



**Minutes of the Finance, Risk and Audit Committee  
held on Tuesday, 16 April 2024 at 2.00 pm  
Chamber, Council Administration Centre  
245 Sturt Road, Sturt**

## **PRESENT**

Mrs Emma Hinchey (Chair)  
Ms Nicolle Rantanen  
Mr Josh Hubbard  
Councillor Jason Veliskou  
Councillor Luke Naismith

## **In Attendance**

Chief Executive Officer - Tony Harrison  
General Manager Corporate Services - Angela Allison  
Manager Office of the CEO - Kate McKenzie  
Unit Manager Governance and Council Support - Victoria Moritz  
General Manager City Services - Ben Keen  
Manager Development and Regulatory Services – Warwick Deller-Coombs  
Chief Finance Officer – Marcel Althoff  
Eric Beere – KPMG  
Tom Jaworski - KPMG  
Hugo Walter - KPMG

## **1 Open Meeting**

The Chair opened the meeting at 2.02pm.

## **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 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.

- Nil interests were disclosed

## 4 Confirmation of Minutes

### 4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 20 February 2024

Report Reference                      FRAC240416R4.1

**Moved Councillor Veliskou**

**Seconded Ms Rantanen**

That the minutes of the Finance, Risk and Audit Committee Meeting held on 20 February 2024 be taken as read and confirmed.

**Carried Unanimously**

## 5 Business Arising

### 5.1 Business Arising Statement - Action Items

Report Reference                      FRAC240416R5.1

**Moved Ms Rantanen**

**Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

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

**Carried Unanimously**

## 6 Confidential Items – Nil

## 7 Reports for Discussion

### 7.1 Draft Annual Business Plan 2024-25 and Long-Term Financial update

Report Reference                      FRAC240416R7.1

The Chief Executive Officer introduced the item and provided the Committee with an update on the development of the Draft Annual Business Plan (ABP) 2024-25 and Draft Long Term Financial Plan (LTFP). He provided an overview of the findings from the City of Marion Local Government Advice review undertaken by the Essential Services Commission of South Australia (ESCOSA).

It was noted that the Commission reviewed the City of Marion's financial performance during the 2023-24 financial year as part of the tranche 2 councils and the report is attached for information. This report must be published in each year's ABP until the next review to be undertaken in 4 years' time. The City of Marion has been assessed by the Commission at the higher end of sustainable for past current and future projections. Overall, the Committee agreed the review was positive and provided positive validation and the following comments were made on the ESCOSA report:

- The CEO noted that ESCOSA expressed satisfaction with the draft ABP, noting positive outcomes and sustainability, along with good governance and financial management.
- The Committee discussed the recommendation to report including the requirement to report any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate) and to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

- Discussion occurred on the implementation timeline for ESCOSA recommendations, including revaluation processes. Management noted that the revaluation timeline for assets won't change as a full valuation occurred in 2023, however desktop reviews will provide up to date data on asset valuations.
- It was noted that the response to the ESCOSA review will be included in the final ABP, to be endorsed by Council in June.

The following points were discussed regarding the ABP 24/25 and LTFP:

- The Committee queried the public consultation process for the ABP, including the legislative timeframes and requirements, emphasizing the importance of the public consultation process for feedback. Management commented on historical levels of feedback from the community, acknowledging that it has generally been positive however the degree of feedback isn't necessarily sophisticated enough to determine project priorities or a range in which the rates might sit. It was noted that significant engagement had gone into the Strategic 10-year plan and Council's 4-year plan.
- The Committee raised concerns over the proposed rate increase, noting this seemed very low when comparing this to other Councils, discussing the importance of community feedback in decision making. They also noted the importance of ensuring the Community won't need to pay for a low rate rise this year with higher rates in the future.
- The Committee emphasised the need for long-term financial planning and asset management to mitigate fluctuations and maintain financial sustainability.
- The Committee suggested looking at the cost per ratable property compared to inflation to determine whether a cost base was maintained.
- The Committee queried if Council had increased the cost of materials enough as ESCOSA had recommended a higher amount. Management confirmed that it varied depending on the type, however they were satisfied it was budgeted for appropriately.
- The Committee noted Council members have discussed the potential savings from infrastructure programs and the suggestion to revisit spending priorities to save costs.
- The Committee discussed how ESCOSA recommended the rates were published across 9 categories, Management advised that they are looking at how other councils do this and work will be done to see if this information could be presented in a clearer manner in the final plan but still meet ESCOSA recommendations.
- The timeframes of the consultation were discussed, with the Committee commenting they would like to see the plan before it is endorsed for public consultation next year. It was noted that last minute changes to projects had made this difficult.
- Management noted that council is fortunate to be in a very privileged position, coming from very low rates, with little debt, and small surpluses forecast for the next few years.
- Discussions also covered inflationary factors in cost estimation and the adjustment of capital renewals to reflect current costs. The Committee requested an assessment of all current projects to identify projects that are being forecasted to run over budget, or if the projects are forecast to come in on budget including any potential carryovers to be presented in Budget review 3.

