

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 24 MAY 2021
63 MT BARKER ROAD STIRLING**

In Attendance

Members:

Councillor Malcolm Herrmann	Presiding Member
Peter Brass	Independent Member
David Moffatt	Independent Member
Natalie Johnston	Independent Member
Councillor Leith Mudge	Council Member

In Attendance:

Andrew Aitken	Chief Executive Officer
Terry Crackett	Director Corporate Services
Peter Bice	Director Infrastructure & Operations
Marc Salver	Director Development & Regulatory Services
Lachlan Miller	Executive Manager Governance & Performance
Megan Sutherland	Executive Manager Organisational Development
Mike Carey	Manager Financial Services
James Sinden	Manager Information Services
Daniel Souter	Team Leader ICT
Kira-marie Laverty	Corporate Planning & Performance Coordinator
Steven Watson	Governance and Risk Coordinator Minute Taker

Guests in Attendance:

Juliano Fretias	Galpins
Tim Muhlhausler	Galpins

1. COMMENCEMENT

The meeting commenced at 6.30pm

1.1 Acknowledgement of Country

Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kaurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.

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2. APOLOGIES/LEAVE OF ABSENCE

2.1 Apology

NIL

2.2 Leave of Absence

NIL

2.3 Absent

NIL

3. MINUTES OF PREVIOUS MEETINGS

3.1 Audit Committee Meeting – 19 April 2021

Moved David Moffatt
S/- Natalie Johnston

AC16/21

That the minutes of the Audit Committee meeting held on 19 April 2021 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried Unanimously

4. DELEGATION OF AUTHORITY

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in **Item(s) 7.4, 7.6, 7.8, 7.13 and 8.1** are to be submitted to Council for consideration.

5. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE

NIL

6. PRESENTATIONS, ACTION REPORT & WORKPLAN

6.1.1 Galpins Presentation - Financial Controls Review

The Committee thanked Galpins for their presentation.

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Item 7.3 was brought forward in meeting.

7.3 Financial Controls Review Interim Management Letter

**Moved Cr Malcolm Herrmann
S/- Peter Brass**

AC17/21

The Audit Committee resolves:

- 1. That the report be received and noted**
- 2. Notes the communication received from Galpins from their Interim visit relating to the 2020-21 Financial Controls Review and the Management Responses to their findings from the Interim Audit.**
- 3. The Committee notes there is a high likelihood of the Auditors issuing an unmodified controls opinion at the end of the financial year.**

Carried Unanimously

6.1.2 Corporate Services Directorate Risk Profile Presentation

The Committee thanked the Director Corporate Services for his Directorate Risk presentation.

6.2 Action Report and Work Plan Update

**Moved Peter Brass
S/- David Moffatt**

AC18/21

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. That the status of the Action Report and Work Plan be noted.**

Carried Unanimously

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7. OFFICER REPORTS – DECISION ITEMS

7.1 End of Year Financial Reporting Timetable

Moved Peter Brass
S/- David Moffatt

AC19/21

The Audit Committee resolves that the report be received and noted.

Carried Unanimously

7.2 Internal Financial Control Update

Moved Natalie Johnston
S/- Cr Leith Mudge

AC20/21

The Audit Committee resolves:

1. That the report be received and noted
2. To note the further developments that have been undertaken in the improvement of internal financial controls.

Carried Unanimously

Item 7.3 was brought forward in the meeting

7.3 Financial Controls Review Interim Management Letter

7.4 2020-21 Budget – Budget Review 3

Moved Peter Brass
S/- Natalie Johnston

AC21/21

The Audit Committee:

1. Resolves that the report be received and noted.
2. Recommends to Council the proposed budget adjustments presented in the amended Budget Review 3 for the 2020-21 financial year which result in:

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- 2.1. A reduction in the Operating Surplus from \$1.883m to \$1.498m.
- 2.2. Changes to Capital Works, increasing capital income by \$138k and reducing capital expenditure by \$4.767m resulting in a revised capital expenditure budget for 2020-21 of \$15.316m.
- 2.3. A change in Council's net result from a Net Borrowing Result of \$3.865m to a Net Lending Result of \$654k as a result of the proposed operating and capital adjustments.

Carried Unanimously

8.34pm the meeting adjourned for a short break.

8.41pm the meeting resumed.

