

**Minutes of the Finance and Audit Committee
held on Tuesday, 12 October 2021 at 2.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

PRESENT

Ms Emma Hinchey (Chair)
Ms Nicolle Rantanen
Mr David Papa
Councillor Maggie Duncan

In Attendance

Chief Executive Officer - Tony Harrison
General Manager City Services - Tony Lines
General Manager Corporate Services - Sorana Dinmore
General Manager City Development - Ilia Houridis
Chief Financial Officer – Ray Barnwell
Acting Manager Office of the CEO - Sherie Walczak
Unit Manager Governance and Council Support - Victoria Moritz
Manager IT Operations – Michael Bowden
Mr Eric Beere (KMPG)
Ms Heather Martens (KPMG)
Mr Lee Girolamo (Deloitte Touche Tohmatsu)

1 Open Meeting

The Chair opened the meeting at 2.01pm.

2 Kaurna Acknowledgement

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

3 Elected Member Declaration of Interest (if any)

The Chair asked if any member wished to disclose an interest in relation to any item being considered at the meeting

The following interests were disclosed:

- Ms Emma Hinchey declared a perceived conflict of interest in the item *Annual Financial Statements for the financial year ended 30 June 2021* as she is a Committee Member on the SRWRA Audit committee.
- Ms Rantanen declared a perceived conflict of interest in the item *Annual Financial Statements for the financial year ended 30 June 2021* as she is a Committee Member on the board of CAWRA (Central Adelaide Waste and Recycling Authority) Audit Committee.

4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Finance and Audit Committee Meeting held on 17 August 2021

Report Reference FAC211012R4.1

Moved Ms Rantanen

Seconded Councillor Duncan

That the minutes of the Finance and Audit Committee Meeting held on 17 August 2021 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FAC211012R5.1

The Committee noted the Business Arising Statement, meeting schedule and upcoming items and made the following comments:

- The Committee queried our intent regarding COVID-19 vaccinations and how we are continuing to respond to the pandemic. Management advised they are continuing to follow guidelines and directions from SA Health to provide a continuity of services. No policy position has been set around vaccinations as yet, as there has been no clear guidelines from the Government to enable us to enforce this. Management is offering flexibility to staff receiving vaccinations during work hours. Regular discussions occur with the Executive Leadership Team to discuss evolving situations and potential scenarios. The organisation is well equipped to engage a Team A and Team B working environment if needed or transition to working from home. It was also noted that Volunteers and Staff working with disability and aged care services are complying with regulations.
- The Committee requested the scheduled Work Program and Business Arising be thoroughly reviewed prior to the next meeting.

Moved Ms Rantanen

Seconded Mr Papa

That the Finance and Audit Committee:

1. Notes the business arising statement, meeting schedule and upcoming items.

Carried Unanimously

6 Reports for Discussion

6.1 Elected Member Report

Report Reference FAC211012R6.1

The Committee noted the Elected Member Report and queried when the Section 48 Report relating to the Cove Sports and Community Club would be coming through to the Committee and requested this be added into the scheduled Work Program. Staff Indicated they are aiming for the Section 48 report to be brought to the Committee for review and comment in the February 2022 meeting.

The Committee also queried the Fraud and Corruption Matter with staff confirming there were no budget or risk implications although there was current discussion around the process of notification. Management advised that processes were being reviewed and updated to ensure timely reporting.

Action: Add Cove Sports and Community Club Section 48 Report to the FAC Work Program for February (to be confirmed)

Moved Ms Rantanen

Seconded Mr Papa

That the Finance and Audit Committee:

1. Notes this report.

Carried Unanimously

ORDER OF AGENDA

The Chair sought and was granted leave of the meeting to vary the order of agenda items and consider item 6.4 *Meeting with External Auditors in Confidence* next on the agenda.

6.4 Meeting with the External Auditors in Confidence

Report Reference FAC211012R6.4

Moved Councillor Duncan

Seconded Ms Rantanen

That the Finance and Audit Committee:

1. Pursuant to Section 90(2) and (3)(g) of the Local Government Act 1999, orders that all persons present, be excluded from the meeting, with the exception of Mr Lee Girolamo from Deloitte Touche Tomatsu, as the Finance and Audit Committee meets with Council's External Auditors, on the basis that the Finance and Audit 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 commercial information of the Council.

