



**Minutes of the Finance, Risk and Audit Committee  
held on Tuesday, 13 August 2024 at 3.00 pm  
Council Chamber, Council Administration Centre  
245 Sturt Road, Sturt**

**PRESENT**

Ms Emma Hinchey (Chair)  
Ms Nicolle Rantanen  
Councillor Jason Veliskou  
Councillor Luke Naismith

**In Attendance**

Chief Executive Officer - Tony Harrison  
General Manager City Services - Angela Allison  
General Manager Corporate Services - Tony Lines  
Manager Office of the CEO - Kate McKenzie  
Unit Manager Governance and Council Support - Victoria Moritz  
Acting Chief Financial Officer - Heath Harding  
Unit Manager Strategy and Risk - Maddie Frew  
Unit Manager Asset Solutions – Brendon Lyons  
Manager Land and Property - Mark Hubbard  
Unit Manager Property Strategy & Delivery – Geoff Norris  
Ms Heather Martens – KPMG  
Mr Navya Gunawardena - KPMG  
Mr Juliano Freitas - Galpins

**1 Open Meeting**

The Chair opened the meeting at 3.01pm.

**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

- Nil interests were disclosed.

## 4 Confirmation of Minutes

### 4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 4 June 2024

Report Reference                      FRAC240813R4.1

**Moved Ms Rantanen**

**Seconded Councillor Veliskou**

That the minutes of the Finance, Risk and Audit Committee Meeting held on 4 June 2024 be taken as read and confirmed.

**Carried Unanimously**

## 5 Business Arising

### 5.1 Business Arising Statement - Action Items

Report Reference                      FRAC240813R5.1

**Moved Councillor Veliskou**

**Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

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

**Carried Unanimously**

### Order of Agenda Items

The Chair sought and was granted leave of the meeting to vary the order of the agenda and consider the following items next in the meeting:

- 7.1 Internal Audit Plan 2023-2025
- 7.2 Internal Audit Program – Implementation of Recommendations

### 7.1 Internal Audit Plan 2023-2025

Report Reference                      FRAC240813R7.1

Manager Office of the CEO introduced the item commenting that the 2023/24 Internal Audit Projects are now complete with the final report received for Data Governance. Work has commenced on the 2024/2025 financial year, commencing with the scope of the Cloud Vendor / Third Party Cyber Risk audit.

### Data Governance Final Report

Ms Martens from KPMG provided a brief overview of the final report, noting the objective of the internal audit was to consider the current state of data governance at the City of Marion, including the management of data, system landscape and supportive operating model. The KPMG Data Governance Framework was leveraged to ensure coverage of data governance across the organisation. Ms Martens highlighted several positive observations from the organisation's approach

to data governance, including the Implementation of Data Governance and Management Framework, Established Data Governance Committee, Development of Key Data Governance Controls within CoM Business Units, Collaborative and Positive Operating Culture.

Mr Gunawardena from KPMG summarised the key findings relating to:

- The absence of a formal identification process for sensitive datasets without comprehensive oversight or regular reviews of user rights and activities.
- Data quality management which has been emphasised at an organisation-level, there is a lack of implementation of data quality management at a business-unit level.
- The current data catalogue in SharePoint which documents relevant systems across the organisation, noting the data catalogue is incomplete with data fields (e.g. Data Owners, Suppliers and Status) empty for certain systems; it also appears, based on stakeholder meetings, the data catalogue does not include all data currently within third-party managed systems.

The Committee provided the following feedback:

- The final report was comprehensive, covering all necessary aspects. There was discussion on whether items considered out of scope in this audit will be included in future audits, particularly regarding actual testing and end of life for systems.
- Management commented that the current internal audit plan is scoped only until the end of this financial year. Any out-of-scope elements can be considered following the finalisation of a new plan once the internal audit tender process is complete.
- The Committee raised concerns around the privacy policy review, noting there is a risk that frequent policy reviews, may become routine without adding real value. KMPG commented that stringent process is needed to ensure that changes, especially those related to legislation and organisational adjustments, are properly integrated.
- There is a need to assess whether all collected data is necessary and how to manage sensitive assets effectively.
- The need for ongoing training and role clarity within business units, particularly regarding data responsibilities was highlighted, as the organisation moves towards embedding data governance practices. Management confirmed that a change manager is involved in assessing organisational needs to ensure the right skills are in place.
- The Committee sought clarification on the Data Governance Committee with management confirming this is a newly formed Committee which has so far met once to review audit findings. The committee comprises of diverse representatives from across the organisation and will focus on scoping work roles and responsibilities and report back to the Finance, Risk, and Audit Committee (FRAC).
- The Committee queried the risks relating to data captured in the risk register for the organisation and whether KMPG were content with these. KMPG noted the improvements in how data risks are captured in the risk register, especially the controls in place and wording of risks at a corporate level. It is important to look at how the risk is articulated and whether any intent has been lost. Management noted that key stakeholders have been engaged to review this risk.
- The Committee discussed the ongoing work to ensure data changes, such as new input fields, are properly understood and managed for accurate reporting.
- Overall, the committee recognised significant progress in data governance, with good recommendations and actions taken to date.

### **Cloud Vendor / Third Party Cyber Risk Scope**

- The Committee queried the sample of high-risk vendors and their security practices in the context of business continuity, how these are understood and reported back to the organisation.
- The Committee discussed whether understanding vendor reporting should be included in the audit scope and if it would be valuable to know how vendors would advise the organisation.

KPMG confirmed that this is part of the audit scope and will further consult with Subject Matter Experts (SMEs) to ensure this aspect is adequately addressed in the audit delivery.

**Moved Ms Rantanen**

**Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee considers and provides feedback on the:

- Data Governance Final report; and
- Cloud Vendor/Third Party Cyber Risk scope.

**Carried Unanimously**

## 7.2 Internal Audit Program - Implementation of Recommendations

**Report Reference** FRAC240813R7.2

Manager Office of the CEO provided a summary of the status of implementation of recommendations, commenting this is the first report generated from the new risk and audit system (Pulse).

The Committee provided the following comments:

- Overall, the report was well-presented.
- Suggested reviewing the format and frequency of reporting, possible considering a full detailed report every six months and an interim summary quarterly indicating any changes including the associated risks and the potential for further delays, which recommendations are off track, on track, or completed. In addition, it was noted the bar graph was difficult to read.
- The Committee raised concerns about recommendations due by 30th September, noting that some showed no progress. Additionally, some recommendations lacked a forecast completion date, acknowledging this may be a new system issue and will be addressed in due course .
- The Committee acknowledged that many recommendations had been closed out successfully and praised the efforts made.
- Actions relating to the Collaborative Model Health Check were discussed, the Committee noting although it appeared simple, management had clarified that it involves a separate comprehensive action plan with substantial work still to be done.

**Action: Staff to review the reporting format and frequency of reporting, taking into consideration feedback from the Committee.**

**Moved Councillor Veliskou**

**Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee:

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

**Carried Unanimously**

## 6 Confidential Items

### 6.1 Cover Report - Oracle Data Breach

Report Reference                      FRAC240813F6.1

**Moved Councillor Veliskou**

**Seconded Councillor Naismith**

Pursuant to Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Council orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item Oracle Data Breach except 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, Unit Manager Governance and Council Support, Governance Officer, Manager IT Operations to enable the Council to consider the Item in confidence on the basis the Council considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item: information the disclosure of which could reasonably be expected to diminish the safety of and cyber security measures within 3rd party suppliers and City of Marion IT Systems

Determines, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep consideration of the information or matter confidential.

**Carried Unanimously**

3.33pm the meeting went into confidence

**Moved Ms Rantanen**

**Seconded Councillor Naismith**

1. Pursuant to section 91(7) of the Local Government Act 1999, orders that the following document(s) relating to Agenda Item Oracle Data Breach GC240813F6.1 shall be kept confidential, being document(s) relating to a matter dealt with by the Council on a confidential basis under sections 90(2) and 90(3)(e) of the Act:
  - Report - Oracle Data Breach
  - Minutes

on the grounds that the document(s) relates to information the disclosure of which could reasonably be expected to diminish the safety of and cyber security measures within 3<sup>rd</sup> party suppliers and City of Marion IT Systems.

2. Determines this order shall operate until it is revoked and will be reviewed every 12 months
3. Pursuant to section 91(9)(c) of the Local Government Act 1999, delegates to the Chief Executive Officer the power to revoke this order in whole or part.