**Action:**

1. **Provide an assessment of all current projects to determine if we are forecasting them to come in over or under budget including any potential carryovers to presented in Budget review 3.**
2. **When considering the meeting schedule for 2025, ensure the timing of the meetings allows for the FRAC to review the final draft of the ABP before it is presented to Council for endorsement for consultation.**

**Moved Councillor Veliskou**

**Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

1. Notes the status of the development of the Draft ABP 2024-25 and Draft LTFP.
2. Notes the City of Marion Local Government Advice review findings.

**Carried Unanimously**

## 7.2 IS Strategy Update Annual Report

**Report Reference** FRAC240416R7.2

The Committee noted the status of the Information Services (IS) Strategy and the annual cyber security progress and discussed various aspects of cybersecurity and IT infrastructure:

- Management provided assurance on cybersecurity controls, highlighting the alignment of the annual report with the strategic plan.
- Management emphasized the strategic importance of the strategy, leveraging foundational layers put in place from the DTP to impact the community positively and enhance data sharing.
- The Committee discussed the phishing reports and rate of reporting, with Management confirming this was in relation to the number of phishing emails received that were reported as phishing, not the rate at which people were opening the emails which is less than 1% open rate. It was noted that the wording could be tightened up to better reflect this. Management reassured the committee that controls were in place and the organisation was performing well in independent assessments.
- Cybersecurity awareness training achieved a 100% completion rate, indicating a strong focus on staff education and readiness.
- Discussion also covered the risks associated with platforms like TikTok and the management of Bring Your Own Device (BYOD) policies, with Management reassuring the committee about security measures in place such as multi factor authentication.
- The Committee discussed changes in laptop procurement, moving away from leasing structures to outright purchase for cost efficiency.
- Lessons learned from previous projects, and the previous KMPG health checks were incorporated into current practices to improved project management.
- The Committee discussed the implementation of the Architecture Review Board and its alignment with organisational goals.
- The transition from outsourced to insourced payroll was highlighted as a successful move, leading to improvements in accuracy, efficiency, and cost-effectiveness.

**Moved Ms Rantanen****Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

1. Note the status of the IS Strategy and the successful completion of the IS Strategy's Online Booking Pool project.
2. Note Annual Cyber Security progress.

**Carried Unanimously**

3.00pm Councillor Naismith left the meeting

**Order of Agenda Items**

The Chair sought and was granted leave of the meeting to vary the order of the agenda and consider the item *2<sup>nd</sup> Budget Review 2023-24* next in the meeting.

**7.5 2nd Budget Review 2023-24**

**Report Reference**                      FRAC240416R7.5

The Committee received and noted the report on the 2<sup>nd</sup> Budget Review 2023-24, providing the following comments:

- The Committee inquired about the increase in rates fines compared to the previous year, seeking a breakdown. Management commented the increases resulted from a higher interest rate applying to overdue rates.
- The Committee suggested that the tables relating to the cash statement reconciliation and revised 2023/24 cash surplus could flow more easily for readers. It was suggested this be reviewed prior to consultation.
- The Committee discussed borrowings with Management noting that the review shows \$ 14.7M of borrowings whilst noting \$ 18M of cash at year end. Management advised that there may be potential adjustments depending on contractors and project delays.

3.02pm Councillor Naismith re-entered the meeting

- The Committee enquired if there would be more carryovers than those listed in the paper. Management advised likely in relation to Fleet and open spaces. Management described the change request process that formalises carryovers on capital and major projects.

3.03pm Mr Hubbard left the meeting

- The Committee discussed the timeline for Budget Review 3 with a legislative deadline of the end of May. Management noted that final results from Budget Review 3 to be carried forward in the final budget for 2024-25 would be included and be up to date as possible.

