

**MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING
HELD ON MONDAY 17 JULY AT 11.00 am**

PRESENT: Mr G Strawbridge(*Chair*), Ms P Christie, Mr L Kozlovic via Teams and Cr P Klobucar

OFFICERS IN ATTENDANCE: Chief Executive Officer (*Mr J Commons*)
Director Corporate Services (*Ms K Jarrett*)
Manager Finance (*Mr G Jennings*)
Finance Coordinator (*Mrs S Vigar*)
Manager Governance (*Ms I Adair*)
Manager Assets and Planning (*Mrs R Nottle*)
Manager People and Culture (*Mrs S King*)
Executive Coordinator – Corporate (*Ms L Symons*)

**COUNCIL MEMBERS
IN ATTENDANCE:** Mayor Phill Stone

ACKNOWLEDGEMENT

The Chair acknowledged that the meeting was being held on Barngarla land and gave thanks for the use of this land.

1. STANDING ITEMS

1.1 Welcome and Apologies

Apologies – Nil
Leave of Absence – Nil

1.2 Declaration of Members' Conflict of Interests

Ms Christie advised that she is a member of the Audit and Risk Committee for the Local Government Association of South Australia (LGASA) which covers the Audit and Risk for LGASA Mutual Services.

It was agreed that this did not preclude Ms Christie from the discussion at item 3.2 'Insurance Claims 2022-2023' on the Agenda given the subject matter of the Information Paper.

1.3 Committee Members and Auditors Discussion

Nil

1.4 Minutes of Previous Meeting – 8 May 2023

The Chair noted that the confidential items from the 8 May meeting were not included within the agenda papers but that the full minutes had been distributed to Committee Members on 11 May 2023.

It was noted that Cr Borda is to replace Cr Klobucar at Item 4.1.

Moved Cr P Klobucar Seconded Mr L Kozlovic

AC361-2023

That the Audit and Risk Committee confirm the minutes of the Audit and Risk Committee meeting held on 8 May 2023 as a true and correct record of proceedings subject to the inclusion of confidential items noted above and Cr Borda to replace Cr Klobucar at Item 4.1

Carried

1.5 Business Arising from Previous Meetings

The Director Corporate provided introductory comments on Business Arising from Previous Meetings including:

- That substantial work had been progressed in the review of Council's risk framework, business continuity and emergency management plans. This work will be presented to the October 2023 Audit and Risk Committee meeting.
- An observation that an additional item could be included on the Committee's agenda providing a feedback loop from the Council regarding the Committee's recommendations and Council's priority and focus.

It was agreed that a new agenda item is to be included, to be framed not only around the Committee's recommendations but also contextual information about developments across the city and Council's priority and focus.

In this regard, the Manager Finance and Chief Executive Officer provided respective updates on the adoption of the Annual Business Plan and Budget and contextual information concerning hydrogen and other city developments.

General discussion was held on Business Arising with the following actions being identified:

ACTIONS

Introduce a new item to the Audit and Risk Committee agenda to facilitate an update on Council business and city developments.

Undertaking an examination of the Long-Term Financial Plan's assumptions is to be facilitated on its own basis, and not part of the ESCOSA review.

The timeline for the review of Council's Asset Management Strategy is to be aligned with Council's Strategic Management Framework.

The Committee's work program is to be updated on a meeting by meeting basis to include the linkages to actual agenda items.

Moved Ms P Christie, Seconded Mr L Kozlovic

AC362-2023

That the Audit and Risk Committee notes the progress of actions taken to address items of business arising from previous meetings of the Audit and Risk Committee as well as external reviews.

Carried

2. ITEMS FOR DECISION

2.1 Loan Facility

The Manager Finance provided an overview on how Council's loan facility operates.

Discussion was held on the proposed facility, with the following being advised by the Manager Finance:

- At the time of adopting the annual Budget, Council resolves its borrowing limits. As such, the loan facility is activated as per budget limits set by Council.
- The Local Government Finance Authority will assess Council's ability to repay loans after considering Council's net financial liabilities.
- Council has an upper threshold limit of approximately \$35 million and the Whyalla Council have no current loan conditions placed upon it.
- When Council draw down from the loan facility the interest rate is pegged to the variable rate with the ability to fix a portion (30/70) fixed and there are no undrawn fees. Administration are delegated to access a fixed rate repayment for up to 5 years.

