



**FAC200818 - FINANCE AND AUDIT COMMITTEE MEETING**

**Tuesday, 18 August 2020 at 04:00 PM**

**Council Administration Centre, 245 Sturt Road, Sturt**



**PRESENT:**

**Mrs Emma Hinchey (Chair), Ms Natalie Johnston, Mr David Papa, Councillor Tim Gard (via electronic means) and Councillor Ian Crossland (from 4.06pm)**

**In Attendance**

Adrian Skull	Chief Executive Officer
Tony Lines	General Manager City Services
Ilia Houridis	General Manager City Development
Sorana Dinmore	General Manager Corporate Services
Kate McKenzie	Manager Corporate Governance
Ray Barnwell	Manager Finance
Liz Byrne	Manager Community Connections
Jaimie Thwaites	Unit Manager Governance and Council Support
Sherie Walczak	Unit Manager Risk
Eric Beere	KPMG
Heather Martens	KPMG

**OPEN MEETING**

The Chair opened the meeting at 04:02pm

**KAURNA ACKNOWLEDGEMENT**

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

**COMMITTEE MEMBERS DECLARATION (if any)**

The Chair asked if any Member wished to disclose an interest in relation to any item being considered at the meeting.

Nil declarations were made.

**CONFIRMATION OF MINUTES**

**Confirmation of the minutes for the Special Finance and Audit Committee Meeting held on 10 July 2020**

**Report Reference:** FAC200818R01

**Moved Ms Johnston, Seconded Councillor Gard**

That the minutes arising from the Special Finance and Audit Committee Meeting held on 10 July 2020 be taken as read and confirmed.

**Carried Unanimously**

## **BUSINESS ARISING**

### **Business Arising Statement**

**Report Reference:** FAC200818R02

The Finance and Audit Committee noted the report.

## **CONFIDENTIAL ITEMS - Nil**

## **REPORTS FOR NOTING**

### **Elected Member Report**

**Report Reference:** FAC200818R03

### **Moved Councillor Gard, Seconded Ms Johnston**

That the Finance and Audit Committee:

1. Pursuant to Section 90(2) and (3)(h) and (g) of the Local Government Act 1999, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull, Tony Lines, Iliia Houridis, Sorana Dinmore, Kate McKenzie and Jaimie Thwaites, be excluded from the meeting as the Council receives and considers information relating to the Confidential - Rescission Motion - Disclosure Incident, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to legal advice and a matter currently under a confidential order.

**Carried Unanimously**

4.04pm the meeting went into confidence

4.06pm Councillor Crossland entered the meeting

Councillor Gard discussed the background to the Disclosure Incident - Rescission Motion (Confidential) (Report reference: GC200526M02) mentioned in the report.

4.12pm the meeting came out of confidence

The Committee noted that the Marino Hall redevelopment is listed in the Strategic Plan 2019-2023 to investigate options. The Committee noted that the report was received by Council after the 2020/21 Annual Business Plan and Budget was adopted. Council is seeking matching funding for the project and provisions will be made in the next iteration of Council's Long-Term Financial Plan.

### **Internal Audit Program - Implementation of Recommendations**

**Report Reference:** FAC200818R04

The Committee noted the report and indicated good progress had been made. The Committee made the following points:

- Maintaining the watching brief in relation to the NDIS is appropriate.
- Actions 2.1 and 2.2 in relation to Payroll have been completed however the procedures are reported as in draft. Items should not be completed until finalised.
- Items not on track are past the original due dates and many of these are overdue as they are related to the digital transformation project.
- Good work on the implementation of recommendations from the 'Customer Experience' audit and some of the 'Cyber Security' audit.

### **Irrigation Construction Report**

**Report Reference:** FAC200818R05

The Committee noted the report and the following items were raised in relation to the report:

- It was unclear exactly what was Marion's contribution and direct benefits to council.
- There is no time limit on the overarching cross council collaborative agreement.
- There is a Memorandum of Understanding in place for the collaborative arrangements, each initiative also has a separate agreement.
- Agreements need to include remediation in event something goes wrong.
- Initiatives need to be monitored to ensure the Australian Competition and Consumer Commission obligations / requirements are not breached.

**ACTION: The Year 1 performance data be provided to the Committee (including what is the City of Marion's contribution and actual results).**

**ACTION: Provide the Committee with confirmation that something is in place to ensure compliance with the Australian Competition and Consumer Commission**

### **Service Review Program and Recommendations - Progress Update**

**Report Reference:** FAC200818R06

The Committee noted the report and highlighted the following points:

- The service review recommendations to be included in the future reports, not just the number. This will provide more context to the comments in Appendix 2 of the report.
- In relation to the Utilities Optimisation Review the over-payments and billing inaccuracies need to be monitored and recorded for reporting purposes.