- ESCOSA's concern about the operating surplus was noted, with a positive trend observed over the last four years.

3.06pm Mr Hubbard re-entered the meeting

- The Committee discussed budget statements and cash flow, highlighting the management of loans received and the need to borrow only when necessary.
- The approval mechanism for facilities was discussed, with considerations about whether the current process aligns appropriately with Budget Review 3 approvals, with Management referring back to the Treasury Management Policy.
- Management confirmed the use of a Cash Advance Debenture (CAD) facility has not been needed, however Council has just signed off on a \$10m limit if required. The Committee raised caution for the use of a CAD facility for long-term borrowings, and is not suitable for funding operating facilities, however, works well for timing differentials and bridging finance.

**Moved Ms Rantanen**

**Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee:

1. Note the 2023-24 - 2<sup>nd</sup> Budget Review position

**Carried Unanimously**

### 7.3 Internal Audit Program - Implementation of Recommendations

**Report Reference**                      FRAC240416R7.3

The Committee noted the Internal Audit Program – Implementation of Recommendations and provided the following feedback:

- The Committee queried the collaborative model audit finding and current action and questioned when this would transition to routine business operations. Management provided background on joint council initiatives and recent efforts to enhance collaboration, aiming for a revitalized process by January 2025.
- The Committee discussed the frequency of tracking action items in the IS plan and agreed to revisit implementation items marked for transition to the IS plan. Management proposed tracking action items both in the audit plan and the IS plan to ensure comprehensive monitoring and committed to re-opening any referencing incorporation into the IS plan.
- The Committee expressed difficulty in tracking specific actions when they refer to another item. It was requested that all recommendations and actions within the audits are standalone.
- Management discussed the implementation of the new risk management software commenting that the audit reports would be the next element to roll out. This will enable additional reporting aiming for clearer data presentation through the dashboards.
- It was noted there are several actions relating to Stakeholder Management with a due date of 30 June 2024. The Committee questioned whether this was achievable. Management provided assurance that a report was being prepared for ELT with the policies and procedures to consider. Once endorsed, the implementation will occur resulting in many of these being closed out.
- Management commented they are testing a KPI relating to the close out of actions arising from the internal audit process to ensure compliance and accountability through the organisation.

- The Committee raised concerns relating to the completion of the action related to the recovery objectives in the cyber security report, noting this is nearly five years ago. Management advised that work had occurred however, further work was required to validate system outages and recovery times. Significant work has progressed this year and all SLT departments are reviewing their recovery strategies, with another BCP exercise scheduled in the next month or two.
- The Committee provided positive feedback for closed action items, indicating progress in addressing audit finding.

**Moved Ms Rantanen**

**Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

1. Reviews and provides feedback on the Internal Audit Program (Attachment 1).

**Carried Unanimously**

#### 7.4 Internal Audit Plan 2023-2025

**Report Reference**                      FRAC240416R7.4

Mr Eric Beere, Mr Tom Jaworski and Mr Hugo Walter from KPMG were present for the Item.

The Committee received and provided feedback on the Community Safety Report and Tendering Management Report. Overall, these audits provided some positive results with some areas of improvement noted.

#### **Community Safety Report**

KPMG provided an overview of the Community Safety Report highlighting the following:

- The overall objective of the internal audit was to consider the effectiveness of the CoM's community safety management policies, procedures and controls. The audit included review over the following specific areas related to community safety: Dog and Cat Management, Community nuisance complaints, After Hours Services and Issuance of expiations.
- There were four moderate and two low rated findings identified with recommendations due to be completed by July.

The Committee discussed and noted the following:

- Receipting CSI cases and triage processes were examined. It was noted that incorrect categorization of cases can affect timeframes. This may be due to lack of documented procedures.
- The Committee queried if the after-hours contractor was aware of the customer identification processes to ensure personal information is maintained.
- The Committee queried if 'closing the loop' on cases was addressed and it was noted that this was out of scope however, management noted the feedback.
- The Committee discussed the recommendation for improved training of the CSI team, with plans for a training needs analysis and robust refresher training.
- The Committee discussed Finding 3 focusing on enhancing WHS processes, including consistent use of body cameras by CSI members.



