

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 17 FEBRUARY 2025
63 MT BARKER ROAD STIRLING**

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
Gary Lewis	Director Corporate Services
Bruce Smith	Manager Financial Services
Phil Mattingly	Manager Information Services
John Gosbell	Team Leader Information Services
Zoë Gill	Executive Governance Officer
Lauren Jak	Minute Secretary

Guests in Attendance:

David Papa, Partner	Bentleys (online) for item 8.1
Peter Kalala, Senior Consultant	Bentleys (online) for item 8.1

1. COMMENCEMENT

The meeting commenced at 6.00pm.

1.1. Acknowledgement of Country

Council acknowledges that we meet on the traditional Country of the Peramangk and Kurna people. We pay our respects to Ancestors and Elders past and present as the Custodians of this ancient and beautiful 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 – 18 November 2024

**Moved David Moffatt
S/- Pamela Lee**

AC1/25

That the minutes of the Audit Committee meeting held on 18 November 2024 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried Unanimously

4. PRESIDING MEMBER'S OPENING REMARKS

- I welcome back members after the festive season and trust you all had a relaxing break.
- Council successfully hosted parts of the Tour Down Under. From all reports local community groups providing catering were very busy.
- Council is pursuing 10 landowners for over \$100k in rates unpaid for over three years. Since the last time Council took this action, all but two have paid in full.
- David Waters has tendered his resignation as the Director Environment and Infrastructure.
- Cr Nathan Daniell has been appointed Deputy Mayor until January next year.
- The Representation Review has been completed and a report on the outcomes of the public consultation is likely to be considered by Council in March.
- The investigation of the proposal by Campbelltown City Council to annex a portion of the Adelaide Hills Council is almost complete and the Boundaries Commission has advised the community engagement component will commence shortly.
- At a workshop, members received a briefing on the draft Organisation and Services Review. At the same workshop, Council was briefed by Tonkins on the Asset Management System.
- Council has resolved to withdraw from the GRFMA and is seeking Ministerial approval to do so.

5. DELEGATION OF AUTHORITY

The Audit Committee operates in accordance with the relevant sections of the Local Government Act 1999, and its Terms of Reference.

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

Nil

With leave of the meeting, the Presiding Member brought forward item 8.1 of the Agenda.

8.1 Internal Audit Quarterly Report

6:11pm Cr Melanie Selwood arrived at the meeting.

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

The Audit Committee resolves: **AC2/25**

- 1. To receive and note the Internal Audit Quarterly Report (item 8.1, 17 February 2025, Audit Committee meeting).**
- 2. To receive and note the Financial Assumptions and Reporting Audit Report in Appendix 1 (item 8.1, 17 February 2025, Audit Committee meeting).**
- 3. To receive a roadmap of the implementation of the recommendations by 31st May at the latest (item 8.1, 17 February 2025, Audit Committee meeting).**

Carried Unanimously

7. PRESENTATIONS, ACTION REPORT & WORKPLAN

7.1. 2025 Action Report and Work Plan Update

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

The Audit Committee resolves: **AC3/25**

- 1. To receive and note the 2025 Action Report and Work Plan Update Report (item 7.1, 17 February 2025 Audit Committee meeting).**
- 2. To note the 2025 Action Report, February 2025, in Appendix 1 (item 7.1, 17 February 2025 Audit Committee meeting).**
- 3. To adopt the 2025 Work Plan and Reporting Schedule in Appendix 2 (item 7.1, 17 February 2025 Audit Committee meeting).**

Carried Unanimously

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8. OFFICER REPORTS – DECISION ITEMS

8.2. Implementation of Audit Actions Progress Report

Moved Cr Melanie Selwood
S/- Pamela Lee

AC4/25

The Audit Committee resolves:

1. To receive and note the report titled Implementation of Audit Actions Progress Report (item 8.2, 17 February 2025 Audit Committee meeting).
2. To note the Audit Actions Report in Appendix 1 (item 8.2, 17 February 2025 Audit Committee meeting).
3. To request that future audit action progress reports include the number and percentage of actions completed by the original/revised due dates (item 8.2, 17 February 2025 Audit Committee meeting).

