

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 1 June 2022 at 6:00pm.

PRESENT

Members

Councillor R Snewin
Mr D Powell
Mr S Tu
Ms P Davies

Staff

Chief Executive Officer – R Bria
General Manager Alwyndor – B Davidson-Park
Manager Finance – J Newton
Manager Strategy and Governance – A Karzek
Manager Finance, Alwyndor – D Capurro

Guest

Ms Janna Burnham, Director of Internal Audit, Galpins

1. OPENING

The Chief Executive Officer declared the meeting open at 6.00pm.

In the absence of the Presiding Member, the Audit Committee determined an acting presiding member for the meeting.

Motion

That the Audit Committee appoints Councillor Snewin as presiding member for this meeting.

Moved P Davies, Seconded D Powell

Carried

Councillor Snewin took over the meeting as the acting presiding member.

2. APOLOGIES

- 2.1 Apologies Received
- 2.2 Absent – Cr Smedley (Leave of Absence)

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 16 March 2022 be taken as read and confirmed.

Moved D Powell, Seconded P Davies

Carried

5. ACTION ITEMS

The Action Items were tabled and discussed.

The Chief Executive Officer provided a verbal response on the governance structure of SRWRA closing off that action.

6. PRESENTATIONS

6.1 Nil

7. REPORTS BY OFFICERS

7.1 **Standing Items** (Report No: 179/22)

The Audit Committee was provided with a report on standing items at the meeting.

Motion

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

- **Monthly Financial Statements**
- **Risk Management and Internal control**
- **External Audit**
- **Public Interest Disclosures – previously Whistle-Blowing**
- **Economy and Efficiency Audits**
- **Audit Committee Meeting Schedule 2022**

Moved S Tu, Seconded D Powell

Carried

7.2 **Draft 2022/23 Annual Business Plan and Budget** (Report No: 172/22)

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

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 receive a presentation on the Alwyndor Draft Budget and LTFP 2022/23 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 in order to receive a presentation on the Alwyndor Draft Budget and LTFP 2022/23 Confidential on the following grounds:

- d. **pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered 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 P Davies, Seconded D Powell

Carried

The draft 2022-23 Annual Business Plan and Budget (ABP&B) was developed on the assumptions and parameters discussed at Council workshops held in March and April 2022. The draft budget satisfies Council's financial sustainability and performance measures.

The Audit Committee at its meeting on 16 March 2022, received an update on the draft 2022-23 ABP&B and Municipal Long Term Financial Plan (LTFP). Subsequent to this meeting a draft ABP&B document was prepared for Council consideration, and this was distributed electronically to members of the Audit Committee on 22 April 2022.

Council approved the ABP&B for community consultation on 26 April 2022 and will receive a formal report covering the outcomes on 14 June 2022.

The draft 2022-23 ABP&B including summary consultation outcomes and an updated Municipal LTFP is presented to Audit Committee for further comment and support noting that it satisfies Council's financial sustainability and performance measures.

Motion

That the Audit Committee notes that the draft 2022-23 Annual Business Plan and Budget satisfies Council's financial sustainability and performance measures and support its presentation to Council for adoption.

Moved D Powell, Seconded S Tu

Carried

The Presiding Member sought leave of the meeting to bring forward Item 9.1.

9.1 Alwyndor Draft Budget and Long Term Financial Plan (Report No: 177/22)**Motion – Exclusion of the Public – Section 90(3)(d)**

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 177/22 Alwyndor Draft Budget and LTFP 2022/23 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: 177/22 Alwyndor Draft Budget and LTFP 2022/23 Confidential 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 P Davies, Seconded S Tu

Carried

The draft 2022/23 Budget and Long Term Financial Plan are presented to the Audit Committee for consideration and discussion prior to final presentation to the City of Holdfast Bay for adoption and integration into its consolidated accounts.

Motion

1. That the Audit Committee advises Council it has received and noted Alwyndor's draft Budget and Long Term Financial Plan 2022/23.

RETAIN IN CONFIDENCE - Section 91(7) Order

2. **That having considered Agenda Item 9.1 Alwyndor Draft Budget and LTFP 2022/23 (Report No: 177/22) 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 Attachments be retained in confidence for a period of 12 months and that this order be reviewed every 12 months.**

Moved D Powell, Seconded P Davies

Carried

The Presiding Member sought leave of the meeting to bring forward 7.4 as Ms Janna Burnham, Director of Internal Audit, Galpins was not available at this stage.

