



**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 20 February 2024 at 2.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

PRESENT

Ms Emma Hinchey (Chair)
Ms Nicolle Rantanen
Mr Josh Hubbard
Councillor Jason Veliskou

In Attendance

Chief Executive Officer - Tony Harrison
General Manager Corporate Services - Angela Allison
Chief Financial Officer - Ray Barnwell
Manager Office of the CEO - Kate McKenzie
Unit Manager Governance and Council Support - Victoria Moritz

1 Open Meeting

The Chair opened the meeting at 2.20pm.

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 12 December 2023

Report Reference FRAC240220R4.1

Moved Mr Hubbard

Seconded Councillor Veliskou

That the minutes of the Finance, Risk and Audit Committee Meeting held on 12 December 2024 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC240220R5.1

Moved Ms Rantanen

Seconded Councillor Veliskou

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 2024 Asset Management Plans - Tranche 1

Report Reference FRAC240220R7.1

The Manager Engineering, Assets and Environment introduced the item and provided a brief summary of the Asset Management Plans (AMP's). It was noted that the purpose of the AMPs is to improve Council's long term strategic management of assets under its care and control to meet the required levels of service. The AMP's define the current state of the assets and consider any future requirements, whilst optimising the balance between performance, cost, and risk. They outline an optimum lifecycle management approach and provide the forecast expenditure needed to deliver the services.

The Committee provided the following discussion points and feedback:

Draft Artworks, Culture & Heritage AMP

- The Committee discussed the development of service levels and raised the question of whether there is a collective view on service levels across the suite of AMP's during development. Management noted a lot of work had gone into the refinement of service levels and mentioned the IPWEA practice note to provide guidance through the service levels. The service levels will also be discussed in detail with Council Members and brought back through to Council for approval.
- There was discussion around the renewal funding ratio, with Management commenting that the plans are still being developed and will be updated with information known prior to adoption. The aim is to ensure alignment of financials within the Long-Term Financial Plan (LTFP) and the Asset Management Plan (AMP) before consultation. Management also emphasised the importance of assessing against benchmark ratios and striving to fund 100% of plans in the LTFP, subject to council decisions regarding service levels.
- The Committee enquired about the sequence for funding AMPs and the LTFP and the correlation between the affordability of the plan. Management explained that current plans are fully funded within the LTFP. However, are still working through the process if there are significant cost increases, which will be transparently reported to the council, potentially leaving some aspects unfunded.
- The Committee discussed the importance of ongoing data maintenance for meeting service levels and the implementation of predictive modelling. Management noted the recent implementation of Assetic, highlighting the benefits of this tool for understanding funding

scenarios and levels of service. The importance of data integrity was also highlighted noting a lot of effort has gone into structuring the data to inform decisions.

- Management commented on the recent independent audit of asset management maturity, with the result indicating an upward trajectory in data, awareness and knowledge, suggesting improvements in the management of assets.
- The Committee addressed specific queries regarding the installation of the artwork at Hallett Cove and band instruments, discussing costs, responsibilities, and the necessity of including certain items in the AMPs. The Committee suggested a further review for clarity and consistency in reporting and language to accurately reflect the intended asset management planning scenario.