- Management provided assurance it receives detailed reports and comments, aiming to improve accountability and customer satisfaction within the business units.
- The Committee emphasized the importance of transparency and positive feedback, with a focus on addressing concerns promptly and improving communication with residents. The volume of cases processed monthly was noted, with overall satisfaction reported but room for improvement in closing the loop on cases.
- Service level agreements and the number of service level categories were discussed, with an emphasis on data-driven monitoring and accountability across business units.
- The Committee requested a review of the recommendations to ensure they are standalone and don't rely on the description of another recommendation. Overall, the Committee provided positive feedback on the report's findings and recommendations.

**ACTION: Include the date of the audit report on the tracking report to ensure visibility on how long a report is open for.**

4.00pm Ms Rantanen left the meeting and did not return.

#### **Tender Management Audit**

- The Committee provided the following feedback and comments:
- The Committee discussed various aspects related to comparing practices between the collaborative councils aiming to leverage best practices.
- KMPG provided insights from the Manager Strategic Procurement Services who sits across councils, on aligning policies and procedures.
- The Committee emphasized the need to reassess efficiency thresholds and procurement oversight, considering relativity from other Councils and maturity levels.
- The Committee raised concerns about the language used in recommendations, suggesting it should be more precise and assertive. However, Management was comfortable with the recommendations, given the majority is performance improvement opportunities.
- There were discussions about clarifying which recommendations correspond to which actions and evaluating value thresholds, particularly regarding high-level sole-source procurements.
- Queries were raised about retrospective actions and gaps in documentation regarding tender projects e.g. Mitchell Park, Management confirmed this was in relation to the gaps in documentation.
- The Committee also discussed the procurement around the cleaning contracts. Management explained the exemption documented was sufficient and were comfortable with this.
- The Committee emphasised the importance of precise language in recommendations. KPMG acknowledged the need for strong recommendations, however noted that nothing specific enough was identified to warrant immediate action.

#### **Moved Mr Hubbard**

#### **Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

1. Considers and provides feedback on the:
  - a. Community Safety (Attachment 1)
  - b. Tendering Management (Attachment 2)

**Carried Unanimously**

## 8 Reports for Noting

### 8.1 Council Member Report

**Report Reference** FRAC240416R8.1

The Committee noted the report and requested an update on the item Marion Basketball Stadium Options Report Reference GC240227F11.1. Noting that the minutes have been released with financial information redacted, the following was recorded in public:

- The Committee discussed the impact of the proposed project on the Annual Business Plan and proposed rates. Management commented that it was aligned with the CoMBAS and considered over the Long-Term Financial Plan.
- The Committee sought clarification that this has been fully costed in the draft Annual Business Plan to be released for Public Consultation, with Management confirming this is fully costed and recognised.
- Following consideration at the General Council Meeting on 23 April, Council will consider and make a public version of the CoMBAS available to the community.
- The Committee sought to discuss the financials of the CoMBAS and requested to move into confidence.

**Moved Councillor Veliskou**

**Seconded Mr Hubbard**

That pursuant to Section 90(2) and (3)(g) of the Local Government Act 1999, the Committee orders that all persons present, with the exception of the following persons: Chief Executive Officer, General Manager City Services, General Manager Corporate Services, General Manager City Development, Manager Office of the CEO, and Unit Manager Governance and Council Support, be excluded from the meeting as the Committee receives and considers information relating to a current confidential item 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 a current item held in confidence by Council and discussion of the information in public prior to its release would be in breach of Section 90 of the Local Government Act 1999.

**Carried Unanimously**

4.31pm the meeting went into confidence

**Moved Mr Hubbard**

**Seconded Councillor Veliskou**

In accordance with Section 91(7) and (9) of the Local Government Act 1999, orders that the minutes relating to the item *Council Member Report* having been considered in confidence under Section 90(2) and (3)(g) 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 upon the basis that the information relates to an item currently held in confidence by Council. The disclosure of this information would be a breach of the *Local Government Act 1999*.

Notes that this order shall operate until it is revoked, or a further order is made and will be reviewed every 12 months.

**Carried Unanimously**

4.48pm the meeting came out of confidence

**Moved Councillor Veliskou**

**Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

1. Notes this report.

**Carried Unanimously**

**9 Workshop / Presentation Items – Nil**

**10 Other Business**

**11 Meeting Closure**

The meeting was declared closed at 4.50pm

CONFIRMED THIS 4 DAY OF JUNE 2024

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CHAIRPERSON