7.4 **Risk Report** (Report No: 174/22)

A comprehensive review of both the Risk Management Policy and Procedure has been completed, with presentation to the Senior Leadership Team on 17 May. Updated details are provided to the Committee via a separate agenda item.

In addition, revisions to the Strategic Risk Register have commenced and will incorporate internal audit recommendations and best practice. Revisions will then cover the Operational Risk Register and be presented to the Audit Committee for consideration at the next meeting.

Environmental scanning has been introduced to provide a forward looking aspect to risk management, assisting Senior Leadership to identify new and emerging risks, as well new and emerging opportunities, for assessment and consideration going forward.

Motion

That the Audit Committee notes this report.

Moved D Powell, Seconded S Tu

Carried

7.5 **Risk Policy and Procedure** (Report No: 181/22)

The Risk Management Framework, Policy and Procedure were endorsed by the Audit Committee on 31 January 2018 and by Council on 13 March 2018. In 2021, the Risk Consequence Scale and Descriptions table (consequence table) and the Risk Matrix in the Risk Management Framework were adjusted by Council on the advice of the Audit Committee.

A comprehensive review of the Risk Management Framework, policy and procedure have now been undertaken by the Risk and Improvement Officer to simplify the suite of documents and apply best practice.

A proposed new Risk Management Policy is provided for Audit Committee's review, comment and endorsement, prior to presentation to Council for consideration. The Risk Management Procedure is provide for Audit Committee's

review and comment. Procedures do not require Council approval and will be confirmed by the Chief Executive once the head policy is approved.

Motion

That the Audit Committee:

- 1. endorses the proposed new Risk Management Policy (Attachment 4) for Council's consideration, and**
- 2. notes the proposed new Risk Management Procedure (Attachment 5).**

Moved Powell, Seconded Tu

Carried

Ms Janna Burnham, Director of Internal Audit, Galpins arrived and the Presiding member returned to Item 7.3.

7.3 Internal Audit Program (Report No: 175/22)

Following endorsement of the Council's Internal Audit Plan last year (AC277/21), Internal Auditors, Galpins, have progressed with the 2021-22 scheduled program of reviews.

Of the six risk-based audits outlined for 2021-22, four have been completed, with the Cyber Security Follow Up audit and Planning Reform recently being finalised. With four audits now complete, the remaining two are currently underway – Asset Management and Financial Controls.

In addition to the internal audit program progress report, this report includes an update on the Internal Audit services contract renewal process.

D Powell left the meeting 7.24pm

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

- 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 Attachment 2 of Report No 175/22 Internal Audit Program Report 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 Attachment 2 of Report No: 175/22 Internal Audit Program Report on the following grounds:**

- (e) matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person.

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 P Davies, Seconded S Tu

Carried

Motion

1. That the Audit Committee notes this report.

RETAIN IN CONFIDENCE - Section 91(7) Order

2. That having considered Attachment 2 of Agenda Item 7.3 Internal Audit Program Report 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 Attachment 2 be retained in confidence for a period of 24 months and that this order be reviewed every 12 months.

Moved P Davies, Seconded S Tu

Carried

7.6 **Procurement Policy** (Report No: 180/22)

The Procurement Policy suite was reviewed in mid-2021 and is not due for review again until 2024, however, with economic conditions being as volatile as they are, more frequent reviews may be necessary.

Such volatility requires adequate administrative flexibility to ensure the best procurement outcomes can be achieved. To this end, a number of changes to the Procurement Policy are proposed. These changes are intended to provide Council with greater flexibility to negotiate with suppliers, including existing suppliers, where such an approach provides better results compared to a market approach.

The opportunity has also been taken to strengthen processes relating to referee checks relating to procurements and conflicts of interest. These have taken on board documents produced by the South Australian Independent Commissioner Against Corruption.

A revised proposed policy is provided for the Audit Committee's review, comments and endorsement.

Motion

It is recommended that Audit Committee endorse the revised Procurement Policy for Council's consideration.

Moved S Tu, Seconded P Davies

Carried

8. URGENT BUSINESS – SUBJECT TO THE LEAVE OF THE MEETING - Nil

9. CONFIDENTIAL ITEMS

Item 9.1 was brought forward with leave of the meeting.

9.2 Alwyndor Requirement for a Loan Facility (Report No: 178/22)

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: 178/22 Alwyndor: Requirement for a Loan Facility in confidence.