Carried Unanimously

2.20pm the meeting went into confidence

Moved Councillor Duncan

Seconded Ms Rantanen

That the Finance and Audit Committee:

1. Include the following comments within the minutes:

The Committee met with the External Auditors without management present. In response to questions, the Auditors commented that the audit process had been smooth and an improvement on last year as they were able to meet face to face with staff this year. The management team were cooperative and open to questioning. The communication between both groups was of a high standard and the finance team responded appropriately to all discussions.

Carried Unanimously

2.27pm the meeting came out of confidence.

ORDER OF AGENDA

The Chair sought and was granted leave of the meeting to vary the order of agenda items and consider items 6.2 *Independence of Council's Auditors* and 6.3 *Annual Financial Statements for the year ended June 2021* next on the agenda.

6.2 Independence of Council's Auditors

Report Reference FAC211012R6.2

Mr Lee Girolamo from Deloitte Touche Tohmatsu was present for the item and confirmed the statement attesting to their independence.

Moved Mr Papa

Seconded Ms Rantanen

That the Finance and Audit Committee:

1. Notes the statement provided by Council's Auditor attesting to their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2020/21 financial year.
2. Notes that the CEO will be signing a statement that Council's external auditor Deloitte Touche Tohmatsu maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2020/21 financial year.
3. Endorses the Chairperson signing a statement that Council's external auditor Deloitte Touche Tohmatsu maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2020/21 financial year.

Carried Unanimously

6.3 Annual Financial Statements for the year ended 30 June 2021

Report Reference

FAC211012R6.3

The Chief Financial Officer provided a summary of the item noting, the 2020-21 Annual Financial Statements demonstrate Council's continued strong financial performance, providing a sound basis for long-term objectives set out in the Strategic Plan.

There were no audit findings in relation to the Annual Financial Statements and Council's auditors have indicated that they expect to issue an unmodified audit opinion. In relation to the assessment of Council's internal control environment there were no new findings this year. There are two recommendations being carried over from the prior year, both with an insignificant risk rating, which will be addressed with the implementation of council's new Finance System and Asset Management Information System (AMIS).

The annual accounts show councils robust financial position with an Operating Surplus of \$256k (0.26%) within the targeted range of 0- 10%. The operating result in 2020-21 reflects the impact of a zero rate increase in 202-21 and the significant contribution to developing our streetscapes and the progression of council's digital transformation projects.

The Committee noted the Annual Financial Statements and made the following comments:

- The Committee sought clarity on how items are categorised and noted the significant contribution to streetscapes in the operating costs
- The line allocated to 'sundry' expenses appeared high this year in comparison to last year. Staff advised a large portion of this was in relation to streetscape projects and contributions including Destination Playspace at Glenthorne \$1m, Birch Street and Alawoona Avenue (1.9m). The Birch crescent streetscapes while located within City of Marion is mainly on land along the rail corridor not owned by City of Marion. Grant funding of \$1.8m was received for these works. Staff will amend the notes in the accounts to reflect this movement in sundry expenses. . It was further noted that there are both capital and operational elements to these works.
- When planning for next year's budget, it was noted that the final project list is scheduled to be finalised by end of March 2022 and teams are working collaboratively to ensure the accuracy of the classification of works between capital and operating.
- The Committee noted the revaluation of infrastructure assets down due to the asset data cleansing activities prior to the implementation of the new AMIS and independent valuation. The Committee sought to ensure there was consistency in how these changes are treated through the revaluation reserve. It was noted most of the revaluation adjustment related to the stormwater assets under arterial roads which are not the responsibility of the City of Marion. The Committee requested the notes to the Financial Statements include further reference to AASB 101 and 108. The Committee noted the Rate Revenue Ratio talk about council reliance on rates and need for council to seek alternative sources of income. Is this realistic – finding other sources. Staff acknowledged that the core source of council revenue will always be from rates but seeking other sources of revenue to support this is beneficial. It was noted that of councils total revenue for the 2020-21 year included \$19.361m due to the attraction of grant funding.
- It was noted the working capital ratio target being between 1 and 1.1 but actual for the past 3 years is substantially above that – should council be adjusting this target to make it useful? Staff commented that there is substantial funding quarantined for multi-year major projects including the \$13.05m BMX and Soccer facilities set to be delivered by March 2022. As we progress these and other projects this will have a significant impact on this ratio. Management's view is that we should still have the target set between 1.0 and 1.1 and continue to keep rates low and utilise the available cash to complete the quarantined projects which will bring council closer to the targeted ratio.

