



**MINUTES OF AUDIT AND RISK COMMITTEE MEETING HELD IN
WITTBER & DR RUBY DAVY ROOMS, SALISBURY COMMUNITY HUB,
34 CHURCH STREET, SALISBURY ON**

12 APRIL 2023

MEMBERS PRESENT

Cr K Grenfell (Chair)
Cr B Brug (Deputy Chair)
Ms P Davies
Mr N Ediriweera
Mr C Johnson

OBSERVERS

Nil

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Infrastructure, J Devine
Manager Governance, Mr R Deco
Manager Infrastructure Delivery, J Collins
Manager Financial Services, Ms K George (*via Teams VC*)
Team Leader Corporate Governance, Mr B Kahland

The meeting commenced at 6:35pm.

The Chairman welcomed the Members, staff and the public to the meeting.

APOLOGIES

Nil.

LEAVE OF ABSENCE

Nil.

PRESENTATION OF MINUTES

Moved Ms P Davies
Seconded Cr B Brug

The Minutes of the Audit and Risk Committee Meeting held on 15 February 2023, be taken as read and confirmed.

CARRIED

REPORTS

The Chairman sought and obtained leave of the meeting to bring forward on the agenda item 7.1.1.

7.1.1 BDO's Annual Audit Plan for 30 June 2023

Moved Cr B Brug
Seconded Mr C Johnson

That Council:

1. Notes the report.

CARRIED

The Chairman sought and obtained leave of the meeting to bring forward on the agenda item 7.1.4.

7.1.4 Draft Strategic Asset Management Plan 2023/24

Moved Mr N Ediriweera
Seconded Ms P Davies

That Council:

1. Notes that, in line with Section 126 (4)(ab) of *the Local Government Act 1999*, the Audit and Risk Committee considered the Draft Strategic Asset Management Plan 2023/24 as attached in the report (Item 7.1.4 - Draft Strategic Asset Management Plan 2023/24, Audit and Risk Committee – 12 April 2023)

CARRIED
UNANIMOUSLY

The Chairman sought and obtained leave of the meeting to bring forward on the agenda item 7.2.1

7.2.1 Salisbury Aquatic Centre Project

Moved Ms P Davies

Seconded Mr C Johnson

That Council:

1. Notes that the Audit and Risk Committee reviewed the risk management methodology and strategy for the Aquatic Centre Project.
2. Notes that construction works are progressing in accordance with the construction program, and the current practical completion date of 4 April 2024 remains unchanged.
3. Notes that clearly defined project management processes and systems, consistent with Council's Capital Delivery Framework, are being implemented to provide management principles and guidance, transparency and the ability to capture learnings for future project delivery.
4. Notes that the governance framework is based on other recent major capital projects such as the Salisbury Community Hub and the Burton Community Hub.
5. Notes that KPMG has been engaged for the duration of the project, in a project management advisory and quality assurance role, to support the project team.
6. Notes that Rider Levett Bucknall (RLB) has been engaged for the duration of the project, to prepare pre-tender, 30% and 60% design milestone cost estimates, certify monthly progress claims, assess and negotiate contract variations, and provide project finance modelling and reporting at bimonthly PCG meetings.
7. Notes that Kelledy Jones Lawyers are supporting the project team as required, in relation to contract management.
8. Notes that extensive site investigation and analysis works were undertaken by Council pre-tender, and that the associated reports including known risk and limitation were communicated to the tenderers, in the tender documents.
9. Notes that the project Risk Register is an active document which is used by the project team to record and monitor all project and financial risks, throughout the different project stages.

CARRIED
UNANIMOUSLY

Mr N Ediriweera declared a general conflict of interest on the basis of KPMG being his employer. Mr N Ediriweera declared that he had no involvement in this project and no involvement in the ongoing management and dealt with the conflict by voting in the best interests of the City of Salisbury.

Administration

7.0.1 Future Reports for the Audit and Risk Committee

Moved Cr B Brug
 Seconded Mr N Ediriweera

That Council:

1. Notes the report.

CARRIED**7.0.2 Actions List**

Moved Cr B Brug
 Seconded Mr C Johnson

That Council:

1. Notes the report.

CARRIED
UNANIMOUSLY

The Committee meeting suspended for a short break from 8:00pm until 8:05pm.

*For Decision***7.1.2 Draft 2023/24 Long Term Financial Plan and Annual Business Plan**

Moved Ms P Davies
 Seconded Cr B Brug

That Council:

1. Notes that the Audit and Risk Committee has reviewed the Council's Draft 2023/24 Long Term Financial Plan and Annual Business Plan in accordance with s126(4)(a,b) of the *Local Government Act 1999*.
2. Notes that the Audit and Risk Committee have considered the following which have been included in the Draft 2023/24 Long Term Financial Plan and Annual Business Plan (LTFP&ABP) as required by S122(1h) of the *Local Government Act 1999*:
 - a. "ESCOSA Advice Strategic Management Plan Scheme" proposed Action Plan (commencing page 20 of the Draft LTFP&ABP)
 - and
 - b. "ESCOSA Advice and City of Salisbury Comments" (commencing page 135 of the Draft LTFP&ABP)

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- Notes that the Audit and Risk Committee has considered the scenarios provided within this report and has formed the view, that considering the costs at risk of higher than current budget increases eventuating which will be further discussed with Council, a rate increase within the range of 7.0% and 8.0% is appropriate to maintain Council's financial sustainability balanced with the needs of the community for affordability, and further the Committee advised that should Council determine a rate increase of less than 6.5%, consideration will need to be given to reduction in service levels.

