



**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 8 April 2025 at 4.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

PRESENT

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

In Attendance

Chief Executive Officer - Tony Harrison
General Manager City Services - Angela Allison
General Manager Corporate Services - Tony Lines
Acting General Manager City Development – Charmaine Hughes
Chief Financial Officer - Ray Barnwell
Manager Office of the CEO - Sarah Vinall
Unit Manager Governance and Council Support - Victoria Moritz
Manager Enterprise PMO – Karen Blake
Eric Beere – Partner KMPG
Troy Hutson – Director, Technology Risk SME, KPMG
Michael Richardson - Director, BRM Advisory

1 Open Meeting

The Chair opened the meeting at 4.15pm.

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 18 February 2025

Report Reference FRAC250408R4.1

Moved Councillor Naismith

Seconded Ms Oors-L'Estrange

That the minutes of the Finance, Risk and Audit Committee Meeting held on 18 February 2025 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC250408R5.1

Moved Naismith

Seconded Ms Davies

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

Order of Agenda

The Chair sought and was granted leave of the meeting to vary the order of the agenda and consider item 7.1 *Internal Audit 2023-25* next on the agenda.

7 Reports for Discussion

7.1 Internal Audit 2023-25

Report Reference FRAC250408R7.1

Mr Beere, Partner KPMG introduced the item commenting that the internal audit aimed to assess the effective implementation of the organisation's new Project Management Framework. It also considered the status of agreed management actions from the May 2022 audit.

Mr Hutson, Director Technology Risk SME, KPMG provided a summary of the findings commenting:

- The Audit noted improvements in project management capabilities since May 2022 with significant progress observed in governance and risk management.
- Some processes and controls need enhancement to better manage end-to-end project risk, especially in budget, contingency, and variation management.
- Lack of consistent templates and absence of a central Project Management System were identified as gaps. These tools are necessary for ensuring fit-for-purpose controls, leveraging past project learnings, and supporting data-driven decision-making.
- The Audit identifies next steps for ongoing maturity of practices to ensure teams are working well together.

- There were four medium findings relating to budget and financial management, contingency management, variation management and prioritisation, initiation and planning.
- Overall, teams are working well, taking on board lessons learned from the 2022 audit and working hard to address these actions. This audit identified what is working well and understanding tools and guidance needed to achieve the next level of maturity.

The Committee noted the report and provided the following feedback:

- The Committee queried how actual versus scheduled project costs are reported, including variance analysis, percent complete, and financial forecasting. Management confirmed that reporting occurs through the Project Control Board (PCB) monthly, focusing on projected vs actual costs and financial scope of the project.
- There was discussion around the Committee's role in financial oversight of projects. It was noted that while detailed project budgets are not reviewed by the Committee, holistic budget reviews and future-focused discussions on major projects are brought to the Committee through quarterly budget reviews, annual business plan and the long-term financial plan.
- Given the pressures from large capital projects, the Committee suggested biannual reviews into budget vs actual performance for key projects.
- The Committee noted that contingency and variation management remain a high-profile concern and asked what actions are being taken in response to the findings. It was confirmed that a risk-based contingency management approach has been agreed upon, with contingency ratings assigned based on project risk levels.
- Staff acknowledged the need for improved clarity and visibility around how variations are managed in relation to contingency allocations and spend. This remains a focus area for further development.
- The Committee discussed gaps in budgeting and financial management noting MCC Plaza which was identified through sample testing and whether the learnings are reflected in current practices. Management acknowledged this was in relation to marketing activities that were not budgeted and had to be funded from the contingency.
- Management noted significant enhancements to financial monitoring through the Executive Budget Committee (EBC), including improved tracking of cost centres used for individual projects. There is now stronger alignment with the Project Control Board (PCB) process compared to two years ago, enabling deeper analysis and oversight to reduce carryovers on major projects. In addition, there has been improved scheduling and sequencing of meetings to improve cash flow monitoring and overall project management visibility.
- The Committee emphasised the need for fit-for-purpose reporting tools for both project managers and executives in relation to budgeting and financial management and encouraged management to explore and test a number of alternate options. KMPG agreed noting that management needs to find what works for them.
- The Committee suggested standardising allocations for business support (e.g. 1.5% for marketing/advertising). Management indicated work is ongoing to embed such inclusions in budgeting templates and guidelines.
- The Committee discussed variation management noting the finding relates to variations being managed inconsistently, with changes to project scopes and designs being financed through contingency, while not being raised through a variation (or change) request.
- Management acknowledged there is an emphasis on strengthening project management discipline, with benefits realisation and consistency as key areas for improvement.
- The Committee discussed the Project Management Framework and noted that consistency is the focus, while there may be slightly different approaches if there is consistency in the methodology slight variations are acceptable.
- Overall, good progress has been made with further maturity achieved by tightening up some areas of improvement identified.

Action: Management to review existing dashboards and develop project financial reporting for the committee to review.

Moved Councillor Naismith

Seconded Ms Oors-L'Estrange

That the Finance, Risk and Audit Committee:

1. Notes the update to the internal audits currently underway.
2. Considers and provides any feedback on the Project Management Framework final report.

Carried Unanimously

The Chair adjourned the meeting for a period of 5 minutes to allow for a break.