**Carried Unanimously**

3.54pm the meeting came out of confidence

## 6.2 Cover Report - Fraud and Corruption Annual Questionnaire

Report Reference

FRAC240813F6.2

**Moved Councillor Veliskou**

**Seconded Councillor Naismith**

Pursuant to Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Council orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item Fraud and Corruption Annual Questionnaire FRAC240813F6.2 except the following persons: Chief Executive Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager – Office of the Chief Executive, Unit Manager – Strategy and Risk, Risk Business Advisors and Unit Manager Governance and Council Support to enable the Council to consider the Item in confidence on the basis the Council considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item:- information the disclosure of which could reasonably be expected to affect the security of the council, members or employees of the council, or council property, or the safety of any person

Determines, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep consideration of the information or matter confidential.

**Carried Unanimously**

3.54pm the meeting went into confidence

**Moved Councillor Naismith**

**Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee

1. Pursuant to section 91(7) of the *Local Government Act 1999*, orders that the following document(s) relating to Agenda Item *Fraud and Corruption Annual Questionnaire FRAC240813F6.2* shall be kept confidential, being document(s) relating to a matter dealt with by the Council on a confidential basis under sections 90(2) and 90(3)(e) of the Act:
  - Report
  - Attachment 1
  - Minutes

on the grounds that the document(s) relates to information the disclosure of which could reasonably be expected to affect the security of the council, members or employees of the council, or council property, or the safety of any person.

2. Determines this order shall operate for a period of 5 years and will be reviewed every 12 months.
3. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, delegates to the Chief Executive Officer or Manager, Office of the CEO the power to revoke this order in whole or part.

**Carried Unanimously**

4.07pm the meeting came out of confidence

## 7 Reports for Discussion

### 7.3 External Audit 2023-2024 - Interim Management Report

**Report Reference** FRAC240813R7.3

Mr Juliano Freitas from Galpins introduced the item and provided a summary of the External Audit 2023-2024 Interim Management Report:

- Mr Freitas commented overall, Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model. During their interim visit they found that the majority of key internal controls reviewed were in place and were operating effectively (95 out of 100 core controls reviewed), an improvement from 91 out of 100 in 2022-2023.
- There has been a significant increase in the number of effective controls over the last three years, attributed to the full implementation of a new financial system. The main improvements were in asset management, with enhanced data systems, centralized data management, and the introduction of an electronic asset handover form.
- A desktop review suggests that a clear controls opinion is likely to be issued.

The Committee provided the following comments:

- Concerns were raised regarding the revaluation of assets, which was not completed by the 30th of June 2023 deadline. Best practice suggests revaluation every 3-5 years, with the last being due in June 2023. Management confirmed that the valuation will be complete and included in the final figures for FY24. The external auditor will follow up on this during the final visit, with anticipation of this being complete.
- The Committee questioned why two older findings related to IT users had not been addressed appropriately. It was explained that these issues are linked to a change in systems, with the council still working on how to generate the necessary reports in the new system.

**Moved Ms Rantanen**

**Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee:

1. Receives and notes the Interim External Audit Report for 2023-2024.

**Carried Unanimously**

### 7.4 2024 Asset Management Plans - Tranche 3

**Report Reference** FRAC240813R7.4

Unit Manager Asset Solutions introduced the item commenting the Draft Buildings and Structures AMP currently forms Tranche 3 of Council's AMP updates for 2024. This AMP is expected to be presented in draft to Council on 24 September 2024 for endorsement to proceed to public consultation before final endorsement by Council on 26 November 2024.

The committee considered the draft AMP's and provided the following feedback:

- The Committee discussed the timing of the remaining AMP's Draft Water Treatment & Resources and Transport, noting this would be prioritised for the October Committee meeting.
- The replacement costs were discussed in regard to who determines these and on what basis, staff commenting this was through an external consultant.
- Clarification was sought on assets having a useful life of 200 years. Staff clarified that heritage assets and buildings contribute to this figure and will look to include an explanatory comment in the executive summary.



