

**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 3 June 2025 at 4.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

PRESENT

Josh Hubbard (Chair)
Paula Davies
Councillor Sarah Luscombe
Councillor Matt Taylor (from 4.07pm)

In Attendance

Chief Executive Officer - Tony Harrison
General Manager City Services - Angela Allison
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
Risk Business Partner – Sarah Finn
Risk Business Partner – Kim Strickland
Unit Manager Environmental Sustainability – Rebecca Neumann
Mr Tim Muhlhausler – Galpins

1 Open Meeting

The Chair opened the meeting at 4.03pm.

2 Kurna Acknowledgement

We acknowledge the Kurna 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 8 April 2025
Report Reference FRAC250603R4.1

Moved Ms Davies

Seconded Mr Hubbard

That the minutes of the Finance, Risk and Audit Committee Meeting held on 8 April 2025 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC250603R5.1

Moved Ms Davies

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

The Chair sought and was granted leave of the meeting to vary the order of the agenda and consider item 7.2 *Climate Change Governance Assessment and Risk Register* next on the agenda.

7.2 Climate Change Governance Assessment and Risk Register

Report Reference FRAC250603R7.2

4.07pm Councillor Taylor entered the meeting

Unti Manager Risk and Strategy introduced the item noting an internal Climate Risk Working Group has recently completed a review of council's climate risk and climate governance, aimed at improving council's climate preparedness across the organisation. The report outlined the findings from the three key projects; Climate Governance Assessment, Organisational Climate Risk Assessment, and Climate Risk Register.

The Committee discussed the following key points:

- The Committee discussed the delegation and responsibilities of the Committee with staff noting a Terms of Reference has been drafted for an internal committee overseeing the Environmental Sustainability Plan that is expected to be endorsed by month-end. This new committee will include executive leadership and provide internal oversight.
- The Committee queried whether climate-related legal and insurance risks were adequately addressed. Staff clarified that while not explicitly stated this is implied in existing risks, with potential impact of climate hazards considered in insurance risks.
- The Committee queried potential omissions and environmental hazards, such as the recent toxic algae bloom. Staff responded that some ecological risks, such as marine events, are outside Council's scope, though the Council may still take an interest.
- The committee emphasised the importance of clearly articulating Council's role, especially when working collaboratively with external stakeholders, and differentiating between risks it controls and those it can only influence or have an interest in.
- Questions were raised on the alignment between the sustainable procurement recommendations and broader financial management practices. Committee members noted the complexity and limitations of council budgets in responding to climate-related disasters, advocating a "alert not alarmed" stance. The Committee recognised uncertainty in projecting climate-related financial impacts but stressed the importance of preparing for increased risk.
- The committee encouraged more ambitious action toward the net zero by 2030 goal, particularly via sustainable procurement strategies.

Moved Councillor Luscombe**Seconded Councillor Taylor**

That the Finance, Risk and Audit Committee:

1. Notes the Climate Governance Assessment Summary Report (Attachment 1) and actions that will be implemented (Attachment 2)
2. Notes the Climate Risk Register at Attachment 5.

Carried Unanimously

7.1 External Audit 2024-2025 - Interim Management Report **Report Reference** FRAC250603R7.1

Mr Muhlhausler introduced the item and provided a brief summary of the Auditors Interim Report for 2024-2025. It was noted that 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 the external auditors found that the majority of key internal controls reviewed were in place and were operating effectively (98 out of 100 core controls reviewed), an improvement from 95 out of 100 in 2023-2024. In particular, Mr Muhlhausler noted Council's significant improvements in recent years and the high quality of financial data provided to the audit team during their visit. Of particular note, was the growth in maturity by the City of Marion in Asset Management systems and processes over the past couple of years.

The Committee commended the team on the work done in this space and the proactive approach in working with the Auditors to provide requested information.

Moved Ms Davies**Seconded Councillor Luscombe**

That the Finance, Risk and Audit Committee:

1. Receives and notes the Interim External Audit Report for 2024-2025.

Carried Unanimously

7.3 Finance, Risk and Audit Committee - Effectiveness Survey **Report Reference** FRAC250603R7.3

The report was noted and taken as read with the suggestion that some survey questions may be more effective if consolidated or elevated to a higher-level for improved clarity and strategic insight.

Moved Councillor Taylor**Seconded Councillor Luscombe**

That the Finance, Risk and Audit Committee:

1. Endorse the survey components and statements included in Attachment 1 to be used for the Bi-Annual Effectiveness Survey.

Carried Unanimously

7.4 Draft Annual Business Plan 2025-2026 for Finance, Risk and Audit Committee feedback

Report Reference FRAC250603R7.4

The Chief Finance Officer presented the report noting the public consultation ran from 27 April to 16 May 2025. Community feedback and a summary of responses and observations were included in the report. The Annual Business Plan is based on a proposed 4.8% rate increase for the coming year, which is considered responsible given current conditions and significant projects in the pipeline over the next few years. The LTTP rates indexation is forecast to gradually return to a stable 3% increase in the latter half of the Long-Term Financial Plan (LTTP). The plan includes a significant capital works program, while meeting all corporate KPIs for operating surplus and debt ratios.

Following the conclusion of the federal election and the absence of anticipated commitments, the LTTP was revised. This led to a deferral of some capital works and a reduction in forecast borrowings of approximately \$10 million over the life of the plan.

