

**FAC190820 - FINANCE AND AUDIT COMMITTEE MEETING**

**Tuesday, 20 August 2019 at 04:00 PM**

**Council Administration Centre, 245 Sturt Road, Sturt**



**PRESENT:**

Mr Greg Connor (Chair), Ms Natalie Johnston, Councillor Gard and Councillor Clancy

**In Attendance**

Mr Tony Lines	Acting Chief Executive Officer
Ms Fiona Harvey	Acting General Manager City Development
Mr Ray Barnwell	Acting General Manager Corporate Services
Ms Jaimie Thwaites	Unit Manager Governance and Council Support
Ms Cass Gannon	Acting Manager Innovation and Strategy
Mr Dave Harman	Acting Manager Finance
Mr Mathew Allen	Manager Engineering and Field Services
Ms Annmarie Mabarrack	Acting ICT Manager
Ms Melissa Nottle-Justice	Business Improvement Officer
Ms Catrin Johnson	Senior Assets Project and Strategy Officer
Ms Liz Byrne	Manager Community Connections
Mr Brendan Lyons	Team Leader – Asset Systems
Mr Eric Beere	KPMG
Mr Justin Jamieson	KPMG

**OPEN MEETING**

The Chair opened the meeting at 04:00 PM

**KAURNA ACKNOWLEDGEMENT**

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

**ELECTED MEMBERS DECLARATION (if any)**

Nil declarations were made

**CONFIRMATION OF MINUTES**

**Confirmation of the minutes for the Finance and Audit Committee Meeting held on 28 May 2019**

**Report Reference: FAC190820R01**

**Moved Councillor Gard**

**Seconded Councillor Clancy**

1. That the minutes arising from the Finance and Audit Committee Meeting held on 28 May 2019 be taken as read and confirmed.

**Carried Unanimously**

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## **BUSINESS ARISING**

### **Business Arising Statement**

**Report Reference:** FAC190820R02

The Committee noted the Business Arising Statement highlighting the following:

- Customer Experience Training for Elected Members will be considered as part of the Elected Member Training and Development Plan.
- Confirmed that the Chief Executive Officer has signed and sent the acknowledgement of engagement letters (Report Reference FAC190528R11)
- Noted the Terms of Reference for the Finance and Audit Committee will be revised and presented to Council in October / November for consideration with the appointment of Elected Member representative on Council Committees.

**Moved Ms Johnson**

**Seconded Councillor Clancy**

1. That the Finance and Audit Committee note the report.

**Carried Unanimously**

## **CONFIDENTIAL ITEMS**

### **Service Review - Corporate Information and Communication Technology - Report**

**Report Reference:** FAC190820F01

**Moved Councillor Clancy**

**Seconded Councillor Gard**

1. That pursuant to Section 90(2) and (3)(a) and (d) of the *Local Government Act 1999*, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Tony Lines, Ray Barnwell, Fiona Harvey, Steph Roberts, Annmarie Mabarrack, Jaimie Thwaites, Cass Gannon and Mel Nottle-Justice be excluded from the meeting as the Committee receives and considers information relating to the *Service Review – Corporate Information and Communication Technology – Report*, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information, relates to personnel matters and commercial information of a confidential nature.

**Carried Unanimously**

4.05pm the meeting went into confidence

**Moved Councillor Gard****Seconded Ms Johnston**

That the Finance and Audit Committee:

1. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Committee orders that this report, any attachment to this report and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(a) and 90(2) and 3(d) of the Act except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in August 2020.

**Carried Unanimously**

4.25pm the meeting came out of confidence

**REPORTS FOR DISCUSSION**

The Chair sought leave of the meeting to move forward the report on the Internal Audit Program 2018/19. Leave was granted.

**Internal Audit Program 2018/19**  
**Report Reference FAC190820R11**

Mr Justin Jamieson (KPMG) and Mr Eric Beere (KPMG) entered the meeting and provided an overview of the Cyber Security final report as part of the internal audit plan.

Mr Beere advised that the City of Marion's maturity rating is well above the sector average and the rating has increased since the last assessment performed in 2016/17. The engagement of CQR by Council means technical cyber security elements are well positioned. The key findings are outlined on Page 5 of KPMG's report (Page 98 of the agenda). It is important that cyber security is a whole of business issue and not just something driven by ICT.

The Committee queried if cyber security is on the corporate risk register and it was confirmed that it is. They also queried the target dates to complete recommendations and advised that 2020 was generally too far out so these dates should be reviewed and brought forward where appropriate.

**4.32pm Councillor Clancy left the meeting****4.34pm Councillor Clancy re-entered the meeting**

When asked if CQR provided satisfactory surveillance quality, Mr Jamieson advised that they should broaden the picture to more than just ICT. The defenses are sound but the risks are always present. It was also confirmed that Council needs to comply with the Notifiable Data Breach Scheme.

The Committee noted the action relating to cyber security and contracts from a previous audit is still outstanding. This action is picked up again on page 12 of the report (Page 105 of the agenda) and needs to be completed.

**Elected Member Report****Report Reference:** FAC190820R03

Councillor Clancy advised the Committee that Council had rescinded the motion on Onkaparinga Boundary Reform based on advice regarding the potential cost of pursuing the motion.

**Desktop Review of Infrastructure Construction - Scoping Summary****Report Reference:** FAC190820R04

Manager Engineering and Field Services entered the meeting and provided an overview of the report. It was highlighted that the review will be conducted on the entire assets cycle and will include all the major assets groups such as roads, streetscapes, signage etc. The Desktop review will be carried out in conjunction with Charles Sturt and Port Adelaide Enfield Councils. It is believed improvement can be made in some areas so evidence will be sought on the ways to make improvements and inform the service rates. Enabling mobility in the field and improved quality are also desired outcomes of the review.