Draft Fleet, Plant & Equipment AMP

- The Committee questioned the policies concerning the lifecycle of council assets and opportunities for joint procurement with other councils to reduce costs. Management commented on the process, including the Fleet Management Policy, use of key metrics and indicators for reviewing asset lifecycles. It was noted if an asset hasn't reached the end of its life at the conclusion of the lifecycle, it is reviewed annually to determine the future life of that asset. Management also mentioned the Institute of Public Works and Engineering Australia for determining base thresholds and discussed current fleet size management strategies.
- It was acknowledged that the Fleet AMP doesn't necessarily sit on its own, with elements from other plans affecting the Fleet Plan.
- Management commented on the procurement arrangements and rationalisation efforts across the three councils including, a single fleet manager overseeing comparisons and joint venture opportunities where possible.
- The Committee discussed measures to ensure optimal asset utilisation, including sharing equipment across councils and addressing concerns such as street sweeper accessibility. They also discussed the replacement of outdated telematic systems and the criteria for purchasing new assets based on operational needs.
- Concerns were raised around defining trigger points for reviewing asset usage and the need for clear parameters and business cases to justify asset purchases, disposal or replacements. Discussions focused on the importance of capturing requirements in the AMPs for inclusion in the Long-Term Financial Plan (LTFP).
- The Committee highlighted the need for annual reviews of costing and suggested incorporating trigger points into the plans before they go to the Council. The Committee suggested considering alternate approaches to reviewing AMPs, potentially staggering reviews based on specific council restrictions or varying needs.

Draft Stormwater AMP

- The Committee discussed urban infill and climate change in relation to strategic risks identified within the plan.
- The Committee highlighted the importance of considering interdependencies with other assets to avoid missing costs.
- The Committee questioned the 13% unknown condition profile of stormwater components (table 2 P78) and whether management were comfortable with this or if this was seen as a risk. The Committee also sought clarification on the response time for service level issues, particularly regarding Work Health and Safety (WHS) concerns such as pit covers.
- Management provided details on response strategies based on risk assessment, such as rapid response teams for urgent issues like pit covers. Stormwater Management Plans and development code requirements were mentioned as addressing the impact of development on non-permeable surfaces and property, with strategies in place like tree inlets and monitoring devices. The Committee suggested additional wording in the Plan to clarify and explain the response process.
- The Committee discussed the impacts of stormwater on private property and the process of assessing claims on a case-by-case basis, prioritizing works based on any identified failures

in the system. It was noted that stormwater on private property is the responsibility of the owner.

3.19pm Mr Hubbard left the meeting

- The Committee discussed a spike in renewal costs in 2026/27 related to specific works required, with ongoing renewal work and maintenance planned for streetscapes, kerbs, and water sensitive urban design works at a realistic cost, slightly increased from previous average costs.
- Management noted the missing figures regarding depreciated amounts and replacement costs to be included.

3.21pm Mr Hubbard re-entered the meeting

Overall, the discussion highlighted the importance of efficient asset management, collaboration between councils, clear decision-making criteria, the importance of ongoing data upkeep and ongoing reviews to ensure assets align with service needs and financial plans. The Committee noted the CoM Asset Management Plan Trees 2024 – Snapshot commenting on the importance of ensuring that all of the AMP's are relatable and inviting for the Community to read and understand.

Moved Mr Hubbard

Seconded Ms Rantanen

That the Finance, Risk and Audit Committee:

1. Review and provide feedback on the Draft Asset Management Plans.

Carried Unanimously

7.2 Draft Annual Business Plan 2024-25 and Long Term Financial Plan

Report Reference FRAC240220R7.2

The Chief Finance Officer provided an update on the development of the Draft Annual Business Plan 2024-25 and Long-Term Financial Plan, highlighting an update to key assumptions following discussions in the Committee's December meeting and the planning day in January with Council Members. The next iteration of the LTFP will incorporate changes regarding CoMBAS discussed at planning day and future plans will aim to minimise costs on the community while also remaining realistic to fund the Council's strategic priorities.

The following key discussion points were noted:

- The Committee queried the sensitivity analysis on interest rates and looked to see additional sensitivity in the table. The Committee also queried the timing of borrowings, expressing concerns around projects being pushed back. Management commented this is managed through the Treasury Management Policy and that the Plan is based on current information and may be adjusted based on project timelines and funding availability.
- Management noted that there is an increased focus on the financial commentary included in reports for all proposed business cases to General Council meetings, itemising sensitivity regarding borrowing and timeframes based on the LTFP. This will provide a more sophisticated assessment of financial impacts, including potential effects on rates.
- The Committee emphasised the importance of ensuring the increase in revenue from rates was adequate and realistic and the importance of avoiding future spikes in unsustainable rate increases and ensuring practicality in revenue projections throughout the plan. Management

acknowledged the need for caution despite the council's strong financial position with limited debt, taking into account the Committees comments and concerns.

