



**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 18 February 2025 at 4.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

PRESENT

Josh Hubbard (Chair)
Paula Davies
Melissa Oors-L'Estrange
Councillor Luke Naismith
Councillor Matt Taylor

In Attendance

Chief Executive Officer - Tony Harrison
General Manager City Services - Angela Allison
General Manager Corporate Services - Tony Lines
Chief Financial Officer - Ray Barnwell
Manager Office of the CEO - Sarah Vinall
Unit Manager Governance and Council Support - Victoria Moritz
Unit Manager Risk and Strategy – Sheree Tebyanian

1 Open Meeting

The Chair opened the meeting at 4.02pm.

2 Kaurua Acknowledgement

We acknowledge the Kaurua 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 17 December 2024**

Report Reference FRAC250218R4.1

Moved Ms Davies

Seconded Ms Oors-L'Estrange

That the minutes of the Finance, Risk and Audit Committee Meeting held on 17 December 2024 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC250218R5.1

Moved Councillor Taylor

Seconded Councillor Naismith

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 2025-26 and Long-Term Financial Plan

Report Reference FRAC250218R7.1

The Chief Finance Officer introduced the item and provided the following summary:

Planning for the Draft Annual Business Plan 2025-26 and Long-Term Financial Plan began in September last year, involving work with all business units to assess their operational and capital funding requirements for 2025-2026. A review of the 10-year expenditure profiles in the recently adopted Asset Management Plan's was also undertaken.

Key influences since last year's adopted position include additional funding endorsed by Council for key projects and higher depreciation forecasts following the full comprehensive asset valuations completed in June 2024. There are some continued challenges in developing this year's budget and LTFP including the uncertainty around future price escalation for key projects, potential election funding commitments through the upcoming Federal election, and the expiration of the Council's Indoor Enterprise Bargaining agreement in June this year. Budget modelling to date has been based on a 4.3%–4.8% rate increase, with the impact from higher operational costs particularly depreciation leading to some operational deficits in the early years of the LTFP based on the modelling to date. To address this operational position and ensure long-term financial sustainability, management have been looking at reducing operational costs that will not have a significant impact on service levels and exploring deferring/re-timing non-urgent operational expenditure. The outcome of this work will be incorporated into the revised LTFP models which will be presented to Council in early March for further discussion.

The Committee noted the development of Council's Draft ABP 2025-2026 and Draft LTFP and provided the following feedback:

- The Committee discussed project cost challenges in the current market with these costs becoming more and more difficult to predict, especially when projects may not be built immediately and rely on future grants.
- The committee commented on the need to reassess the council's risk appetite in managing project costs.
- Management commented they are exploring alternative approaches, such as in-house delivery of projects or potential partnerships with other councils.

- 10-year financial impact assessments will continue to be considered to balance costs and rate increases.
- The Committee queried the feasibility of the nine endorsed projects and the prioritisation of these in-line with current forecast rate increases.
- Management confirmed the next financial modelling update will include inputs from the Council Member planning day, along with forecast savings and additional costs endorsed by the council. Next steps will also include refining financial sustainability strategies.
- It was noted that Employee costs remain a key factor, with future modelling incorporating the outcome of Enterprise Bargaining provisions and current negotiations.
- The Committee stressed the importance of maintaining stable rate increases rather than sharp peaks and drops. This must be balanced with consideration for how costs and revenue increases are profiled over time.
- The Committee raised concerns that reluctance to raise rates appropriately could lead to debt challenges and higher future borrowings.
- Balancing the need for revenue with ratepayer affordability was highlighted by the Committee as a critical factor in setting the rates.
- Approaches to budgeting and forecast rate increase should consider the price escalation of capital costs and other broader costs not just CPI. This was discussed in the context that capital costs have increased by significantly more than CPI in recent years.
- The Committee discussed federal regulation increasing costs for local governments, citing community housing and disability ramp funding as examples. However, it was noted this is included as a factor to consider and Management are not aware of anything that will currently be impacted by this.
- The need for realistic project cost estimates and prioritisation was highlighted.
- The consideration of any budget or service modifications should be carefully considered to manage risks effectively.

Moved Ms Davies

Seconded Councillor Taylor

That the Finance, Risk and Audit Committee provide feedback on:

1. The development of Council's Draft ABP 2025-2026 and Draft LTFP
2. The reasonableness, fairness and equity of potential rating approaches for 2025-2026, including in the context of Councils LTFP and on-going financial sustainability.

Carried Unanimously

7.2 Internal Audit Plan 2023-2025

Report Reference FRAC250218R7.2

Manager Office of the CEO introduced the item noting the Project Management audit is now complete and a draft report provided, with management currently drafting a response and proposed actions. The final report will be presented to the Committee at the next meeting. The Assurance Mapping Audit is underway with the final report also due for presentation to the Committee at the next meeting. The Financial Controls Internal Audit is the last scheduled for 2024/25 and is intended to assess the effectiveness of a sample of core internal financial controls. The audit will be looking at the LGA best

practice guide and focus will be on areas including various purchase cards, cash handling, employee reimbursements and inventory management for consumables.