- The Committee commented it would be good to see ratios run out under bottom line of the Long Term Financial Plan when presented next year to see how all the ratios are tracking in the longer term.
- The Committee queried the asset consumption ratio target of 80-100 noting the comment that 40 – 80% is considered reasonable. It may be appropriate to review the target for this ratio. The committee also queried whether this ratio was still commonly used or whether the Asset Renewal Funding Ratio was the key ratio.
- The Committee noted the net financial liabilities is indicating council is collecting rates before residents are seeing the benefits. Staff commented with the current cash position and expending the funding quarantined for projects over the next 12-18 months will bring this ratio back in line. The ratio reflects the amount of funding set aside for these major multi-year projects which are ongoing with many set for completion in 2021-22.
- Committee queried why employee leave expenses reduced in 2021. Staff confirmed this reflects all movements of provisions. The prior year data reflects the reduction in annual leave taken due to COVID pushing up last year's figures slightly higher than would have been expected.
- The Committee commended the work that had gone into the preparation of the accounts, noting they are always presented well with minimal errors.

Action: The Committee requested an amendment to the notes in the accounts to identify the grant contributions included in the Sundry expense line.

Action: The Committee requested the notes to the Financial Statements include further reference to AASB 101 and 108.

Action: The Committee requested that the ratios be shown under the figures in the Long-Term Financial Plan when it is next presented.

Moved Councillor Duncan

Seconded Ms Rantanen

That the Finance and Audit Committee:

1. Recommends to Council that the audited Annual Financial Statements for the year ended 30 June 2021, as included at Attachments 3-4, be adopted.
2. Notes Deloitte's management letter, as included at Attachment 5.
3. Notes the comparative analysis to prior year audited Annual Financial Statements and original adopted 2020-21 budget (Analytical Review), as included at Attachment 2.

Carried Unanimously

ORDER OF AGENDA

The Chair sought and was granted leave of the meeting to vary the order of agenda items and consider item 6.6 *Internal Audit 2021/22 – Plan and Scope (Fraud and Corruption, Community Facilities, Management Model, Scope Collaboration)* next on the agenda.

6.6 Internal Audit 2021/22 - Plan and scope (Fraud and Corruption, Community Facilities Management Model, Scope Collaboration)

Report Reference FAC211012R6.6

Ms Heather Martens and Mr Eric Beere from KMPG introduced the item and provided an overview of the Internal Audit Reviews and Collaborative Scopes. The following comments were noted:

Community Facilities Management Model Internal Audit Review

KMPG commented:

- The scope of the review looked at a variety of models across the three councils. When looking at each model, key considerations included leasing and licensing, policy, governance maintenance and capital replacement.
- Although there was a wide variety of models in place, there was a key focus on financial sustainability to deliver the models and how each model delivered on strategic objectives and outcomes.
- Key considerations include next steps with the appropriate model, how City of Marion effectively delivers on its outcomes and building on the output from the review, identifying some of the improvements. Other matters include looking at the Leasing and Licensing policy as part of the next phase and a supporting leasing system to manage invoices etc.
- Identified key recommendations to streamline the process and governance reporting enforcing critical obligations and requirements.
- The scope was interpreted as indirect support required, focusing on the correlation between the model and outcomes and single use facilities.

The Committee provided the following feedback:

- Process appears manual and administrative in nature from an officer's perspective and queried whether this is being considered. Management advised property management is captured broadly through the DTP. There is an opportunity towards the end of the DTP project to review leasing and include further process mapping.
- The review appeared reminiscent of work already undertaken on leasing and licensing and as a result of the scope, the committee was expecting to see further outcomes and whether the chosen model is working for the community.
- The committee raised concern that the audit does not tell us if the model is the right fit for the City of Marion and that further exploration into the management model (why, what, how) could be done.
- The recommendations and outcomes seem positive and encouraged the continual momentum and overall work on the framework.

Fraud Framework Internal Audit Review

KPMG commented:

- The Framework was reviewed against KPMG's 15-point better practice model as well as sample testing, with an overall positive report.

- City of Marion compares favorably against the other councils, however small opportunities were identified.
- KPMG commented on the good practice of the Internet Portal to educate staff.
- The foundational elements are there and acknowledged the commitment of senior managers.
- It was noted additional training around fraud and corruption, would help to raise awareness more broadly with staff.
- The Internal Control Framework is good and contributes to lower fraud risk
- The fraud risk assessment has been undertaken at a high-level, however this could be reviewed in more detail.
- Pre-employment screening could be improved through a formalised process
- Better practice for fraud detection could be to have an anonymous hotline / chatline to increase channels for people and provide an extra avenue for reporting.