- The Committee discussed the lifecycle management and in particular figure 2 showing the Summary 10-year expenditure chart for Building and Structures AMP, expressing concern with the dip in expenditure shown in the middle.
- Management commented this is consistent with all the Asset Management Plans explaining the 10-year long-term financial plan is guided by the CoMBAS and council resolutions, with capital expenditure determined by major projects and grant funding. The plan involves borrowing and repaying debt before taking on new projects.
- The Committee queried the uncertainty in project delivery towards the end of the plan and whether smaller projects could keep teams engaged. Staff confirmed there are ongoing renewals throughout the plan and that additional project managers would be engaged during peaks to deal with loads.
- The Committee suggested reviewing table 8 *Customer survey results for Building and Structure assets* to consider re-ordering the list based on level of importance. The Committee also commented on the importance of ensuring that the data is a representative sample from all asset classes to ensure there is no bias in the results.
- The Committee also questioned the Service Level Agreement (SLA) for public toilet maintenance, which is currently set at 5 days. Staff noted the comments and will review the SLA, considering daily triage and priority-based responses.
- The Committee noted inconsistencies in the categorisation of asset performance (section 4.3) and suggested a review to ensure accurate recording. Staff acknowledged this as an improvement opportunity.
- There was a discussion about the costing of capital works and the need to ensure that costs for internal staff working on capital projects are recognised, as this impacts forecasts. Management noted that work is ongoing to extend this internally, with plans to address it within the next six months.
- The Committee suggested providing clarity in regard the impact of expenditure on the LTFP and impact on the AMP. Management commented that this will be covered in the council report rather than the AMP itself.
- Concerns were raised about the poor condition of many roofs regarding the Capital Works Renewal and Improvements Program with questions about how many are in poor condition and what is being done to improve them. Staff explained that a preventative maintenance program, including annual inspections and recent Building Code of Australia (BCA) data, is addressing these issues, with funding allocated based on recent condition audits.

**Moved Councillor Veliskou**

**Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

1. Reviews and provides feedback on the Draft Buildings and Structures Asset Management Plan.

**Carried Unanimously**

## 7.5 Q4 Corporate Risk Report

Report Reference      FRAC240813R7.5

The Committee noted the Q4 Corporate Risk Report and provided the following feedback:

- The Committee highlighted and discussed the risk of the council taking on projects it cannot deliver, influenced by funding opportunities rather than strategic alignment. This could lead to accepting funding for projects that don't align with the strategic plan.
- The Committee also discussed the potential reputational risk of not accepting funding if community and clubs were affected. There is also the potential of missed future funding opportunities if such projects are turned down.
- It was acknowledged a robust process for determining funding acceptance was recommended to mitigate these risks.
- Management noted the council has several projects prepared for funding as initiatives and highlighted the importance of maintaining good relationships with stakeholders and focusing on priority projects.
- The Committee suggested reviewing the wording of the amended risk relating to CR0053 to ensure a successful objective is defined. There was also a suggestion to review the end dates on the "Plan to a Page" document for clarity and accuracy.

**Moved Councillor Veliskou**

**Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

1. Reviews the Corporate Risk Report and provides any feedback.
2. Considers the high risks in Attachment 1 and provides any feedback.

**Carried Unanimously**

## 7.6 Business Continuity Annual report

Report Reference      FRAC240813R7.6

**Moved Councillor Veliskou**

**Seconded Ms Rantanen**

Pursuant to Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Committee orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item 7.6 – Business Continuity Annual Report except 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, Unit Manager Governance and Council Support, Governance Officer, Manager IT Operations to enable the Council to consider the Item in confidence on the basis the Council considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item: information the disclosure of which could reasonably be expected to diminish the safety of and cyber security measures within 3rd party suppliers and City of Marion IT Systems

Determines, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep consideration of the information or matter confidential.

**Carried Unanimously**

**5.00pm the meeting went into confidence**

5.01pm Ms Rantanen left the meeting and did not return

Manager Office of the CEO introduced the item and provided a summary of the Business Continuity Exercise held on 12 June 2024 which provided an opportunity to practice and validate the IMT's Incident response maturity. The exercise provided an opportunity to assess response maturity through various activities, with key observations and recommendations provided in a summary report by the facilitator.