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC363-2023

That the Audit and Risk Committee recommends to Council:

1. The establishment of an \$11 million borrowing facility to replace CAD 137 when it expires, to be utilised in line with approved budgets; and

2. To arrange this facility with the Local Government Finance Authority in the form of a Cash Advance Debenture consistent with the terms and conditions of CAD 137 with a term of 10 years.

Carried

2.2 Entertainment and Hospitality Policy

The Manager of Finance presented a review of the Entertainment and Hospitality Policy to add clarity through minor changes to the policy.

It was noted that finding the right balance between flexibility and regulation is critical in these matters.

ACTION

Council's 2023/24 budget amount for entertainment and hospitality to be circulated to the Committee.

It was noted that reference to Committee members and linkages to policy sections resulting from marked changes are to be updated.

It was agreed that all policies subject to review are to consider the governance settings for policy exemption delegations.

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC364-2023

That the Audit and Risk Committee recommends the updated Entertainment and Hospitality Policy at Annexure A to Council for adoption subject to the inclusion of the above amendments.

Carried

2.3 Prudential Management Policy Review

The Manager Finance presented the updated Prudential Management Policy, following its review. It was agreed that any business case being prepared for projects with a value over \$1 million also contain options for consideration and an exit strategy.

Moved Ms P Christie, Seconded Cr P Klobucar

AC365-2023

That the Audit and Risk Committee recommends the updated Prudential Management Policy at Annexure A to Council for adoption subject to the inclusion of the above amendment.

Carried

2.4 Asset Accounting Policy Review

The Manager Finance presented the Asset Accounting Policy with minor changes to useful lives and condition ratings based on the processes undertaken over the last 12 months.

Discussion was held on the need to include depreciation rates in the policy when a 'useful lives' approach is required. The Manager Finance highlighted Council's reliance on expert advice provided on this matter and the change to accounting standards with the removal of residual value on assets that can't be sold. The example provided related to roads and the lifespan of the road.

The following amendments to the Asset Accounting Policy we agreed:

- Explanatory text to be added prior to the table relating to asset depreciation stating these are general lifespan ratings;
- Removal of the Asset Management section in the policy.

The Committee also requested that the policy be reviewed by the external auditor for support prior to its consideration by Council.

ACTION

Council's external auditor to review the policy prior to its consideration by Council.

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC366-2023

That the Audit and Risk Committee recommends the updated Asset Accounting Policy to Council for adoption subject to the inclusion of identified amendments and review support by the External Auditors.

Carried

3. ITEMS FOR NOTING

3.1 Review Strategic Management Framework and WTF Project

The Director Corporate Services presented a summary report on the Strategic Management Framework adopted by Council and the commencement of the development of the What's the Future Community Plan, Whyalla 2040, noting that the individual components of the suite of strategic plans will be presented to the Committee prior to consideration by Council.

Management advised that with the combined resources of Council and the University of SA (who are working with Council on a project 'Whyalla, a flourishing city'), the overall capacity to deliver the work envisaged in the framework was sufficient.

Moved Cr P Klobucar, Seconded Ms P Christie

AC367-2023

That the Audit and Risk Committee notes:

1. Council's Strategic Management Framework.
2. Work progressed to date in the development of Whyalla 2040, a plan developed by the Whyalla community for the Whyalla community.

Carried

3.2 Insurance Claims 2022-2023

The Director Corporate Services and Manager Governance presented the report noting Council's insurance costs in comparison for the last two years. In this regard, there has been a 5% increase in the mutual liability scheme and a 4.5% increase for WHS. The actual contributions are normally further reduced by a rebate, however, for this year based on the WHS audit process and WHS activity, there is an 18% increase in costs for WHS in comparison to last year.

The Manager Governance provided an overview of public liability claims as event-based activity, noting that last year's data included a period of low activity due to COVID.

ACTION

Management to advise as to whether the value of claims were net or gross.