The committee provided the following feedback:

- Queried whether the amendments and changes to ICAC would impact the review, how are we going to adjust and what measures will be put in place to close the gap?
- Management confirmed this would be achieved through encouraging internal reporting and that the organisation would continue with business-as-usual utilising current reporting practices until advised otherwise. The transition to the new system would not occur until mandated practices were in place to maintain continuity.
- The Committee commented on the high level maturity compared to other councils and queried whether using only councils is the right comparison level. Consider looking at the private sector, State Government, etc. as this may result in greater learnings. KPMG advised that by addressing the recommendations, this would then align to the levels obtained in the private sector and in State Government.
- The committee raised concerns over the fraud cover of \$500,000 which seems low and questioned whether there was an option to increase insurance coverage.
- The committee questioned whether the cab charges process was still relevant or required.

Action: Investigate the option of increase the insurance for fraud cover

Health Check (Collaborative) Scope

KMPG provided an overview of the scope, noting that it has been reviewed and signed off by the other two councils. It was also noted there was an understanding within the agreement that the project is clearly defined, measured and reported.

The Committee provided the following feedback:

- The scope could be expanded to include reviewing whether we have adequately captured risks as a result of the approach, and whether we have articulated risk and documented controls appropriately.

- It was suggested the audit could identify whether we are getting value from the outcomes and sought clarity on the benefits of the program and the value to the City of Marion as a result of the collaboration.
- Appreciated seeing previous comments that have been considered and incorporated.

Contract Management (Collaborative) Scope

The Committee commented on the corrective action as a consequence of the review and queried the reporting exception report which would close the loop in this space.

Moved Ms Rantanen

Seconded Councillor Duncan

That the Finance and Audit Committee:

1. Endorses the Community Facilities Management Model Internal Audit Review
2. Endorses the Fraud Framework Internal Audit Review
3. Endorses the Collaborative Project(s) Health Check (Collaborative) Scope
4. Endorses the Contract Management (Collaborative) Scope

Carried Unanimously

ORDER OF AGENDA

The Chair sought and was granted leave of the meeting to vary the order of agenda items and consider item 7.3 *Internal Audit Program – Implementation of Recommendations* next on the agenda.

7.3 Internal Audit Program - Implementation of Recommendations

Report Reference FAC211012R7.3

Moved Ms Rantanen

Seconded Mr Papa

That the Finance and Audit Committee:

1. Notes the status of the Internal Audit Program (Attachment 1).

Carried Unanimously

ORDER OF AGENDA

The Chair sought and was granted leave of the meeting to vary the order of agenda items and consider item 9.1 next on the agenda.

9.1 Cover Report - 2020-21 ACSC Annual Cyber Threat Report

Report Reference FAC211012F9.1

Moved Ms Rantanen**Seconded Mr Papa**

That pursuant to Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Chief Executive Officer, General Manager City Development, General Manager Corporate Services, General Manager City Services, Manager Office of the CEO, Chief Financial Officer, Manager IT Operations, Unit Manager Governance and Council Support and Governance Officer, be excluded from the meeting as the Council receives and considers information relating to 2020-21 ACSC Annual Cyber Threat Report, upon the basis that the Council 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 internal and external security assessments.

Carried Unanimously

3.40pm the meeting went into confidence.

Moved Ms Rantanen**Seconded Mr Papa**

In accordance with Section 91(7) and (9) of the *Local Government Act 1999* the Council orders that this report, 2020-21 ACSC Annual Cyber Threat Report, any appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(e) 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 December 2021.

Carried Unanimously

4.01pm the meeting came out of confidence.

6.5 Finance and Audit Committee Annual Report to Council 2020/21

Report Reference FAC211012R6.5

The Committee noted the Finance and Audit Committee Annual Report to Council 2020-21 and advised that they will be providing an Addendum to the report which will address outcomes from the Bi-Annual Effectiveness Survey.

Moved Councillor Duncan**Seconded Ms Rantanen**

That the Finance and Audit Committee:

1. Endorses the Annual Report to Council for 2020/21 provided at Attachment 1 to this report, subject to amendments as required, prior to being presented to the General Council meeting on 26 October 2021.

