members were reminded to declare their interest before each item.

5. CONFIRMATION OF MINUTES**Motion**

That the minutes of the Audit and Risk Committee held on 7 June 2023 be taken as read and confirmed.

Moved by P Davies, Seconded by D Powell

Carried

6. ACTION ITEMS

The Action Items were tabled and discussed.

7. PRESENTATIONS - Nil**8. REPORTS BY OFFICERS****Leave of meeting**

The Presiding Member sought leave of the meeting to propose that Agenda Item 8.2 Internal Audit Program Report (Report No: 261/23) be considered after Item 7.

Leave of the meeting was granted.

8.2 Internal Audit Program Report (Report No: 261/23)

The four risk-based audits scheduled for the Internal Audit Program 2022-23 have now all been completed, with the Fraud Detection Audit and Development Assessment Review attached to this report.

With the start of the new financial year, the Internal Audit Program 2023-24 was presented for information.

In addition, the 'Audit Recommendations Outstanding Actions Update' is attached in three parts, highlighting those actions that are either completed, in progress or not yet implemented.

Motion

- 1. That the Audit Committee notes this report.**

RETAIN IN CONFIDENCE - Section 91(7) Order

- 2. That having considered Agenda Item 8.2 Internal Audit Program Report (Report No: 261/23) in confidence under section 90(2) and (3)(e) of the *Local Government Act 1999*, the Audit and Risk Committee, pursuant to section 91(7) of that Act orders that Attachment 4b be retained in confidence until the Chief Executive Officer is satisfied that the information no longer poses security concerns, at which point the documents can be released, and that this order be reviewed every 12 months.**

Moved D Powell, Seconded C Garrett

Carried

Ms Burnham left the meeting at 6.24pm.

8.1 **Standing Items** (Report No: 264/23)

The Audit and Risk Committee is provided with a report on standing items at each ordinary meeting.

Motion

That the Audit and Risk Committee advises Council it has received and considered a Standing Items Report addressing:

- **Monthly Financial Statements**
- **External Audit**
- **Public Interest Disclosures**
- **Economy and Efficiency Audits**
- **Council Recommendations**
- **Audit and Risk Committee Meeting Schedule**

Moved D Powell, Seconded P Davies

Carried

Item 8.2 Internal Audit Program Report (Report No: 261/23) was considered after Item 7 as per leave of the meeting granted.

8.3 **Risk Report** (Report No: 262/23)

A review of the Strategic Risk Register and high operational risks was undertaken in line with ISO31000 (2018), to ensure an accurate reflection of the current risk management position across the business, scoping both business risks and opportunities.

Motion

That the Audit and Risk Committee notes this report.

Moved C Garrett, Seconded D Powell

Carried

8.4 **Annual Review of Investments** (Report No: 265/23)

Section 140 of the *Local Government Act 1999* (the Act) requires Council to review the performance of its investments on an annual basis. This report explains the process for investing funds, amount of funds invested during 2022/23 and investment performance against budget for Council's municipal activities.

Motion

That the Audit and Risk Committee receives and notes this report comprising a performance review of 2022/23 municipal investments, as required under Section 140 of the *Local Government Act 1999*.

Moved D Powell, Seconded C Garrett

Carried

8.5 Change in Accounting Treatment – Library Materials (Report No: 266/23)

This report provided recommendations for changing the Council's accounting treatment for Library materials.

Motion

That the Audit and Risk Committee:

- 1. advises Council it has considered the change in the accounting treatment for Library materials effective 1 July 2022; and**
- 2. recommends Council endorses the Asset Accounting Policy being updated to exclude library materials.**

Moved C Garrett, Seconded P Davies

Carried

8.6 Municipal Insurance Renewal and Claims Report (Report No: 268/23)

This report provided the Audit and Risk Committee with an overview of the annual insurance renewal for 2023/24 and the public liability and asset claims for 2022/23.

City of Holdfast Bay self-insures by contributing to the Local Government Risk Services (LGRS) scheme for coverage of Motor Vehicle and Property Assets as well as Public Liability/Professional Indemnity.

The Finance team has worked with LGRS to review Council's Asset Schedule for 2023/24 insurance renewal. This year saw a rise of 40% in insured infrastructure asset replacement values due mainly to an increase in construction costs which has contributed to an overall rise of 21% in insurance contributions for 2023/24.

An overview of claims lodged in the last 12 months is provided in the report. The Scheme has been supportive in managing the claims and assisting Council with any incidents as they arise.

Motion

That the Audit and Risk Committee notes this report.

Moved P Davies, Seconded C Garrett

Carried

9. URGENT BUSINESS – SUBJECT TO THE LEAVE OF THE MEETING - Nil**10. CONFIDENTIAL ITEMS****10.1 Loan Receivables (Report No: 267/23)****Motion – Exclusion of the Public (Section 90(3)(d)) Order**

- 1. That pursuant to Section 90(2) of the *Local Government Act 1999* Audit and Risk 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: 267/23 Loan Receivables in confidence.

2. That in accordance with Section 90(3) of the *Local Government Act 1999* the Audit and Risk Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 267/23 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 and Risk 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 P Davies, Seconded D Powell

Carried

RETAIN IN CONFIDENCE - Section 91(7) Order

That having considered Agenda Item 10.1 Loan Receivables (Report No: 267/23) in confidence under Section 90(2) and (3)(d) of the *Local Government Act 1999*, the Audit and Risk 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 D Powell, Seconded C Garrett

Carried

- 10.2 **Alwyndor Investment Portfolio – Annual Review of Investment Performance**
(Report No: 269/23)

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

1. That pursuant to Section 90(2) of the *Local Government Act 1999* Audit and Risk 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: 269/23 Alwyndor Investment Portfolio – Annual Review of Investment Performance in confidence.

2. That in accordance with Section 90(3) of the *Local Government Act 1999* the Audit and Risk Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 269/23 Alwyndor Investment Portfolio – Annual Review of Investment Performance 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 and Risk 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 P Davies, Seconded D Powell

Carried

This report concerns the performance of Alwyndor's investments portfolio in 2022/23 financial year.

The *Local Government Act 1999* requires Councils to review the performance of its investments annually. This includes Alwyndor.

Motion

1. That the Audit and Risk Committee receives and notes this report regarding the performance of Alwyndor's 2022/23 investments, as required under Section 140 of the *Local Government Act 1999* and recommends it to Council for noting.

RETAIN IN CONFIDENCE - Section 91(7) Order

2. That having considered Agenda Item 10.2 Alwyndor Investment Portfolio – Annual Review of Investment Performance (Report No: 269/23) in confidence under section 90(2) and (3)(d) of the *Local Government Act 1999*, the Audit and Risk Committee, pursuant to section 91(7) of that Act orders that the Report and Attachments be

retained in confidence for a period of 12 months and that this order be reviewed every 12 months.

Moved P Davies, Seconded C Garrett

Carried

11. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on Wednesday 18 October 2023 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

12. CLOSURE

The Meeting closed at 6.53pm.

CONFIRMED 18 October 2023

PRESIDING MEMBER