4.44pm meeting adjourned

4.48pm meeting resumed

6 Confidential Items

6.1 Cover Report - Glandore Oval Redevelopment - S48 Prudential report

Report Reference FRAC250408F6.1

Moved Ms Oors-L'Estrange

Seconded Councillor Naismith

1. Pursuant to Section 90(2) and (3)(b) 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 FRAC250408R6.1 Glandore Oval Redevelopment - s48 Prudential report, except the following persons: Chief Executive Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager Office of the CEO, Manager City Property, Manager City Activation, Unit Manager Property Strategy and Delivery, Unit Manager Property and Facilities, Sports & Community Facilities Officer, Project Manager Strategic Projects, Unit Manager Engagement, Media and Events, Media and Engagement Advisor, Unit Manager Governance and Council Support and Governance Officer, and Michael Richardson, Director from BRM Advisory to enable the Council to consider the Item in confidence on the basis the Committee 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 negatively impact the outcomes for Council of a future construction tender process for the project and could infer a financial advantage to another entity when the project is opened to tender.
2. Notes the disclosure of this information would, on balance, be contrary to the public interest because be contrary to the public interest because it could infer a financial advantage to another entity when the project is opened to tender.
3. Determines, on this basis, the principle that meetings of the Committee 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

4.48pm the meeting went into confidence

Moved Councillor Naismith**Seconded Ms Davies**

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 FRAC250408R6.1 Glandore Oval Redevelopment - s48 Prudential report shall be kept confidential, except when required to effect or comply with Council's resolution(s) regarding this matter, being document(s) relating to a matter dealt with by the Council on a confidential basis under sections 90(2) and 90(3)(b) of the Act, :

- Attachment 1 – Glandore Oval Redevelopment – s 48 Prudential report.
- Report
- Minutes

on the grounds that the document(s) relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council.

2. Notes the disclosure of this information would, on balance, be contrary to the public interest because it will compromise the ability for Council to ensure best value is obtained through the public tender process for construction works associated with the Glandore Oval redevelopment project.
3. Determines this order shall operate until execution of a contract for the Glandore Oval Construction works 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

5.03pm the meeting came out of confidence

7.2 Internal Audit Program - Implementation of Recommendations

Report Reference FRAC250408R7.2

The Manager Office of the CEO provided a summary of the work undertaken since the previous Committee meeting to improve reporting on progress against audit recommendations. Management advised that a new dashboard reporting approach has been implemented for this reporting period. The focus has been on ensuring executive-level approvals and considered closure of actions, noting that work is continuing in this space. Management is aiming for a more concise summary in the next reporting cycle.

The Committee noted the Project Management Framework Internal Audit Report and provided the following feedback:

- The Committee requested access to the BI dashboard to allow deeper analysis of areas of interest. Management agreed to explore sharing the dashboard with the Committee.
- Management advised that some recommendations remain open by design and functionality of the software and will be reviewed.

- The Committee commented on the number of outstanding actions in the Collaborative Contract Management Audit. Management advised a new cross-council contract management role has been filled, with the appointee commencing shortly to support planning and progression of outstanding actions.
- The Committee encouraged a breakdown of action owners and better understanding of root causes behind recurring issues. Management advised some recommendations remain open by design of the software and will be reviewed and tabled with Executive to determine close-out status.
- Concerns were raised about some recommendations lacking defined risk ratings, and whether this could have an impact prioritisation and assurance. Management clarified that 'improvement opportunities' typically do not carry a risk rating but are still tracked. The Committee expressed that this may lead to confusion and requested clearer descriptors. Management will work with the BI team to address this.
- The Committee also queried consistency in assigning risk owners and whether individuals were adequately supported to own and close actions. Management acknowledged current system limitations, noting plans to resolve this through upcoming HRIS and data integration improvements. Action owners are actively engaged and tracked monthly.
- The team is working to escalate conversations around closure of actions to the appropriate Executive level. The BI reporting will continue to be refined to ensure it is both accurate and streamlined. A six-month timeframe was outlined for reporting improvements, which the Committee agreed was reasonable. Integration with broader risk reporting is also a current focus within the team.

ACTION: Management to explore the sharing of the BI Dashboard with the Committee to allow deeper analysis of areas of interest.

Moved Ms Davies

Seconded Ms Oors-L'Estrange

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

7.3 2nd Budget Review 2024/25

Report Reference

FRAC250408R7.3

The Chief Finance Officer introduced the item providing a high-level summary noting a forecast cash surplus of \$1.2 million as at the end of January, reflecting favourable project movements, including the closeout of the Cove Sports Club upgrade. While some projects were under or over budget, the overall position remains strong. Cost pressures were noted, including asbestos-related works at Marino, and additional project allocations such as the soccer pitch.

Additional borrowings are forecast for land acquisition related to the coastal walking trail, with plans to resell unused parcels.

- The Committee noted the 2nd Budget Review Position commenting this was a good outcome and welcomed the positive outcome from the Cove Sports Club project, noting contingency savings resulted in the project coming in under the contract allowance.
- Management acknowledged potential funding announcements may contribute to additional cost pressures, however, highlighted the value of the Executive Budget Committee (EBC) process in enabling comprehensive, ongoing monitoring of actuals versus year-to-date figures. This supports proactive budget management beyond formal legislative reviews.

Moved Councillor Naismith

Seconded Ms Oors-L'Estrange

That the Finance, Risk and Audit Committee:

1. Notes the 2nd Budget Review position.

Carried Unanimously

8 Reports for Noting

8.1 Council Member Report

Report Reference FRAC250408R8.1

Moved Ms Davies

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously

8.2 Draft Annual Business Plan 2025-26 & LTFP Update

Report Reference FRAC250408R8.2

Moved Ms Oors-L'Estrange

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

1. Note the verbal update on the Draft Annual Business Plan 2025-26 and Long-Term Financial Plan

Carried Unanimously

9 Workshop / Presentation Items – Nil

10 Other Business – Nil

11 Meeting Closure

The meeting was declared closed at 5.25pm.

CONFIRMED THIS 3 DAY OF JUNE 2025

CHAIRPERSON