Carried Unanimously

6.7 Results of the Bi-Annual Performance and Effectiveness Review of the Finance and Audit Committee

Report Reference FAC211012R6.7

The Committee noted the results of the Performance and Effectiveness Review for 2021, identifying that improvements to be implemented will be included in an Addendum to the Finance and Audit Committee Annual Report to Council. The Committee also provided the following feedback was provided:

- The Committee was disappointed to see the low response rate and suggested the process could be reviewed with the questions to better reflect the results of committee and breakdown of membership to assist in identifying where appropriate action can be taken.
- The Committee would like to see more than one Council Member on the Committee and suggested they could look at the timing of the meetings to make this more accessible to Council Members who may work during the day.
- Requested management to provide recommendations on areas for improvement.

Management commended the Committee for their work recognising the importance of what they do. They noted that the current process is very robust with genuine and adequate level of skills and knowledge. Senior Executive will continue to look at improvement processes and value adding with a focus on constructive scrutiny across the organisation.

There may be an opportunity to determine how the Committee can be more complementary to assist the Chief Executive Officer and Executive Leadership Team to continue to improve good governance and improved alignment. These practices are currently being analysed to determine governance reporting, responsibilities, new committees and reporting processes and greater independence.

6.8 Strategic Risk Report

Report Reference FAC211012R6.8

Ms Walczak introduced the item and provided the following background and comments:

- A key recommendation from a previous Audit was that a Strategic Risk Register be developed.
- A desktop review of City Charles Sturt and Port Adelaide Enfield resulted in a draft report to the Committee with feedback given around number of risks and strategic level identifying that some of the risks could be combined.
- A workshop was undertaken with the Executive team to further develop the Strategic Risk Register.

- The timing of this work falls at the end of the current Strategic Plan, however it will give us a good foundation heading into next 4-year plan.

The Committee praised the report noting the evolution was evident and acknowledged previous feedback had been considered and incorporated. An improvement would be to tie the major projects in the business plan into the strategic risks so that the correlation between the two was evident.

Moved Mr Papa

Seconded Ms Rantanen

That the Finance and Audit Committee:

1. Review and provide feedback on the Strategic Risks

Carried Unanimously

6.9 Service Review Program and Recommendations Progress Update

Report Reference FAC211012R6.9

The Committee noted the Service Review Program and Recommendations Progress Update and provided the following feedback:

- Noted the good progress on the Neighbourhood Centres recommendations
- Queried the recommendations relating to the Fleet Management and whether any recommendations that related to procurement would be implemented before or during the procurement.

Staff acknowledged the comments made by the committee and provided the following comments:

- Monthly catch ups are occurring with the three partner councils and the joint fleet manager to coordinate the implementation of recommendations with any purchasing.
- Currently investigating the use of joint fleet and not just purchasing across the councils. It was noted the Irrigation Construction Team are sharing implementation plant and people.

4.18pm Ms Rantanen left the meeting

Moved Councillor Duncan

Seconded Mr Papa

That the Finance and Audit Committee notes:

1. That the future approach to the Service Review Program is under development.
2. Implementation progress of the Service Review Program recommendations (Appendix 1).

Carried Unanimously

4.21pm Ms Rantanen re-entered the meeting

7 Reports for Noting

7.1 Annual Investment Report 2020-21

Report Reference FAC211012R7.1

The Chief Financial Officer introduced the item and provided an overview of the 2020-21 Investment Performance identifying that Council recorded a favourable result against the benchmark indicator, further noting a favourable result has been experienced each Financial Year since 2007/08.

The Committee noted the good result and provided the following feedback:

- The positive result highlights the amount of money council has, which in current market conditions is not attracting a lot of interest.
- The Committee discussed exploring offering discounts for ratepayers payments made in full and what fines we are charging for late payments, however acknowledged there was balance of equity that needed to be taken into consideration. Staff commented that rewarding the 6% who could afford to pay upfront would be unfair to those who would not be in a position to do so and the equity and fairness of the option would need to be considered.
- The only investment currently is investing in term deposits and the like, questioning whether there was any opportunity to expand. It was noted, given the legislative requirements, this was unlikely.

4.27pm Councillor Duncan left the meeting.