The Committee noted the report and sought the following clarification:

- The consultant (Erika Comrie) is costed through the cross council project.
- The aim is to bring back the report in October / November 2019.

**Service Review Program and Recommendations - Progress Update****Report Reference:** FAC190820R05

The Acting Manager Innovation and Strategy entered the meeting and advised the Committee that since the last meeting, the number of service reviews with actions outstanding have reduced from 6 and 5.

The Committee sought an update on a number of items and the following information was provided:

- Living Kaurna Cultural Centre – Council has resolved to continue to work with Kaurna on the matter, with the aim to achieve a 51% Kaurna / 49% Council management model. An update on the item is due to Council in January.
- Records Management – The new Team Leader started last week so outstanding actions will be progressed.

**Service Review - Neighbourhood/Community Centres - Scope****Report Reference:** FAC190820R06

The Manager Community Connections provided an overview of the report noting that the last review on the Neighbourhood Centres was done in July 2012. Currently the City of Marion has 4 Neighbourhood Centres which all receive a good amount of external funding. The timing of the service review has taken into account the trial being conducted over the warmer months to extend the opening hours of some of the centres.

The Committee noted the report and provided the following comments:

- Suggest look at what services could be provided that currently the National Disability Insurance Scheme cannot do through their current structures as it may provide the ability to get non rate income while providing a service to the community. It was noted that Council already works with Baptist Care in this space.
- Look outside for opportunities, not just at the bricks and mortar but the service profile.
- Encourage an agile approach to the service review that focuses on opportunities for improvement.

### **Asset Management Strategy**

**Report Reference:** FAC190820R07

The Senior Assets Project and Strategy Officer provided an overview of the report noting that the aim of the document is to set the scene and direction for the organisation in relation to Asset Management.

The Committee noted the report, praised the intent of the document and provided the following feedback:

- Define the term asset sustainability ratio to ensure the reader will clearly understand the meaning
- On the spider web diagram the meaning of the term 'Significant Improvement' could be clearer
- Better define the measurements (including revising those that are statements not measurements)
- Change the term 'adequate funding' (for example to sustainable)
- Define acronyms (eg SLA, AMP etc)
- Explain / define 'whole of life / whole of council'
- Needs to be simpler and in plain English as a public document.

The Committee will be interested to see how the strategy is actually delivered.

### **Insurance and Claims Management 2018-19 Annual Report**

**Report Reference:** FAC190820R08

The Committee noted the report and made the following comments:

- The report demonstrates that Council is in a good value insurance scheme.
- More details are requested on what are the two biggest claims.
- Further information on the mitigating factors to be provided in future reports.
- The different figures in tables 1 and 3 were explained. One figure is the claim value of vehicles incidents and the other is the claim value against property claims where a vehicle was involved (eg may include fence damaged by a vehicle etc).

### **Work Health & Safety - Annual Performance Report 2019**

**Report Reference:** FAC190820R09

The Committee noted that it was unfortunate the Loss Time Injury (LTI) Key Performance Indicator was not met. It was highlighted that although the number of LTI's had increased the number of days lost had reduced, meaning people were returning to work sooner. When someone is injured the focus has changed to what can they do as opposed to what they cannot. Work is being undertaken internally to create a more meaningful list of light duties that staff can undertake if required at City Services.

**Business Continuity Management Policy and Framework****Report Reference:** FAC190820R10

In response to a question, the Committee was advised that the Business Impact Assessment and Maximum Outage Times are addressed in other documents.

**Moved Councillor Clancy****Seconded Ms Johnston**

That the Finance and Audit Committee:

1. Recommends that the revised Business Continuity Management Policy be submitted to Council for consideration and adoption

**Carried Unanimously****REPORTS FOR NOTING****Internal Audit Program - Implementation of Recommendations****Report Reference:** FAC190820R12

The Finance and Audit Committee noted the status of the Internal Audit Program and highlighted the Corporate Performance Reporting and Contractor Management recommendations that remain outstanding.

**Project Management Framework Update****Report Reference:** FAC190820R13

The Acting General Manager City Development entered the meeting and highlighted that all capital works projects are now in the system and the first reports will be run this month. 30-40 new users have been introduced to the system so changes to documentation will be considered as feedback is received for these users. It was highlighted that the benefit is that all projects are in the one place, real time reporting is now possible and project and program risk reporting is captured in the new system.

The Committee sought and was provided clarification on the following:

- All projects are categorized within the framework
- There is a checklist at the initiation of a project which outlines the requirements for developing the project plan
- The creation of document templates has occurred within the Project Management System
- The implementation of the framework has taken some time to ensure a focus on the change management and impacts on people.

**Asset Valuation Process and Outcomes for 2018/19****Report Reference:** FAC190820R14

The Acting Finance Manager entered the meeting and gave an overview of the report. It was noted there was little movement in the asset valuations for the 2018/19 year (0.3%) and the valuation also captured the addition of contributed assets at Tonsley. The valuation cycle with regard to the timing of full and desktop valuations was discussed and it was confirmed that it is more efficient to perform the comprehensive valuations at once rather than stagger over a couple of years.

The Committee noted the report.

**Impact of AASB 16 Leases on Council****Report Reference:** FAC190820R15

The Acting Finance Manager entered the meeting and gave an overview of the report.

The Committee noted the report.

**WORKSHOP / PRESENTATION ITEMS**

Nil

**OTHER BUSINESS**

Nil

**MEETING CLOSURE** - Meeting Declared Closed at 5.35pm**CONFIRMED THIS 8 OCTOBER 2019**

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**CHAIRPERSON**