- The Committee discussed the consideration of unfunded initiatives, noting the CoMBAS as a framework for prioritising projects and allowing flexibility for new initiatives. The Committee agreed on the importance of discussing emerging priorities that are unfunded.
- The Committee noted the next steps including a Forum in March focusing on rating data and public consultation expected to end in April.

3.35pm Ms Rantanen left the meeting

Moved Ms Rantanen

Seconded Mr Hubbard

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

1. The development of the Draft ABP 2024-25 and Draft LTFP (Attachments 1 and 2)
2. The reasonableness, fairness and equity of potential rating approaches for 2024-25, including in the context of Councils LTFP and on-going financial sustainability.

Carried Unanimously

7.3 Internal Audit Plan 2023-2025

Report Reference FRAC240220R7.3

The Manager Office of the CEO introduced the item and provided a brief overview of the Data Governance Scope, noting the objective of this audit is to consider the current state of data governance at the CoM, including the management of the data and systems landscape and supporting operating model. The KPMG Data Governance Framework will be leveraged to ensure coverage of data governance across the organisation. KPMG have also been asked to include an assessment of the current data governance risks within the strategic and corporate risk registers.

3.38pm Ms Rantanen re-entered the meeting

Moved Councillor Veliskou

Seconded Mr Hubbard

That the Finance, Risk and Audit Committee:

1. Considers and provides feedback on the:
 - a. Data Governance Scope (Attachment 1)

Carried Unanimously

7.4 Internal Audit Program - Implementation of Recommendations

Report Reference FRAC240220R7.4

The Committee noted the Internal Audit Program - Implementation of Recommendations and provided the following comments:

- The Committee noted concerns around due dates and suggested a targeted approach to addressing outstanding tasks, focusing on high and moderate priority items and considering a clean-up exercise for low-priority tasks.
- Management highlighted the significant progress made in completing actions and the significant advancement of many items. The need for a methodical process of accountability to ensure items are closed out appropriately was highlighted. The Executive Leadership Team (ELT) continue to review progress, ensuring accountability up to the close date.
- It was noted that some of the items rely on the implementation of a single software solution, with several items marked for completion by 30 June.
- The Committee noted the high performance on the audit of actions and encouraged Managers to commit to actions where appropriate and negotiate further if required to deliver a clearly defined and measurable action.

Moved Councillor Veliskou

Seconded Mr Hubbard

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

7.5 Risk Management Framework update

Report Reference FRAC240220R7.5

The Committee noted the updated Risk Management Framework and Policy and provided the following comments:

- The Committee sought clarification on the risk training for council members, specifically whether it was for all members or only newly elected members. Management clarified that under the Regulations, the risk training is mandated for all Council Members, and the wording would be clarified accordingly.
- Noted the importance of a practical and understandable approach to risk training, noting the workshop with the Committee and Council Members in August last year.
- The Committee raised a query around the risk categories, specifically regarding Health, Safety and Wellbeing. Management explained the separation of categories based on different types of risks associated with staff, community and contractors. Staff will review and test these categories through the implementation of the new risk system.
- Discussed the risk consequence table, and it was confirmed the limit had been raised to \$5 million from the previous \$4 million as recommended.
- The Committee highlighted the correlation between the policy and framework and the need for consistency in scope.
- There was a discussion regarding the responsibilities of the Committees in the Policy, specifically noting the responsibility to provide feedback and offer recommendations to Council.

Moved Ms Rantanen

Seconded Mr Hubbard

That the Finance, Risk and Audit Committee:

1. Notes the minor amendments made to the Risk Management Framework document.
2. Provides any feedback on the consequence criteria table
3. Notes minor changes to the Risk Management Policy

4. Notes further work will occur to consider opportunities management and will be brought back to the FRAC in the second half of 2024.

