

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 15 APRIL 2024  
63 MT BARKER ROAD STIRLING**

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**In Attendance**

**Members:**

Cr Malcolm Herrmann	Presiding Member
David Moffatt	Independent Member
Pamela Lee	Independent Member
Cr Melanie Selwood	Council Member

**In Attendance:**

Greg Georgopoulos	Chief Executive Officer
Ashley Curtis	A/Director Corporate Services
Gary Lewis	Manager Financial Services
Dr Zoe Gill	Governance and Risk Coordinator
Rebekah Lyons	Minute Secretary
Kira-marie Laverty	Corporate Planning & Performance Coordinator

**Guest:**

Mitchell Bremner	BDO Audit Pty Ltd
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**1. COMMENCEMENT**

The meeting commenced at 6:00pm

**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. We will care for this country together by ensuring the decisions we make will be guided by the principle that we should never decrease our children's ability to live on this land.

**2. APOLOGIES/LEAVE OF ABSENCE**

**2.1. Apology**

Sarah Beesley

**2.2. Leave of Absence**

Nil

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**2.3. Absent**

Nil

**3. MINUTES OF PREVIOUS MEETINGS**

**3.1. Audit Committee Meeting – 19 February 2024**

**Moved David Moffatt  
S/- Melanie Selwood**

**AC13/24**

**That the minutes of the Audit Committee meeting held on 19 February 2024, be confirmed as an accurate record of the proceedings of that meeting.**

<b>Carried Unanimously</b>
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**4. PRESIDING MEMBER'S OPENING REMARKS**

The Presiding Member welcomed all members, Council staff, and guest Mitchell Bremner, Engagement Manager from BDO Audit.

It was noted that resolution 8.4 from the meeting of 19 February 2024 – Local Government Income Protection Fund, will be considered at the 23 April Ordinary Council meeting.

The Presiding Member spoke to the Officer's Report presented at the February meeting, which indicated that Council was moving to a deficit of \$87k. It was noted that the committee authorised the CEO to initiate savings to ensure that the budget operating surplus returned to the 1%-5% range. Presiding Member Herrmann acknowledged the achievement of the CEO to identify changes so that the operating surplus was restored to the approved range in the time between the Audit Committee meeting and the February Council meeting.

In closing, the Presiding Member asked the CEO to provide an update regarding the recruitment process for the Director of Corporate Services.

**5. 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) 8.1, 8.2 and 8.3 are to be submitted to Council for consideration.

**6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE**

Nil

**7. PRESENTATIONS, ACTION REPORT & WORKPLAN**

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**7.1. Risk Presentation**

Nil

**7.2. Action Report and Work Plan Update**

**Moved Melanie Selwood**

**S/- Pamela Lee**

**AC14/24**

- 1. That the 2024 Action Report and Work Plan Update be received and noted.**
- 2. That the 2024 Action Report, April 2024, be adopted.**
- 3. That the 2024 Work Plan and Reporting Schedule be adopted.**

<b>Carried Unanimously</b>
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**8. OFFICER REPORTS – DECISION ITEMS**

**8.1. 2023-24 External Audit Plan**

The Presiding Member, with leave of the meeting, suspended operations of the formal meeting procedures for the purposes of a presentation from BDO Audit Engagement Manager, Mitchell Bremner.

The Presiding Member determined that the period of suspension should be brought to an end.

**Moved Pamela Lee**

**S/- David Moffatt**

**AC15/24**

**The Audit Committee resolves:**

- 1. That the report be received and noted.**
- 2. To recommend to Council the approval of the *2023-24 External Audit Plan* by BDO Audit Pty Ltd as contained in Appendix 1.**
- 3. To note the *2023-24 Financial Statement Audit – Engagement Letter* as contained in Appendix 2 and the *2023-24 Internal Financial Control Audit – Engagement Letter* as contained in Appendix 3.**

<b>Carried Unanimously</b>
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**8.2. Annual Business Plan 2024-24 Draft for Consultation**

Moved David Moffatt  
S/- Pamela Lee

AC16/24

The Audit Committee resolves to provide the following three options to Council:

**Option 1:**

1. That the report on the Annual Business Plan 2024-25 Draft for Consultation be received and noted.
2. That Council notes that the Committee has reviewed the draft *Annual Business Plan 2024-25 (ABP)*, as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.
3. That the draft ABP go to community consultation, noting this results in
  - a) an Operating Deficit ratio of 0.85% (outside the approved target range of 1% to 5% surplus),
  - b) a Net Financial Liabilities ratio of 57% (within the approved target range of 25% to 75%) and
  - c) an Asset Sustainability Ratio of 100% (within the approved target range of 95% to 100%)
4. That Council notes that the committee noted that the Customer Relationship Management System and the Amy Gillett Bikeway Project are one off costs that will not impact on surplus in the future and have limited impact on financial sustainability over the long term. The committee also noted that depreciation is an ongoing increase to Council's expenses and is therefore a challenge to financial sustainability.
5. That the CEO be asked to conduct a review into Council's long term financial sustainability, which will include an organisation wide service delivery review including a detailed review of building and property assets.

Or

**Option 2:**

1. That the report on the Annual Business Plan 2024-25 Draft for Consultation be received and noted.

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2. That the Council notes that the Committee has reviewed the draft *Annual Business Plan 2024-25 (ABP)*, as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.
3. That adjustments to the draft ABP be made to bring the Operating Result to a break-even level by one of the following options
  - a) Increasing Rates by inflation (CPI + 0.4%) and an additional 1%Or
  - b) A combination of
    - i. Removal of operating projects and
    - ii. Increasing ratesSuch that a break-even operating result is achieved.

noting this results in

- a) an Operating Surplus ratio of 0% (outside the approved target range of 1% to 5% surplus),
  - b) a Net Financial Liabilities ratio of 55% (within the approved target range of 25% to 75%) and
  - c) an Asset Sustainability Ratio of 100% (within the approved target range of 95% to 100%)
4. The Council notes that the committee noted that the Customer Relationship Management System and the Amy Gillett Bikeway Project are one off costs that will not impact on surplus in the future and have limited impact on financial sustainability over the long term. The committee also noted that depreciation is an ongoing increase to Council's expenses and is therefore a challenge to financial sustainability.
  5. That the CEO be asked to conduct a review into Council's long term financial sustainability, which will include an organisation wide service delivery review including a detailed review of building and property assets.

Or

**Option 3:**

1. That the report on the Annual Business Plan 2024-25 Draft for Consultation be received and noted.

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2. That Council notes that the Committee has reviewed the draft *Annual Business Plan 2024-25 (ABP)*, as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.
3. That adjustments to the draft ABP be made to bring the Operating Result to a 1% surplus level by one of the following options
  - a) Increasing Rates by inflation (CPI + 0.4%) and an additional 2%Or
  - b) A combination of
    - i. Removal operating projects and
    - ii. Increasing ratesSuch that a 1% operating surplus is achieved.

noting this results in

- a) an Operating Surplus ratio of 1% (within the approved target range of 1% to 5% surplus),
  - b) a Net Financial Liabilities ratio of 55% (within the approved target range of 25% to 75%) and
  - c) an Asset Sustainability Ratio of 100% (within the approved target range of 95% to 100%)
4. The Council notes that the committee noted that the Customer Relationship Management System and the Amy Gillett Bikeway Project are one off costs that will not impact on surplus in the future and have limited impact on financial sustainability over the long term. The committee also noted that depreciation is an ongoing increase to Council's expenses and is therefore a challenge to financial sustainability.
  5. That the CEO be asked to conduct a review into Council's long term financial sustainability, which will include an organisation wide service delivery review including a detailed review of building and property assets.

<b>Carried Unanimously</b>
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**8.3. Quarterly Council Performance Report – Q3 2023-24**

The Presiding Member, with leave of the meeting, suspended operations of the formal meeting procedures for the purposes of a discussion about the report.

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The Presiding Member determined that the period of suspension should be brought to an end.

**Moved David Moffatt  
S/- Melanie Selwood**

**AC17/24**

**That the Audit Committee resolves that the Quarterly Council Performance Report – Q3 2023-24 be received and noted.**

<b>Carried Unanimously</b>
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**8.4. Risk Management Audit Review**

**Moved Pamela Lee  
S/-Melanie Selwood**

**AC18/24**

**That the report on risk management and audit review be received and noted.**

<b>Carried Unanimously</b>
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**9. QUESTIONS WITHOUT NOTICE**

Nil

**10. CONFIDENTIAL ITEMS**

Nil

**11. NEXT MEETING**

The next ordinary meeting of the Audit Committee will be held on Monday 20 May 2024 from 6.00pm at 63 Mt Barker Road, Stirling.

**12. CLOSE MEETING**

The meeting closed at 7:46pm