Moved Ms P Christie, Seconded Cr P Klobucar

AC368-2023

That the Audit and Risk Committee note the Insurance Claims 2022/2023 report.

Carried

3.3 Management of Excess Leave

Manager Finance presented the report noting the work undertaken to identify and remediate excess leave balances for staff who may have been with Council for many years. This report will be presented annually to the Audit and Risk Committee.

ACTION

The percentage of Council's workforce with excess leave is to be included in future reports.

Moved Ms P Christie, Seconded Cr P Klobucar

AC369-2023

That the Audit and Risk Committee notes the progress on managing large leave balances.

Carried

3.4 Quarterly Procurement Report

The Manager Finance presented the Quarterly Procurement Report. The 'Provision of Services to Council' was clarified as being the former Manager Legislation who has been overseeing Council's mandatory training and is the identified contractor in the event there is a complaint under Council's Behavioral Management Policy.

Moved Mr L Kozlovic, Seconded Ms P Christie

AC370-2023

That the Audit and Risk Committee receive and note the Quarterly Report – Procurement April to June 2023.

Carried

3.5 Disposal of Land and Other Assets Policy

It was noted that this policy was scheduled to be presented to the July 2023 Audit and Risk Committee meeting however, it was presented to Council and adopted prior to the settlement of the Audit and Risk Committee Workplan.

It was agreed that any exceptions to the Policy regarding the sale of other assets approved by the Chief Executive Officer will be reported in the Committee's Quarterly Procurement Report to ensure probity.

Moved Mr L Kozlovic, Seconded Ms P Christie

AC371-2023

That the Audit and Risk Committee note the updated Disposal of Land and other Assets Policy.

Carried

3.6 Code of Practice for Access to Meetings and Documents

It was noted that this policy was scheduled to be presented to the July 2023 Audit and Risk Committee however, it was presented to Council and adopted prior to the settlement of the Audit and Risk Committee Workplan

The Director Corporate Services reiterated that the review of 'Confidential Orders' is comprehensive and presented to Council each February.

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC372-2023

That the Audit and Risk Committee notes the Code of Practice for Access to Meetings and Documents as attached at Annexure A.

Carried

3.7 Lobbying and Influence Discussion Paper

The Chief Executive Officer presented the Lobbying and Influencing Discussion Paper. It was agreed that given the degree of development activity in and around Whyalla over the coming years, a submission on the Paper would be worthwhile.

ACTION

Prepare a draft submission on the State Government's Lobbying and Influencing Discussion Paper and circulate it to the Committee out of session for comment.

Moved Mr L Kozlovic, Seconded Ms P Christie

AC373-2023

That the Audit and Risk Committee note the Lobbying and Influence Discussion paper attached at Annexure A.

Carried

Adjournment of Meeting

Moved, Mr L Kozlovic, Seconded Cr P Klobucar

AC374-2023

That the Audit and Risk Committee Meeting be adjourned for 15 minutes for a refreshment break.

Carried

The Audit and Risk Committee Meeting adjourned at 12:16 pm

Meeting reconvened

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC375-2023

That the Audit and Risk Committee Meeting reconvenes.

Carried

The Audit and Risk Committee Meeting reconvened at 12:30 pm

Mr David Poyner, Information Technology Coordinator, entered the meeting at 12:30 pm

4. CONFIDENTIAL ITEMS

4.1 Review Final Reports from Systems Modernisation Review

Moved Cr P Klobucar, Seconded Mr L Kozlovic

AC376-2023

Pursuant to Section 90(2) of the Local Government Act 1999, the Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief

Executive Officer, Kathy Jarrett; Director Corporate Services, Grant Jennings; Manager Finance, Sandra Vigar; Finance Coordinator, Irene Adair; Manager Governance, David Poyner; Information Technology Coordinator, Sue King; Manager People and Culture, Robyn Nottle; Manager Assets and Planning and Lisette Symons; Executive Co-Ordinator – Corporate for Agenda Item 4.1 - Systems Modernisation Project.

The Committee is satisfied that, 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, Council property and employees in that details of the Council's knowledge management and information technology services will be discussed.