The Committee provided the following comments and discussion:

- Noted the number of key focus areas and queried the associated level of risk and how they will be prioritised. Management commented the action plan for completing recommendations was determined on timeframes and the consideration of some actions depending on the completion of others, however, will consider applying a risk assessment to determine priorities.
- The implementation of recommendations will be worked into the work area plans and improvements brought through to the next iteration of the exercise.
- The Committee discussed business continuity in relation to storm activity and critical response versus routine responses will depend on severity of the incident and will determine whether IMT will be activated.
- Overall, the Committee noted there were some good findings with the organisation in a good position to response to an incident. The Committee also commented the business continuity response is matured over recent years.

**Moved Councillor Naismith**

**Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee:

1. Notes the feedback and recommendations from the facilitator "Battleground" in their report Attachment 3.
2. Notes the recommended actions from the event in Attachment 4

**Carried Unanimously**

**Moved Councillor Veliskou**

**Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee

1. Pursuant to section 91(7) of the Local Government Act 1999, orders that the following document(s) relating to Agenda Item *Business Continuity Annual Report FRAC240813R7.6* shall be kept confidential, being document(s) relating to a matter dealt with by the Council on a confidential basis under sections 90(2) and 90(3)(e) of the Act:
  - Attachment 2
  - Attachment 3
  - Attachment 4on the grounds that the document(s) relates to information the disclosure of which could reasonably be expected to affect the security of the council, members or employees of the council, or council property, or the safety of any person.

2. Determines this order shall operate for a period of 5 years and will be reviewed every 12 months.
3. Pursuant to section 91(9)(c) of the Local Government Act 1999, delegates to the Chief Executive Officer or Manager, Office of the CEO the power to revoke this order in whole or part.

**Carried Unanimously**

**5.06pm the meeting came out of confidence**

## **7.7 Finance and Audit Committee Annual Report to Council 2023-2024**

**Report Reference**                      FRAC240813R7.7

**Moved Councillor Veliskou**

**Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee:

1. Request that the following be included in the draft Finance and Audit Committee Annual Report to Council to be considered at its meeting in October 2024
  - *Financial Reporting*
  - *Risk Management*
  - *Audit*
  - *Asset Management Plans*
  - *Committee Membership and Attendance*

**Carried Unanimously**

## **8 Reports for Noting**

### **8.1 Council Member Report**

**Report Reference**                      FRAC240813R8.1

The Committee noted the report seeking clarification on the Section 270 item. Management advised this was in relation to the removal of two trees at 262 Sturt road with the applicant claiming the decision was in contravention of the tree Asset Management Plan and the Community Land Management Plan. It was noted the review has been outsourced to an external investigator.

**Moved Councillor Naismith**

**Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee:

1. Notes this report.

**Carried Unanimously**

## 8.2 Annual Insurance and Claims report

Report Reference                      FRAC240813R8.2

The Committee received and noted the Annual Insurance and Claims report. The following discussion was noted:

- The Committee noted an increase in footpath claims and queried whether every incident is reviewed for potential improvements and prevention. Management commented that staff actively investigate all reported incidents, and if necessary, undertake remedial works.
- It was noted that trees and footpaths continue to be the highest sources of claims, tracking slightly higher than the previous year. Staff commented that there has been a peak in claims across all local governments. However, the City of Marion is tracking lower than other councils in terms of the number of claims.
- The Committee highlighted the benefits of the Local Government Association (LGA) insurance scheme, noting their strong performance in providing full coverage at good prices.
- Overall, the outcomes were praised as being well-managed.

**Moved Councillor Naismith**

**Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee:

1. Notes the report.

**Carried Unanimously**

## 8.3 Q4 Incidents and Claims Report

Report Reference                      FRAC240813R8.3

The Committee noted the Q4 Incidents and Claims report querying whether drivers of fleet vehicles are required to reverse into parking spaces making it easier to exit the spaces, noting there appear to be a lot of reversing-related accidents. Management confirmed there is currently no requirement for this and may consider this in the future. The Committee also recommended reviewing the information in the report to ensure that the data is de-identified and privacy is protected.

**Moved Veliskou**

**Seconded Naismith**

That the Finance, Risk and Audit Committee:

1. Notes the Incidents and Claims Report for Quarter 4 2023-2024.

**Carried Unanimously**

## 9 Workshop / Presentation Items - Nil

## 10 Other Business - Nil

## 11 Meeting Closure

The meeting was declared closed at 5.19pm

CONFIRMED THIS 8 DAY OF OCTOBER 2024

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CHAIRPERSON