

Minutes of the meeting of the Audit Committee of the City of Holdfast Bay held in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton on Wednesday 5 June 2019 at 6:00pm.

PRESENT

Members

Presiding Member – Councillor J Smedley
Councillor R Snewin
Mr S Spadavecchia – by phone hook-up
Mr S Tu
Ms P Davies

Staff

Acting Chief Executive Officer – Mr R Bria
Acting General Manager Business Services – Ms P Jackson
Manager Finance – Mr J Newton

Internal Auditor – Bentleys

Partner, Risk & Assurance Services – David Papa
Manager, Assurance and Advisory – Dongju Han

1. OPENING

The Presiding Member declared the meeting open at 6pm.

2. APOLOGIES

- 2.1 Apologies Received
- 2.2 Absent

3. DECLARATION OF INTEREST

Members were reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 8 April 2019 be taken as read and confirmed.

Moved by Councillor Snewin, Seconded by Ms Davies

Carried

5. ACTION ITEMS

The Action Items were tabled and discussed.

6. REPORTS BY OFFICERS

6.1 Standing Items (Report No: 209/19)

The Audit Committee is provided with a report on standing items at each Ordinary Meeting.

Motion

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

- **Monthly financial statements**
- **Audit/Internal control**
- **Risk management**
- **Whistleblowing**
- **Economy and efficiency audits**
- **Audit Committee Meeting Schedule for 2019.**

Moved Mr Tu, Seconded Councillor Snewin

Carried

David Papa and Dongju Han left the meeting after this item.

6.2 Risk Management Risk Consequence Table Review (Report No: 208/19)

The Risk Management Framework, Policy and Procedure were endorsed by the Audit Committee on 31 January 2018 and by Council on 13 March 2018.

The Risk Management Framework, Policy and Procedure provide a comprehensive suite of documents that detail Council's approach to risk management activities. These documents outline the key requirements, purpose, scope and responsibilities in relation to risk management and are referenced by the organisation for managing risks.

It is identified that the current 'Consequence Scale and Descriptions' table (the Risk Consequence table), of the Risk Management Framework, has a very low financial threshold for the category 'Business Impact'. This results in reaching 'Catastrophic' (critical) status with a financial loss/ exposure impact of only greater than \$100,000, which is a very low financial level to reach for this category.

It is recommended, after comparing with a sample of Adelaide metropolitan Council's, that the 'Business Impact' category be amended to better reflect a financial range for a 'Catastrophic' rating, to be changed to be greater than \$1 million.

In addition, the following change to the Risk Consequence table is to change the category 'Public Safety' to 'People Safety', which incorporates a more appropriate approach to include the health and safety of people in general, rather than just public safety.

The proposed amended Risk Consequence table is attached with tracked changes for endorsement by the Audit Committee.

Motion

That the Audit Committee endorse the amended Consequence Scale and Descriptions table, attached as Attachment 4 to be updated in the Risk Management Framework.

Moved Councillor Snewin, Seconded Ms Davies

Carried

6.3 Draft 2019-20 Annual Business Plan and Budget (Report No: 210/19)

The draft 2019-20 Annual Business Plan and Budget was developed on the assumptions and parameters discussed at a Council workshops held in February, March and April 2019. The draft budget satisfies Council's financial sustainability and performance measures.

The Audit Committee at its meeting on 8 April 2019, received, considered and supported the draft 2019-20 Annual Business Plan for public consultation. Subsequent to this meeting on 9 April 2019 Council approved its Draft 2019-20 Annual Business Plan and Budget for public consultation.

Council received a report covering the above outcomes on 28 May 2019 (Report 188/19) and resolved that the submissions be received and noted.

At its meeting on 28 May 2019 Council resolved to include a new footpath project on Gladstone Road North Brighton (Report 200/19) in the 2019/20 capital new budget. The 2019/20 capital budget has therefore increased by \$40,000. This is the only change to the overall draft 2019/20 budget.

The draft 2019/20 Annual Business Plan and Budget is presented to Audit Committee for their comment and support that it satisfies Council's financial sustainability and performance measures.

Motion

That the Audit Committee note that the draft 2019-20 Annual Business Plan and Budget satisfies Council's financial sustainability and performance measures and support its presentation to Council for adoption.

Moved Councillor Snewin, Seconded Mr Tu

Carried

7. AUDIT COMMITTEE FORWARD AGENDA**8. OTHER BUSINESS**

8.1 Update on Alwyndor

The Acting Chief Executive Officer sought leave of the meeting to consider Agenda Item 8.1 Update on Alwyndor in confidence.

9. CONFIDENTIAL ITEMS

8.1 Update on Alwyndor

Motion – Exclusion of the Public – Section 90(3)(a) 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 Acting Chief Executive Officer and Staff in attendance at the meeting in order to consider item 8.1 Update on Alwyndor in confidence.
2. That in accordance with Section 90(3) of the *Local Government Act 1999* Audit Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Item 8.1 on the following grounds:
 - a. information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of a person or persons (living or dead) in the matter of/in regards to item 8.1.

Moved Councillor Snewin, Seconded Ms Davies

Carried

The Acting Chief Executive Officer gave a verbal update.

RETAIN IN CONFIDENCE - Section 91(7) Order

That having considered Agenda Item 8.1 Update on Alwyndor in confidence under section 90(2) and (3)(a) of the *Local Government Act 1999*, the Audit Committee, pursuant to section 91(7) of that Act orders that the discussion be held in confidence for a period of 24 months and that this order be reviewed every 12 months.

Moved Mr Tu, Seconded Ms Davies

Carried

9.1 Internal Audit Services (Report No: 211/19)**Motion – Exclusion of the Public – Section 90(3)(b) 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 Acting Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 211/19 – Internal Auditor Services in confidence.
2. That in accordance with Section 90(3) of the *Local Government Act 1999* Audit Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 211/19 on the following grounds:
 - b. pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Audit Committee is:
 - conducting business; or
 - proposing to conduct business; or
 - would prejudice the commercial position of the Council.

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 Councillor Snewin, Seconded Ms Davies

Carried

The term of Councils Internal Auditor Bentleys expires on 1 August 2019. A select tender process has been undertaken to provide internal audit services for a further three years. The outcomes of the tender responses are provided for the Audit Committee to review and provide advice to Administration.

Motion

1. That Audit Committee note the responses received.
2. That all respondents make a presentation to an evaluation panel comprising:

- **Acting General Manager Business Services – Ms Pamela Jackson**
- **Manager Financial Services – Mr J Newton**
- **Members of the Audit Committee.**

Moved Mr Tu, Seconded Councillor Snewin

Carried

RETAIN IN CONFIDENCE - Section 91(7) Order

That having considered Agenda Item 9.1 Internal Audit Services (Report No: 211/19) in confidence under section 90(2) and (3)(b) of the *Local Government Act 1999*, the Audit Committee, pursuant to section 91(7) of that Act orders that the report and attachments be held in confidence for a period of 24 months and that this order be reviewed every 12 months.

Moved Councillor Snewin, Seconded Ms Davies

Carried

10. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 28 August 2019 in the Mawson Room, Civic Centre, 24 Jetty Road, Brighton.

9. CLOSURE

The Meeting closed at 7.35 pm.

CONFIRMED Wednesday 28 August 2019

PRESIDING MEMBER