CARRIED
UNANIMOUSLY

Cr B Brug left the meeting at 9:14pm and returned to the meeting at 9:15pm.
Mr C Johnson left the meeting at 9:15pm and returned to the meeting at 9:18pm.

7.1.3 Audit & Risk Committee Performance Self-Assessment Survey Outcome

Moved Mr C Johnson
Seconded Ms P Davies

That Council:

- Notes the report.

CARRIED

The Chairman sought and obtained leave of the meeting to bring forward on the agenda item 7.2.3.

7.2.3 Position Paper Revenue Recognition

Moved Cr B Brug
Seconded Mr C Johnson

That Council:

- Notes the Revenue Recognition Position Paper (as included in Attachment 1, Audit and Risk Committee meeting, 12 April 2023, item no 7.2.3) which is an internal document developed to support the administration in correctly accounting for revenue in relation to Accounting Standards AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*.

CARRIED

7.1.5 Asset Policy Review

Moved Mr C Johnson
Seconded Ms P Davies

That Council:

1. Notes that the Audit and Risk Committee recommends the Asset Depreciation Policy, as set out in Attachment 1 to this report (Audit Committee 12/04/2023 Item No. 7.1.5), to Council for adoption.

CARRIED

7.1.6 3-Year Internal Audit Plan 2022/23-2024/25

Moved Ms P Davies
Seconded Mr C Johnson

That Council:

1. Notes the updates made to the 3-year Internal Audit Plan 2022/2023 to 2024/2025 as set out in Attachment 1 to this report (Audit and Risk Committee, 12 April 2023, Item No. 7.1.6).
2. Notes the mapping of internal audits to the current identified risks in the strategic risk register as set out in Attachment 2 of this report (Audit and Risk Committee, 12 April 2023, Item No.7.1.6).
3. Notes the accompanying high-level indicative draft scope for pending audits as set out in Attachment 3 of this report (Audit and Risk Committee, 12 April 2023, Item No.7.1.6).

CARRIED

7.1.7 Audit & Risk Committee Annual Work Plan 2022/2023 and 2023/2024

Moved Mr C Johnson
Seconded Ms P Davies

That Council:

1. Approves the updated Audit & Risk Committee Annual Work Plan for the year 2022/2023 and 2023/2024 as set out in Attachment 1 to this report (Audit & Risk Committee, 12 April 2023, Item No.7.1.7).

CARRIED
UNANIMOUSLY

Cr B Brug left the meeting at 9:37pm and returned to the meeting at 9:39pm.

For Information

7.2.2 Outstanding Actions Arising from Internal Audits

Moved Mr C Johnson
Seconded Ms P Davies

That Council:

1. Notes the update in this report and the full Internal Audit Log Actions Register in Attachment 1 to this report (Audit and Risk Committee, 12 April 2023, Item No.7.2.2).
2. Notes the update on the Capital Works Project Audit Pressure Points Action List in Attachment 2 to this report (Audit and Risk Committee, 12 April 2023, Item No.7.2.2).

CARRIED
UNANIMOUSLY

QUESTIONS ON NOTICE

There were no Questions on Notice.

MOTIONS ON NOTICE

There were no Motions on Notice.

OTHER BUSINESS

(Questions Without Notice, Motions Without Notice, CEO Update)

Nil.

ORDERS TO EXCLUDE THE PUBLIC

7.4.1 Quarterly Cybersecurity Report October 2022 - December 2022

Moved Ms P Davies

Seconded Mr N Ediriweera

Pursuant to section 90(2) and 90(3)(b) of the *Local Government Act 1999* the Audit and Risk Committee orders that, the public be excluded from attendance at this meeting in relation to Agenda Item 7.4.1 (Quarterly Cybersecurity Report October 2022 – December 2022) except the staff of City of Salisbury (Chief Executive Officer, General Manager Business Excellence, Manager Governance and Team Leader Corporate Governance), on grounds that:

1. Pursuant to Section 90(2) and 90(3)(b)(i) and (ii) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
 - it 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; and
 - information the disclosure of which would, on balance, be contrary to the public interest; and
2. The disclosure of this information would, on balance, be contrary to the public interest because the public interest in the Council preserving its commercial sensitivity of information discussed between Administration and Audit & Risk Committee would be compromised by disclosure of the information.

On that basis the public's interest is best served by not disclosing the Quarterly Cybersecurity Report October 2022-December 2022 item and discussion at this point in time.

CARRIED

7.4.2 ERP / Project Connect verbal update

Moved Ms P Davies
Seconded Mr N Ediriweera

Pursuant to section 90(2) and 90(3)(b) of the Local Government Act 1999 the Audit and Risk Committee orders that, the public be excluded from attendance at this meeting in relation to Agenda Item 7.4.2 (ERP / Project Connect verbal update) except the staff of City of Salisbury (Chief Executive Officer, General Manager Business Excellence, Manager Governance and Team Leader Corporate Governance), on grounds that:

1. Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (e) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
 - it 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; and
 - information the disclosure of which would, on balance, be contrary to the public interest; and
 - matters affecting the security of the council, members or employees of the council, or council property; or the safety of any person.
2. The disclosure of this information would, on balance, be contrary to the public interest because the public interest in the Council preserving its commercial sensitivity of information discussed between Administration and Audit & Risk Committee would be compromised by disclosure of the information.

On that basis the public's interest is best served by not disclosing the ERP / Project Connect Verbal Update item and discussion at this point in time.

CARRIED

The meeting moved into confidence at 9:40 pm
The meeting moved out of confidence and closed at 9:59 pm.

CHAIRMAN.....

DATE.....