Carried Unanimously

7.6 Strategic Risk Register annual report

Report Reference FRAC240220R7.6

The Committee received and noted the Strategic Risk Register annual report and provided the following feedback:

- The Committee referenced SR003 (inadequate protection of natural assets and provision of natural spaces) and raised concerns regarding the recent tree issues in the parklands and enquired about the Councils tree audits and response procedures. Management confirmed the existence of tree audits and appropriate procedures and emphasised the importance of learning from past incidents without radically altering practices, however reviewing and adopting where required.
- Highlighted the need to address specific climate change impacts and further identify these scenarios (e.g. increased flooding / stronger storms etc) which was also recently discussed in the Infrastructure and Environment Committee meeting. Management mentioned the climate change governance assessment and development of a climate change risk register. These two key pieces of work will be brought back through the Committee for comment.
- Discussed SR001 in regard to inadequate recognition of and provision of services in response to social health. Management commented that works are starting to progress on public health reporting and Disability, Access and Inclusion Plan scheduled for Council Member engagement in April this year.
- The Committee questioned the removal of the strategic risk related to data optimisation. Staff commented this was an inherent risk related more to cyber security which had morphed into efficiency of systems. The elements removed from this risk is included in the Corporate Risk Register (CR0064), however the Committee raised concerns as to the intent of the risk. The Committee commented on the importance of having a clear process for the addition of and removal of risks to the strategic risk register.

Moved Ms Rantanen

Seconded Mr Hubbard

That the Finance, Risk and Audit Committee:

1. Notes and provides feedback to the Strategic Risk Register

Carried Unanimously

7.7 Quarterly Corporate Risk report Q2 2023-2024

Report Reference FRAC240220R7.7

The Committee noted the Quarterly Corporate Risk Report Q2 2023-2024 and the following was noted:

- Discussed the comfort level regarding the Project Management Framework (PMF). Management noted work in this space was progressing well, with the Framework in place and work progressing on the 'in-house' sharepoint solution, currently in the testing phase. The implementation is currently on track to be completed by the end of the financial year, with

ongoing assessments for potential improvements and a review point at 12 months to determine possible market solutions if required.

- Highlighted a risk regarding IT source drivers and inquired whether this was picked up in the controls.
- The Committee discussed CR0095 relating to poor data quality and potential causes such as lack of training for IT staff. Management confirmed that these issues are being addressed through the project's methodology, which includes a digital literacy assessment and training for staff to the required level, aiming to update current controls accordingly.

Moved Ms Rantanen

Seconded Mr Hubbard

The Finance, Risk and Audit Committee:

1. Notes the Corporate Risk Register Report (Attachment 1), issues and opportunities identified within the report.
2. Review and discuss the high risks (Attachment 2) and provides feedback on the review outcomes.

Carried Unanimously

8 Reports for Noting

8.1 Council Member Report

Report Reference FRAC240220R8.1

Moved Councillor Veliskou

Seconded Ms Rantanen

That pursuant to Section 90(2) and (3)(g) of the Local Government Act 1999, the Committee orders that all persons present, with the exception of the following persons: Chief Executive Officer, Chief Financial Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager Office of the Chief Executive and Unit Manager Governance and Council Support, be excluded from the meeting as the Committee receives and considers information relating to a report considered in confidence by Council regarding Marino Hall Asbestos Removal & Remediation 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 a council report currently held in confidence in accordance with the *Local Government Act 1999*.

Carried Unanimously

4.18pm the meeting went into confidence

The Chief Executive Officer provided a high-level summary of the report to the Committee.

4.24pm the meeting came out of confidence.

Moved Councillor Veliskou

Seconded Ms Rantanen

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 4.25pm.

CONFIRMED THIS 16 DAY OF APRIL 2024

CHAIRPERSON