The Committee noted the status of the Internal Audit Plan and remaining audits, providing the following comments:

- The Committee inquired about total expenditure on purchase cards with staff clarifying that the audit focuses on process, risks, and management rather than expenditure amounts as the spend on purchase cards is not significant in terms of Council's overall budget.
- External auditors also review purchase card controls and will focus on various other internal control elements.
- Management confirmed there is a policy in place for issuing and use of purchase cards, with strong accountability measures through expenditure software.
- The audit is essential not for financial impact but for managing perception and associated risks.
- Management commented that the procurement process for a new internal audit provider is underway with the current auditors due to conclude after finalising the financial controls contract.
- The Committee noted the significant and positive work KPMG has done over the years and looks forward to a refreshed audit plan and exploring new opportunities.

Moved Ms Oors-L'Estrange

Seconded Ms Davies

That the Finance, Risk and Audit Committee:

1. Note progress of the Project Management and Assurance Mapping audits.
2. Consider and provide feedback on the draft scope for the Financial Controls audit.
3. Note the commencement of the procurement process for a new internal auditor.

Carried Unanimously

7.3 Internal Audit Program - Implementation of Recommendations

Report Reference FRAC250218R7.3

The Committee noted the status of the Internal Audit Program and Implementation of Recommendations providing the following comments:

- The Committee acknowledged the progress made in closing recommendations and suggested a summary dashboard could be included in the report to enable the Committee to track further detail.
- Management commented that iterative improvements are being made to the report in collaboration with the Business Intelligence team to refine data extraction and improve reporting through to the Committee.
- The Committee noted many actions are due at the end of the financial year and queried whether this was realistic, emphasising the need for accurate deadlines and profiling of workload.
- Concerns were raised about outdated risk ratings, with some older high-risk items now very overdue. The Committee suggested a review of risk ratings of the older items and prioritisation is needed.
- The Committee encouraged a formal review process for high-risk items without adding unnecessary bureaucracy and suggested additional rationale be provided to give the Committee further context and reassurance the recommendations are being managed appropriately.

- It was noted that several pending actions rely on the recruitment of a Cross-Council Strategic Procurement Manager with the Committee querying the status of this position. Management commented they are in the final stages of recruitment with a replacement expected by April. Following the recruitment of the position, the three councils have committed to regular meetings to ensure an efficient and effective outcome.
- The Committee queried the status of action J2.3 in the Cyber Security with Management taking this on notice to provide an update to the Committee out of session.
- The Committee discussed action number 3.4 in the Enterprise Information and Data Architecture audit querying how this will be tracked as it is now closed. Management confirmed this will now be tracked through the Information Services Plan as part of the HRIS project with its own reporting requirements through to the Executive Leadership Team.

Action: Management to provide an update on the status of action J2.3 in the Cyber Security Recommendations.

Moved Ms Oors-L'Estrange

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

8 Reports for Noting

8.1 Council Member Report

Report Reference FRAC250218R8.1

The Committee noted the Council Member Report.

8.2 Q2 Corporate Risk Report

Report Reference FRAC250218R8.2

The Unit Manager Strategy and Risk introduced the item noting the report showed no significant changes to the overall risk profile. However, there has been a high level of risk activity, including assurance mapping, planning, and a risk maturity assessment. Work on strategic risk alignment is ongoing. High and extreme risks are being reviewed by the Executive Leadership Team and risk partners before finalising the report to ensure thorough oversight and support.

- The Committee queried the reference to the 'alignment gap', which staff clarified relates to the recent council-endorsed strategic plan which includes different strategic priorities than previously included. The current work involves mapping priorities and strategic risks, particularly focusing on compliance and regulatory risks to ensure comprehensive coverage at a high level. This is not a gap in practices but an opportunity to elevate risk management to a strategic level, with the findings incorporated into the next review.
- The Committee suggested they would like to see the top 10 risks currently rated as high (or above) as opposed to just three as well as any movement in the emerging risks. It was noted there may be some sitting just out of the current list which would be valuable for the Committee to have oversight.

- The Committee emphasised the importance of maintaining focus on WHS risks for both contractors and in-house staff ensuring appropriate controls are in place. Concerns were raised about delays in the project management solution. Management is exploring possible solutions, expecting this may be a recommendation from the current Project Management Audit, including consideration of leveraging an existing software solution.

Action: Include the top 10 risks currently rated as high (or above) as well as any movement in the emerging risks in future reports.

Moved Ms Davies

Seconded Councillor Taylor

That the Finance, Risk and Audit committee:

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

Carried Unanimously

9 Workshop / Presentation Items – Nil

10 Other Business – Nil

11 Meeting Closure

The meeting was declared closed at 5.25pm.

CONFIRMED THIS 8 DAY OF APRIL 2025

CHAIRPERSON