2. That in accordance with Section 90(3) of the *Local Government Act 1999* Alwyndor Management Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 178/22 Alwyndor: Requirement for a Loan Facility Confidential 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 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

RETAIN IN CONFIDENCE - Section 91(7) Order

4. That having considered Agenda Item 9.2 (Report No: 178/22 Alwyndor: Requirement for a Loan Facility) 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, Attachments and Minutes be retained in confidence for a period of 12 months and that this order be reviewed every 12 months.

Moved S Tu, Seconded P Davies

Carried

9.3 **Alwyndor Service Delivery Business Case (Report No: 164/22)**

Motion – 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: 164/22 Alwyndor Service Delivery Business Case 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: 164/22 Alwyndor Service Delivery Business Case 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 S Tu, Seconded P Davies

Carried

Motion

1. That the Audit Committee notes this report.

RETAIN IN CONFIDENCE - Section 91(7) Order

2. That having considered Agenda Item 9.3 Alwyndor Service Delivery Business Case (Report No: 164/22) 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 be retained in confidence for a period of 12 months and that this order be reviewed every 12 months.

Moved P Davies, Seconded S Tu

Carried

- 9.4 **Feedback on ESCOSA Proposed Framework and Approach – S122 Strategic Management Plan Advice Scheme (Report No: 176/22)**

Motion – Exclusion of the Public – Section 90(3)(j) 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: 176/22 Feedback on ESCOSA Proposed Framework and Approach - s122 Strategic Management Plan Advice Scheme 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: 176/22 Feedback on ESCOSA Proposed Framework and Approach - s122 Strategic Management Plan Advice Scheme on the following grounds:
 - j. pursuant to section 90(3)(j) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information of a confidential nature the disclosure of which would divulge information provided on a confidential basis by a public authority, being the Local Government Association of SA (LGA).

In addition, the disclosure of this information would, on balance, be contrary to the public interest because it is in the public interest for the Council to be able to communicate on a confidential basis with the LGA about proposed sector advocacy and thereby act cooperatively with the LGA in achieving positive outcomes for the local government sector. 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

As part of reforms to the *Local Government Act 1999* (the Act), section 122 of the Act was amended to include the requirement that a designated authority would “provide provide advice to the council on the appropriateness of the relevant matters in the context of the council's long-term financial plan and infrastructure and asset management plan, and (b) may provide advice in relation to any other aspect of the council's long-term financial plan and infrastructure and asset management plan”.

In March 2022, the designated authority, the Essential Services Commission of South Australia (ESCOSA) released a Draft Framework and Approach for a Local Government Rates Oversight Scheme (the Draft Framework) for consultation, which is provided as Attachment 1. Written submissions are required by Friday, 27 May 2022.

In April 2022, the Local Government Association (LGA) released a consultation paper in response to the Draft Framework, which is provided as Attachment 2. As the LGA requested feedback by 13 May 2022, a brief administrative response was provided, which was noted as not being Council’s formal position.

As currently proposed by ESCOSA, the Scheme will create an administrative and cost burden for councils with little appreciable value to communities. Nevertheless, as it is a legislated matter, it is unlikely to be rescinded at this time. As such, it is important to ensure the Scheme that is adopted is as practical for Council and as useful to the community as possible. To this end, proposed content for a submission on behalf of Council was been prepared for Council’s consideration on 24 May 2022, and is provided as Attachment 3 for the Audit Committee’s information.

Motion

That the Audit Committee notes the:

1. **Draft Framework and Approach for the Local Government Rates Oversight Scheme issued by ESCOSA as provided as Attachment 1;**
2. **LGA Consultation Paper on the Scheme provided as Attachment 2; and**
3. **letter submitted on behalf of Council provided in Attachment 3.**

RETAIN IN CONFIDENCE - Section 91(7) Order

4. **That having considered Agenda Item 9.4 Feedback on ESCOSA Proposed Framework and Approach - S122 Strategic Management Plan Advice Scheme (Report No: 176/22) in confidence under section 90(2) and (3)(j) of the *Local Government Act 1999*, the Audit**

Committee, pursuant to section 91(7) of that Act orders that the Report and Attachment 2 be retained in confidence until 30 June 2022.

Moved P Davies, Seconded S Tu

Carried

10. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 24 August 2022 at the Glenelg Town Hall, Moseley Square, Glenelg in the Mayor's Parlour at 6.00pm.

11. CLOSURE

The Meeting closed at 8.18pm.

CONFIRMED 24 August 2022

PRESIDING MEMBER