Carried Unanimously

8.3. Quarterly Risk Management Report

Moved Pamela Lee
S/- David Moffatt

AC5/25

The Audit Committee resolves to note:

1. That it reviewed and discussed the quarterly risk report, and resolves that the report be received, accepted and noted (item 8.3, 17 February 2025 Audit Committee meeting).
2. The Strategic Risk Register Report in Appendix 1 (item 8.3, 17 February 2025 Audit Committee meeting).
3. The Risk Management Project Plan in Appendix 2 (item 8.3, 17 February 2025 Audit Committee meeting).

Carried Unanimously

8.4. LGRS Risk Management Systems Risk Profiling Report

Moved Cr Melanie Selwood
S/- Pamela Lee

AC6/25

The Audit Committee resolves:

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1. To receive and note the LGRS Risk Profiling Report (item 8.4, 17 February 2025 Audit committee meeting).
2. To note the 2024 LGRS Risk Profiling Final Report in Appendix 1 (item 8.4, 17 February 2025 Audit committee meeting).
3. To note that the LGRS Risk Profiling Actions in Appendix 2 will be presented in upcoming meetings as per the Audit Committee Workplan (item 8.4, 17 February 2025 Audit committee meeting).
4. To recommend to Council to receive and note the LGRS Risk Profiling Report (item 8.4, 17 February 2025 Audit committee meeting).

Carried Unanimously

8.5. Budget Review 2

Moved Pamela Lee
S/- David Moffatt

AC7/25

The Audit Committee resolves:

1. That the report on Budget Review 2 be received and noted (item 8.5, 17 February 2025 Audit Committee meeting).
2. To note that it considers that the Budget Review 2 has been prepared with appropriate due diligence, legislative compliance and reference to risk management (item 8.5, 17 February 2025 Audit Committee meeting).
3. To note that the Committee has considered and discussed the Budget Review 2 report and acknowledges that the adjustments are expected corrections as a result of previously identified accounting assumptions (item 8.5, 17 February 2025 Audit Committee meeting).
4. To recommend to Council the proposed budget adjustments presented in Budget Review 2 which result in (item 8.5, 17 February 2025 Audit Committee meeting):
 - a. An increase in the Operating Deficit from \$1.728m to \$3.013m for the 2024-25 financial year due primarily to depreciation, interest expenses and legal fees.
 - b. Changes to the Capital Works budget increasing capital expenditure by \$60,000 for the 2024-25 financial year resulting in a revised capital expenditure budget of \$20.648 million.
 - c. A net borrowing result of \$34m.

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- d. An Operating Surplus/(Deficit) Ratio of (4.9%) compared to the 2024-25 target of 1-5% and BR1 of (2.8%).
- e. A Net Financial Liabilities Ratio of 55% compared to the 2024-25 target of 25-75% and BR1 of 56%.
- f. An Asset Renewal Funding Ratio of 132% compared to the 2024-25 target of 95-105% and BR1 of 133%.

Carried Unanimously

8.6. Debtors Report

Moved David Moffat
S/- Pamela Lee

AC8/25

The Audit and Risk Committee resolves that the report be received, discussed and noted (item 8.6, 17 February 2025 Audit Committee meeting).

Carried Unanimously

8.7. Internal Controls Improvement Plan

Moved Cr Melanie Selwood
S/- David Moffatt

AC9/25

That the report on Internal Financial Controls Update be received, discussed and noted (item 8.7, 17 February 2025 Audit Committee meeting).

Carried Unanimously

8.8. Annual Investment Performance Report 23-24

Moved Cr Malcolm Herrmann
S/- Pamela Lee

AC10/25

That the Annual Investment Performance Report 2023-2024 be received, discussed and noted (item 8.8, 17 February 2025 Audit Committee meeting).