The Committee provided the following feedback:

- The Committee emphasised the importance of closely monitoring budgets and spending, supporting the proposed rate increase as fair and reasonable in light of planned projects and highlighted the ongoing need to monitor expenditure.
- There was specific discussion in relation to moving properties with a predominant use of non-hosted short-term accommodation to commercial rates. Staff explained the transition of properties from residential to commercial classification, which has a differential rate 2.5 times the residential rate, resulting in a net redistribution of approximately \$330,000 rate burden from residential to commercial ratepayers. The change does not alter the budget's overall position but addresses the fairness and equity in rate distribution.
- Staff noted \$3–4 million in cost savings over the next three years which have been identified throughout the ABP development processes this year to support the proposed 4.8% rate rise, with continued reviews underway. They acknowledged a forecast increase in debt taken on in future years to support future projects, noting the City of Marion currently has a low debt profile.
- The Committee noted the quality of the Annual Business Plan document and appreciated the inclusion of the 'Rates at a Glance' per \$100 spend metrics to enhance public understanding.
- The Committee acknowledged current budget pressures and the erosion of the cash surplus, advising caution in considering future projects and co-funded election commitments without paying particular notice associated longer term revenue and expenditure impacts.
- Overall, the draft plan was viewed as fair and reasonable and the forward capital plan comprehensive.

Moved Councillor Taylor

Seconded Councillor Luscombe

That the Finance, Risk and Audit Committee:

1. Provide feedback on the Draft ABP and LTTP.

Carried Unanimously

7.5 Quarterly Corporate Risk report - Q3

Report Reference FRAC250603R7.5

Unit Manager Risk and Strategy introduced the item and provided an update on corporate risk activity across the organisation for Quarter Three. KMPG completed an Assurance Mapping Audit with interim findings received and a risk maturity assessment completed to identify gaps and improve maturity with the results presented in the report. The Quarter Three Report noted low activity overall: one risk was reassigned, several were downgraded from medium to low, and no

new risks were added. A previously identified high climate-related risk has now been incorporated into the corporate risk register, which now includes two high-rated risks.

The Committee noted the following feedback:

- The Committee queried the timing of the KPMG audit and risk maturity report. Staff confirmed both will be presented at the next FRAC meeting now scheduled for 2 September.
- The Committee discussed Artificial Intelligence (AI) Risk and Opportunities and in particular the pilot phase. Staff committed to providing additional information and a report to the Members at the next meeting.
- Staff noted internal work underway, including continual policy review, collaboration with CCS and PEA, and the appointment of a dedicated AI expert across three organisations. A controlled, licensed approach to AI use is being used to ensure data remains secure within Council systems.
- The Committee discussed the upcoming HRIS tender process which includes AI functionality (e.g., shortlisting), with emphasis on responsible implementation.
- Staff noted the Local Government Risk Services Group is also offering a training and alignment program on AI governance.
- The Committee acknowledged the significant opportunities AI presents, alongside the need to manage associated risks carefully.
- Links between AI and climate risk were discussed, noting concerns with generative AI in some applications.
- A suggestion was made to improve the visual differentiation between high and medium risk ratings, as current colours are very similar.

Action: Staff to provide an update on the use of Artificial Intelligence and pilot program through a report to the next Committee meeting.

Moved Ms Davies

Seconded Councillor Luscombe

That the Finance, Risk and Audit Committee:

1. Notes the Corporate Risk Register
2. Provides any feedback for consideration.

Carried Unanimously

7.6 3rd Budget Review 2024-2025

Report Reference FRAC250603R7.6

The Chief Finance Officer provided a brief summary of the 3rd Budget Review for 2024-2025 commenting that the completion of the 3rd Budget Review has identified a favourable additional net cash adjustment of \$52,412. Adding this to the 2nd Budget Review forecast budget surplus of \$1,204,967 increases the full year forecast cash surplus to \$1,257,379.

The Committee sought clarification on the operating surplus ratio and whether this was within the expected range. Staff commented this is as forecast and has been impacted by the timing of grant funds and when they are received and operational funds carried over from prior year. This ratio may again be impacted this year depending on the timing and receipt of the 2025-2026 Federal grant funding.

Moved Councillor Taylor

Seconded Ms Davies

That the Finance, Risk and Audit Committee:

1. Notes the 3rd Budget Review position.

Carried Unanimously

7.7 Proposed Change of Date for Scheduled Meeting

Report Reference FRAC250603R7.7

Moved Ms Davies

Seconded Councillor Luscombe

That the Finance, Risk and Audit Committee:

1. Endorses the meeting scheduled for 12 August 2025 be rescheduled to 2 September 2025.

Carried Unanimously

8 Reports for Noting

8.1 Annual Report on Business Continuity

Report Reference FRAC250603R8.1

Moved Councillor Taylor

Seconded Ms Davies

That the Finance, Risk and Audit Committee:

1. Notes the completed actions undertaken after the Cyber Exercise in 2024
2. Notes the planned activities scheduled for 2025-2026.

Carried Unanimously

8.2 Council Member Report

Report Reference FRAC250603R8.2

Moved Councillor Taylor

Seconded Councillor Luscombe

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously

9 Workshop / Presentation Items – Nil

10 Other Business – Nil

11 Meeting Closure

The meeting was declared closed at 5.02PM.

CONFIRMED THIS 2nd Day of September 2025

CHAIRPERSON