## REPORTS FOR DISCUSSION

### Insurance and Claims Management 2019/20 Annual Report

**Report Reference:** FAC200818R07

The Committee noted the report and provided the following feedback in relation to the Insurance and Claims Management 2019/20 Annual Report:

- Term “Claims Value” is difficult to understand, change to a more accurate term (e.g. “Amount Claimed” or “Formulated Claim”).
- Although there is an increase in Motor Vehicle Incidents and Claims, not all instances occurred on the road (where a vehicle is used for a function it falls into this category too).
- An increase in reporting has increased the claims.
- In the current report format it is difficult to see the detail, the information in the dot point descriptions should also be demonstrated in the graphs.
- All of the data being reported needs to have context. The purpose of some of the data in the report is unclear.
- References to Work Health and Safety should be made, and any areas needing action be clearly identified.
- The Member based insurance scheme provides broad, discretionary insurance cover, tailored to Local Government.
- A market review on the insurance scheme was performed in 2017 and is due again after 5 years.
- A scheme lead review is carried out annually.
- Although Public Liability and Professional Indemnity are provided under the same insurance through the Mutual Liability Scheme, they should be separated as they are different classes of insurance. This would make it easier to discuss mitigation strategies.
- The Committee does not need to be provided as much detail as would be provided to the Executive Leadership Team.
- Overall the results are positive.

### Corporate Risk Quarterly Report

**Report Reference:** FAC200818R08

The Committee praised the report and progress made to date.

It was recommended that the Risk Working Group should be monitoring all risks outside of the risk appetite at every meeting. Council should consider if they wish to monitor all risks outside of the risk tolerance and the level of detail to be provided.

## **Risk Management Strategic Plan**

**Report Reference:** FAC200818R09

The Committee noted the report on the Risk Management Strategic Plan and provided the following feedback:

- It was a good, succinct report.
- The timing for Strategies 1.2 and 1.3 could be swapped
- Strategies 3.1 and 3.2 are tied to the success of everything so the timing should perhaps be brought forward.
- It was noted that the timing for the strategies was tied a lot to the implementation of a system.

## **Health Safety and Environment (HSE) - Annual Performance Report 2020**

**Report Reference:** FAC200818R10

The Committee praised the effort of the teams to achieve the improved results.

The Committee noted the report and highlighted the following points:

- Personal wellbeing is important for any organisation.
- A paragraph on the main reasons for improvements would provide some historical qualitative data to look back on.

## **Service Review - Report - Neighbourhood and Community Centres**

**Report Reference:** FAC200818R11

The Committee noted the report and provided the following feedback in relation to the Neighbourhood and Community Centres Service Review:

- The plan looks very ambitious so it is important not to over promise and under deliver.
- It would have been good to see a graph comparing Marion's Neighbourhood Centres compared to other councils.
- The possibility of combining Neighbourhood Centres and Libraries should be done at the design stage not after. This should be considered as part of the Marino Hall design and consultation. It was highlighted that the Cove Community Club is also being re-developed.
- There is inequity of services between the centres and could more be done to address this?
- Third party management does not seem to have been covered.
- It was advised that data collection at the Neighbourhood and Community Centres is changing and some university students have been assisting with a community needs analysis.
- The trial of extended opening hours was successful, even though cut short by a couple of weeks due to COVID. Has consideration been given to extending this further?
- Be careful of just improving what we already have and missing opportunities to revolutionise the concept.
- The Youth Consultative Committee will be engaged in relation to increasing the use of the centres by youth.
- The strategy for Neighbourhood Centres has been identified as a topic for discussion at an Elected Member Forum in September.

## **Internal Audit Program 2020/21 - Scope Documents, COVID-19 Business Continuity**

**Response, Stores Management, Assurance Mapping**

**Report Reference:** FAC200818R12

5.43pm Mr Eric Beere (KPMG) and Ms Heather Martens (KPMG) joined the meeting

Mr Beere and Ms Martens gave an overview of the scope documents included in the report. The Committee noted the report and the following points were raised:

COVID-19 Business Continuity Response

- The audit is a timely review
- It will review Council's response and compare it to other Council's response.
- It is not just a compliance check and will include opportunities for improvement.
- It should look at the disadvantage and value of people working from home.
- How well are people returning to work needs to be included.
- What has been the mental health effects?
- The recovery plan is in scope.
- It was noted that Ms Janet Burdon (KPMG) is both an IT and BCP specialist.

Stores Management (Collaborative)

- Opportunities for shared procurement will be identified
- Evidence of separation of duties and the like will be sought.

Assurance Mapping

- The audit will start the first steps to assurance mapping
- Mapping of key controls and remove duplication.
- The controls for high risks outside of the risk appetite need to be identified and rated
- The internal audit will deliver an Assurance Map.

**WORKSHOP / PRESENTATION ITEMS - Nil**

**OTHER BUSINESS - Nil**

**MEETING CLOSURE** - Meeting Declared Closed at 05:55pm

**CONFIRMED THIS 13TH DAY OF OCTOBER 2020**

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**CHAIRPERSON**