Carried Unanimously

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8.9. Procurement Policy

Moved Cr Malcolm Herrmann
S/- Pamela Lee

AC11/25

The Audit Committee resolves:

1. That the report on the update to the Procurement policy be received and noted (item 8.9, 17 February 2025 Audit Committee meeting).
2. To recommend to Council the draft Procurement Policy for endorsement, with the following amendments:
 - a. In the definitions section add 'quote, RFQ, EOI, RFT.'
 - b. In 18.1.3 – delete 'Council Officers' and insert 'Directors'
 - c. In section 16.3 – change 'should be' to 'must' (item 8.9, 17 February 2025 Audit Committee meeting).
3. To note the key Delegation changes of the policy:
 - a. 18.1.2 – the value of contracts the CEO can approve has changed from \$500,000 to any value that form part of the Annual Business Plan or Long Term Financial Plan
 - b. 18.1.3 – The value the CEO can sub-delegate the authority to Directors to enter into contracts has changed from \$300,000 to \$500,000 (item 8.9, 17 February 2025 Audit Committee meeting).
4. That the Audit Committee requests a review of Council's approach to unsolicited proposals and any recommendations be brought back to Audit Committee (item 8.9, 17 February 2025 Audit Committee meeting).
5. That the CEO provides a report to the Audit Committee on a six-monthly basis on procurement.

Carried Unanimously

9. QUESTIONS WITHOUT NOTICE

Nil

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10. CONFIDENTIAL ITEMS

10.1. JLT Public Sector Top Cyber Security Controls review 2024 AHC – Exclusion of the Public

Moved Cr Melanie Selwood
S/- Pamela Lee

AC12/25

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

- CEO, Greg Georgopoulos
- Director Corporate Services, Gary Lewis
- Executive Governance Officer, Zoë Gill
- Manager Information Services, Phil Mattingly
- Team Leader Information Systems, John Gosbell
- Manager Financial Services, Bruce Smith
- Minute Secretary, Lauren Jak

be excluded from attendance at the meeting for Agenda Item 10.1: (JLT Public Sector Top Cyber-Security Controls Review 2024 AHC) in confidence.

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

Section 90(3)(e) of the Local Government Act, the information to be received, discussed or considered in relation to this Agenda Item is concerning 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 expose sensitive cyber security information to cybercriminals and/or nefarious actors.

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 Unanimously

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10.1.1. JLT Public Sector Top Cyber-Security Controls Review 2024 AHC

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10.1.2. JLT Public Sector Top Cyber-Security Controls Review 2024 AHC – Duration of Confidentiality

Moved Pamela Lee
S/- David Moffatt

AC14/25

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 10.1 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* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	Until further order
Related Attachments	Until further order
Minutes	Until further order
Other (presentation, documents, or similar)	NIL

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

Carried Unanimously

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10.2. Enterprise Resource Planning System Review including Risk Assessment – Exclusion of the Public

Moved Pamela Lee
S/- Cr Melanie Selwood

AC15/25

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

- CEO, Greg Georgopoulos
- Director Corporate Services, Gary Lewis
- Executive Governance Officer, Zoë Gill
- Manager Information Services, Phil Mattingly
- Team Leader Information Systems, John Gosbell
- Manager Financial Services, Bruce Smith
- Minute Secretary, Lauren Jak

be excluded from attendance at the meeting for Agenda Item 10.2 Enterprise Resource Planning System Review including Risk Assessment in confidence.

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

Section 90(3)(b) of the Local Government Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which – (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (2) would, on balance, be contrary to the public interest;

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 Unanimously

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10.2.1. Enterprise Resource Planning System Review including Risk Assessment

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10.2.2. Enterprise Resource Planning System Review including Risk Assessment – Duration of Confidentiality

Moved Cr Melanie Selwood
S/- Pamela Lee

AC17/25

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 10.2 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* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

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Other (presentation, documents, or similar)	NIL

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

Carried Unanimously

11. NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Monday 14 April 2025 from 6.00pm at 63 Mt Barker Road, Stirling.

12. CLOSE MEETING

The meeting closed at 9:14pm.