The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed because of the security risk to Council's information technology services if the abovementioned details are disclosed publicly.

Carried

Moved Ms P Christie, Seconded Cr P Klobucar

AC377-2023

That the Audit and Risk Committee:

- 1.
- 2.
3. Having considered Agenda Item 4.1 – Systems Modernisation Project in confidence under Section 90(2) and (3)(e) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that this Report, Annexures and Minutes be kept confidential and not available for public inspection on the basis that the Report, Annexures and Minutes contain information related to matters affecting the security of the Council, Council property and employees. This order is to remain in force indefinitely, notwithstanding that it will be reviewed annually in February of each year.

Carried

4.2 Cyber Security Review

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC378-2023

Pursuant to Section 90(2) of the Local Government Act 1999, the Audit and Risk Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate Services, Grant Jennings; Manager Finance, Sandra Vigar; Finance Coordinator, Irene Adair; Manager

Governance, David Poyner; Information Technology Coordinator, Sue King; Manager People and Culture, Robyn Nottle; Manager Assets and Planning and Lisette Symons; Executive Coordinator – Corporate for Agenda Item 4.2 – 2023 Cyber Security Assessment.

The Audit and Risk Committee is satisfied that, 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, Council property and employees in that details of the process attached to the security of Council's technology services will be discussed.

The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed because of the security risk to Council's information technology services if the abovementioned details are disclosed publicly.

Carried

Moved Cr P Klobucar, Seconded Ms P Christie

AC379-2023

- 1.
2. That having considered Agenda Item 4.2 – 2023 Cyber Security Assessment 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 the Act orders that this Report, Annexures and Minutes be retained in confidence and not available for public inspection on the basis that the Report, Annexures and Minutes contain information related to matters affecting the security of the Council, Council property and employees. This order is to remain in force indefinitely, notwithstanding that it will be reviewed annually in February of each year.

Carried

David Poyner left the meeting at 1.05pm

4.3 Service Review and Internal Audit Services – Appointment of Provider

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC380-2023

Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate Services, Irene Adair; Manager Governance, Grant Jennings; Manager Finance, Sue King; Manager People and Culture,

Robyn Nottle; Manager Assets and Planning and Lisette Symons; Executive Co-Ordinator – Corporate Services for Agenda Item 4.3 – Service Review and Internal Audit Services – Appointment of Provider.

The Committee considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Committee will receive and consider a report containing information the disclosure of which could reasonably be expected to prejudice the commercial position of the Council and would, on balance, be contrary to the public interest.

Carried

Moved Mr L Kozlovic, Seconded Ms P Christie

AC381-2023

- 1.
2. Having considered Agenda Item 4.3 – Service Review and Internal Audit Services – Appointment of Provider in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Committee pursuant to Section 91(7) of the Act, orders that this Report, any Annexures to this Report and the Minutes pertaining to this item, be kept confidential and not available for public inspection for a period of 7 years except insofar as is necessary to implement the Committee's decision on the basis that it contains commercial information the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, notwithstanding that it will be reviewed annually in February of each year.

Carried

4.4 Reports on any matters arising about good public administration

Moved Ms P Christie Seconded Cr P Klobucar

AC382-2023

Pursuant to Section 90 (3)(b) and Section 90 (3)(h) of the Local Government Act 1999, the Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate, Irene Adair; Manager Governance, Grant Jennings; Manager Finance, Sue King; Manager People and Culture, Robyn Nottle; Manager Assets and Planning, Lisette Symons; Executive Co-Ordinator - Corporate

The Committee considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Committee will receive and consider information the disclosure of which could reasonably be expected to prejudice

the legal and commercial position of the Council and would, on balance, be contrary to the public interest.

Carried

Moved Ms P Christie, Seconded Cr P Klobucar

AC383-2023

That the Audit and Risk Committee note any updates provided under this item.

Carried

5. MOTIONS WITH NOTICE

Nil

6 MOTIONS WITHOUT NOTICE

Nil

7. DATE OF NEXT MEETING – Monday 3 October 2023 at 11am

8. CLOSE – Meeting closed at 2.09pm

Confirmed:
Presiding Member – October 2023