Moved Ms Rantanen

Seconded Mr Papa

That the Finance and Audit Committee:

1. Notes the Investment Performance Report 2020/21.

Carried Unanimously

7.2 Debtors Report

Report Reference FAC211012R7.2

4.29pm Councillor Duncan re-entered the meeting

The Committee noted the report and the annual update provided in relation to the outstanding balances in Rates Debtors and Sundry Debtors and commented:

- It appears regulatory services debtors are challenging to get paid. Staff advised this is challenging due to the difficulty in trying to recover smaller amounts legally as well as a change in the planning code resulting in more building requirements which could be an escalating issue.
- Suggested implementing a more robust process and consider requesting payment first.
- There was an error on P259 which should be no new applications since November 2020 instead of November 2021.

Moved Mr Papa**Seconded Ms Rantanen**

That the Finance and Audit Committee:

1. Note this Report

Carried Unanimously

7.4 External Audit Tender

Report Reference	FAC211012R7.4
-------------------------	---------------

The Finance and Audit Committee noted the proposed process and timeline for the upcoming external audit tender and provided the following feedback in relation to the proposed process:

- Expressed concerns regarding a joint assessment panel and whether this would deliver the best outcome for the City of Marion. The Committee commented on the procurement value in the tender, identifying the concept of value may differ from council to council raising concerns if a compromise is reached, this may not be the best outcome for the City of Marion.
- Further concerns were raised as to whether the eligible field would be limited with any potential interests declared, precluding the City of Marion from selecting an auditor who may be eligible for us, but not another council.
- Highlighted the importance of ensuring there is rigor around the process, and that it is open and transparent. The Committee suggested including the rationale for those who are selected to tender.
- Requested that a City of Marion Finance and Audit Committee member be involved to ensure independence and integrity over the process with a successful outcome for the City of Marion.

Staff acknowledged the comments made by the committee and provided the following comments:

- The councils are committed to ensuring there is equal representation and working together to ensure the objectives of the tender are aligned to what is important which is essentially providing value to ratepayers.
- The joint collaboration removes the duplication of effort in the tender process
- Management acknowledged they are committed to the collaboration, however are also aware to ensure that there is no disadvantage through the process. It was noted the questions will be reviewed.

Action: The Committee requested that a member of the Committee participate in the Tender Evaluation Process to enable the Committee to provide an informed recommendation to Council on the appointment of the auditor in compliance with the requirements of Section 128 of the Local Government Act 1999.

Moved Ms Rantanen**Seconded Mr Papa**

That the Finance and Audit Committee:

1. Note the proposed process and timeline for the upcoming external audit tender and provide any feedback in relation to the proposed process

Carried Unanimously

7.5 Digital Transformation Program Update

Report Reference FAC211012R7.5

The Committee noted the update on the Digital Transformation Program and update on the status of the projects as of October 2021 and provided the following comments:

- The Committee noted the ESRI and Payroll systems had been implemented and queried whether there was a post implementation review to capture and document learnings. Staff advised they are currently in the process of undertaking the payroll review. ESRI was very well accepted, with a second stage added to the project. A final review will be conducted once the final stage is complete. It was confirmed a post implementation review would be undertaken a documented for each project.
- It was noted we are in the initial scoping stages determining the appropriate criteria to reduce fraud through the invoicing process.
- The Committee noted some of the reporting data was out of date, although this has been updated through the DTP committee.
- Concerns were raised in relation to the accountability and tracking of the recommendations. It was suggested there be a central location for tracking all actions from all projects and this clearly sets out action owners, due dates, updates etc enabling a transparent overview. It was noted the recommendations are tracked through the internal audit and that these are also linked to the Governance Framework, however the Committee highlighted the benefit of a central implementation record.
- The Committee commented on the retention of key IT staff, noting that this continues to be a challenge and suggested starting the recruitment process at a higher level and equal to what the market is paying.
- The Committee also highlighted the importance of using clear and consistent language so there is no ambiguity as to what is happening, this is clear and transparent.

Moved Ms Rantanen**Seconded Mr Papa**

That the Finance and Audit Committee note:

1. The update on the Digital Transformation Program
2. Management's remediation actions on IT governance as recommended by both KPMG and EQI Consulting.

Carried Unanimously

10 Other Business**11 Meeting Closure**

The meeting shall conclude on or before 5.00pm unless there is a specific motion adopted at the meeting to continue beyond that time.

The meeting was declared closed at 4:58pm.

CONFIRMED THIS 14TH DAY OF DECEMBER 2021.

CHAIRPERSON