

Audit & Risk Committee Minutes

20 May 2024

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au
Socials [f /cityofnpsp](https://www.facebook.com/cityofnpsp) [@cityofnpsp](https://www.instagram.com/cityofnpsp)



City of
Norwood
Payneham
& St Peters

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VENUE Meeting Room 3 (Upper Level), 175 The Parade, Norwood

HOOR 7.00pm

PRESENT

Committee Members Mayor Robert Bria (Presiding Member)
Cr Grant Piggott
Cr Claire Clutterham
Ms Sandra Di Blasio (Independent Member)
Ms Stefanie Eldridge (Independent Member)

Staff Mario Barone (Chief Executive Officer)
Lisa Mara (General Manager, Governance & Civic Affairs)
Skye Grinter-Falzun (Manager, Chief Executive's Office)
Michaela Gardner (Acting Director, St Peters Child Care Centre & Pre-School)
Kosta Dalianas (Acting Assistant Director, St Peters Child Care Centre & Pre-School)
Marina Fischetti (Governance Officer)

Visitor Mr Mark Booth (BRM Advisory)

APOLOGIES Nil

ABSENT Nil

TERMS OF REFERENCE:

The functions of the Audit & Risk Committee include:

- (a) reviewing Annual Financial Statements to ensure that the Statements present fairly the state of affairs of the Council; and
- (b) proposing, and providing information relevant to, a review of the Council's strategic management plans or annual business plan; and
- (c) monitoring the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by the Council's External Auditor; and
- (d) proposing, and reviewing, the exercise of powers under Section 130A of the Local Government Act 1999; and
- (e) liaising with the Council's External Auditor in accordance with any requirements prescribed by the regulations; and
- (f) reviewing the adequacy of the accounting, internal controls, reporting and other financial management systems and practices of the Council on a regular basis; and
- (g) providing oversight of planning and scoping of the Internal Audit work plan; and
- (h) reviewing and commenting on reports provided by the person primarily responsible for the Internal Audit function at least on a quarterly basis; and
- (i) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and
- (j) reviewing any report obtained by the Council pursuant to Section 48(1) of the Local Government Act 1999; and
- (k) performing any other function determined by the Council or prescribed by the regulations.

1. CONFIRMATION OF MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD ON 22 APRIL 2024

Cr Piggott moved that the Minutes of the Audit & Risk Committee meeting held on 22 April 2024 be taken as read and confirmed. Seconded by Ms Stefanie Eldridge and carried Unanimously.

2. PRESIDING MEMBER'S COMMUNICATION

Mayor Bria welcomed Mr Mark Booth of BRM Advisory, Michaela Gardner, Acting Director and Kosta Dalianas, Acting Assistant Director from the St Peters Child Care Centre & Pre-School.

3. QUESTIONS WITHOUT NOTICE

Nil

4. QUESTIONS WITH NOTICE

Nil

5. WRITTEN NOTICES OF MOTION
Nil

6. STAFF REPORTS

6.1 REVIEW OF FINANCE POLICIES

REPORT AUTHOR: General Manager, Governance & Civic Affairs
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4549
FILE REFERENCE: qA61370
ATTACHMENTS: A - D

PURPOSE OF REPORT

The purpose of the report is to present three (3) policies which have been reviewed to the Audit & Risk Committee for endorsement.

BACKGROUND

Policies, Codes of Practice and Codes of Conduct are important components of a Council's governance framework. Policies set directions, guide decision making and inform the community about how the Council will normally respond and act to various issues.

When a decision is made in accordance with a Council policy or code, both the decision-maker and the community can be assured that the decision reflects the Council's overall aims and principles of action.

Accordingly, policies and codes can be used in many contexts to:

- reflect the key issues and responsibilities facing a Council;
- provide a policy context and framework for developing more detailed objectives and management systems;
- guide staff and ensure consistency in delegated and day-to-day decision-making; and
- clearly inform the community of a Council's response to various issues.

It is therefore important that policies remain up to date and consistent with any position adopted by the Council.

A review of all Finance related policies has commenced to ensure that all policies are relevant, contemporary and legislatively compliant and these will be presented to the Audit & Risk Committee for endorsement as each policy is reviewed.

The following Policies are now scheduled to be reviewed:

1. Asset Impairment (**Attachment A**);
2. Asset Revaluation (**Attachment B**);
3. Budget Review (and Budget Review Guidelines) (**Attachment C**); and
4. Treasury Management (**Attachment D**).

Where required, the Policies have been amended to ensure that the Policies meet current standards and reflect the Council's position on the respective matters.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

DISCUSSION

Asset Impairment Policy

The *Asset Impairment Policy* is an existing Policy.

The objective of the *Asset Impairment Policy* is to provide direction to Council staff in managing the financial records and accounts and when preparing the Financial Statements.

Only minor amendments and formatting changes are recommended to the draft Policy.

A copy of the draft *Asset Impairment Policy* is contained within **Attachment A**.