7.5 Council Quarterly Performance Report

**Moved Peter Brass
S/- David Moffatt**

AC22/21

The Audit Committee resolves that the report be received and noted.

Carried Unanimously

7.6 Asset Management Policy

**Moved David Moffatt
S/- Cr Leith Mudge**

AC23/21

The Audit Committee resolves:

- 1. That the report be received and noted
- 2. To recommend to Council to adopt the updated Asset Management Policy as contained in Appendix 1.

Carried Unanimously

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7.7 SHLGA Audit Committee Exemption

Moved Cr Leith Mudge
S/- Natalie Johnston

AC24/21

The Audit Committee resolves that the report be received and noted

Carried Unanimously

7.8 Internal Audit Quarterly Update

Moved Cr Leith Mudge
S/- David Moffatt

AC25/21

The Audit Committee resolves:

1. That the report be received and noted
2. To receive and note the Payroll Function Internal Audit Report as contained in Appendix 1
3. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.8a as contained in Appendix 2.

Carried Unanimously

7.9 Audit Actions Implementation Update

Moved David Moffatt
S/- Peter Brass

AC26/21

The Audit Committee resolves:

1. To receive and note the report.
2. To note the implementation status of Internal and External Audit actions.

Carried Unanimously

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7.10 Public Interest Disclosure Arrangements and Compliance

Moved Natalie Johnston
S/- Peter Brass

AC27/21

The Audit Committee resolves that the report be received and noted.

Carried Unanimously

7.11 LGRS Risk Evaluation – Action Plan Review

Moved David Moffatt
S/- Cr Leith Mudge

AC28/21

The Audit Committee resolves that the report be received and noted.

Carried Unanimously

7.12 Risk Management Plan Update

Moved Cr Leith Mudge
S/- Natalie Johnston

AC29/21

The Audit Committee resolves that the report be received and noted.

Carried Unanimously

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7.13 Write-off of Outstanding Rates relating to S210 conversions to Public Roads

**Moved Peter Brass
S/- David Moffatt**

AC30/21

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. To recommend to Council to formally approve the write-off of \$98,025.08 for the outstanding rates on Land identified for conversion of private road to public road.**

Carried

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8. CONFIDENTIAL ITEMS

RELEASED 20 FEBRUARY 2023

8.1 Cyber Security Report – Exclusion of the Public

Moved Peter Brass

S/- Cr Leith Mudge

AC31/21

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

- Chief Executive Officer, Andrew Aitken
- Director Corporate Services, Terry Crackett
- Executive Manager Governance & Performance, Lachlan Miller
- Manager Financial Services, Mike Carey
- Manager Information Services, James Sinden
- Team Leader ICT, Daniel Souter
- Governance & Risk Coordinator, Steven Watson

be excluded from attendance at the meeting for Agenda Item 8.1: Cyber Security Plan in confidence.

The Committee is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable the Audit Committee to consider the report at the meeting on the following grounds:

Section 90(3)(e) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person, the disclosure of which could reasonably be expected to create an awareness of Council's cyber security vulnerabilities and potentially lead to exploitation of those vulnerabilities resulting in loss/damage to information, breach of confidentiality and service continuity disruption.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

Carried

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RELEASED 20 FEBRUARY 2023

8.1.1 Cyber Security Report – Confidential Item

**Moved Cr Leith Mudge
S/- David Moffatt**

AC32/21

The Audit Committee resolves:

- 1 That the report be received and noted**
- 2. To recommend to Council that the draft Cyber Security Plan as contained in Appendix 1 and as reviewed by the Audit Committee, be adopted.**

Carried Unanimously

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RELEASED 20 FEBRUARY 2023

8.1.2 Cyber Security Report – Period of Confidentiality

Moved Peter Brass
S/- Natalie Johnston

AC33/21

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing the Audit Committee's decision(s) in this matter in the performance of the duties and responsibilities of office, the Audit Committee, having considered Agenda Item 8.1 in confidence under sections 90(2) and 90(3)(e) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that the report, related attachments and the minutes of the Audit Committee and the discussion and considerations of the subject matter be retained in confidence until the control deficiencies are mitigated but no longer than 30 June 2023.

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Audit Committee delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

Carried Unanimously

9. NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Monday 16 August from 6.30pm at 63 Mt Barker Road, Stirling.

10. CLOSE MEETING

The meeting closed at 10.00pm