Asset Revaluation Policy

The *Asset Revaluation Policy* is an existing Policy.

The objective of this Policy is to document the process and timeframes to be used for the review and revaluation of Council assets.

With the exception of a change to the title of the staff member responsible for the Policy, no changes are recommended to the Policy.

A copy of the draft *Asset Revaluation Policy* is contained within **Attachment B**.

Budget Review Policy & Budget Review Guidelines

The *Budget Review Policy* is an existing Policy and *Budget Review Guidelines* is an existing Guideline.

The *Budget Review Policy* and *Budget Review Guidelines* provide the framework for the reporting performance against the Council's Adopted Budget.

From a more practical approach and to avoid "doubling up" between the documents, the Policy and Guidelines have been combined and are now presented as one (1) document.

A copy of the draft *Budget Review Policy* is contained within **Attachment C**.

Treasury Management Policy

The *Treasury Management Policy* is an existing Policy.

The objective of the Policy is to ensure sound management of the Council's financial transactions with regards to borrowings and investments.

The draft *Treasury Management Policy* was presented to the Audit & Risk Committee at its meeting held on 7 March 2024. Following consideration of the draft Policy the Committee resolved the following:

That consideration of the Treasury Management Policy (Attachment C) be deferred pending further information set out within this Policy to include references to appropriate management of debt (eg. ratio of fixed versus variable interest rates and borrowings) and that the Policy be presented at a future meeting of the Audit & Risk Committee.

The draft Policy has been updated in accordance with the Committee's decision as set out above and as such includes a new section in respect to Borrowings.

A copy of the draft *Treasury Management Policy* is contained within **Attachment D**.

OPTIONS

The Committee can determine not to endorse the draft Policies, however as the draft Policies are required and have been prepared to meet legislative requirements, and manage particular finance matters, it is recommended that the Committee endorses the draft Policies as presented.

CONCLUSION

A comprehensive financial policy framework is essential for public accountability, transparency and consistency in Council decision making.

Policies should be supported by a comprehensive set of documented procedures detailing the specific staff responsibilities and processes to be followed to give effect to the policies and ensure that sound financial management practices are in place. Without such documented financial policies and procedures, the Council could be subject to criticism, (rightly or wrongly), that their financial management framework lacks transparency, legislative compliance or does not reflect contemporary standards.

The requirement on the Council's Auditors to provide an opinion on the adequacy of the Council's internal financial controls further emphasises the need for an explicit, clearly documented, framework of policies and procedures.

COMMENTS

To ensure compliance with Section 125 of the *Local Government Act 1999*, the Council must have in place, appropriate policies, practices and procedures, which assist the Council to carry out its activities in an efficient and orderly manner. To achieve this objective, it is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council's overall objectives.

There is no legislative requirement to consult in respect to these policies.

RECOMMENDATION

That the Audit & Risk Committee recommends to the Council that the following be adopted:

- Asset Impairment Policy (**Attachment A**);
 - Asset Revaluation Policy (**Attachment B**);
 - Budget Review Policy (**Attachment C**); and
 - Treasury Management Policy (**Attachment D**).
-

Cr Clutterham moved:

That the Audit & Risk Committee recommends to the Council that the following be adopted:

- *Asset Impairment Policy (**Attachment A**);*
- *Asset Revaluation Policy (**Attachment B**);*
- *Budget Review Policy (**Attachment C**); and*
- *Treasury Management Policy (**Attachment D**).*

Seconded by Cr Piggott and carried unanimously.

7. CONFIDENTIAL REPORTS

7.1 COUNCIL RELATED MATTER

RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the *Local Government Act 1999*, the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider:

- (a) information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

RECOMMENDATION 2

Under Section 91(7) and (9) of the *Local Government Act 1999*, the Council orders that the report, discussion and minutes be kept confidential for a period not exceeding five (5) years and that this order be reviewed every twelve (12) months.

Cr Piggott moved:

That pursuant to Section 90(2) and (3) of the Local Government Act 1999, the Council orders that the public, with the exception of the Council staff present [Chief Executive Officer, General Manager, Governance & Civic Affairs, Manager, Chief Executive's Office, Acting Director, St Peters Child Care Centre & Pre-School, Acting Assistant Director, St Peters Child Care Centre & Pre-School and Governance Officer], be excluded from the meeting on the basis that the Council will receive, discuss and consider:

- (a) information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).*

and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded by Ms Sandra Di Blasio and carried unanimously.

Cr Piggott moved:

Under Section 91(7) and (9) of the Local Government Act 1999, the Council orders that the report, discussion and minutes be kept confidential for a period not exceeding five (5) years and that this order be reviewed every twelve (12) months.

Seconded by Cr Clutterham and carried unanimously.

8. OTHER BUSINESS
Nil

9. NEXT MEETING
Monday 22 July 2024

10. CLOSURE
There being no further business the Presiding Member declared the meeting closed at 7.42pm.

Mayor Robert Bria
PRESIDING MEMBER

Minutes Confirmed on _____
(date)