Recommendations and Advice of the Audit and Risk Committee – 16 May 2025

Strategic Alignment – Our Corporation

Public

Tuesday, 27 May 2025

Council

Program Contact:
Rebecca Hayes, Associate Director Governance & Strategy

Approving Officer:
Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

The Audit and Risk Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference. The Committee acts to facilitate informed decision making in relation to the discharge of Council's legislative responsibilities and duties.

The Audit and Risk Committee is required to report to Council after every meeting.

This report presents the outcomes of the Audit and Risk Committee meeting of 16 May 2025 (Link 1).

The Audit and Risk Committee resolved to present recommendations and advice on the following matters to Council for Council determination:

RECOMMENDATION

1. **Recommendation 1 – Item 6.2** - 2024/25 Business Plan & Budget Quarter 3 Update

   THAT COUNCIL:

   1. Receives the City of Adelaide 2024/25 Business Plan and Budget Quarter 3 Update as contained in Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
   2. Approves adjustments for the 2024/25 Business Plan and Budget (BP&B) as identified in this report and reflected in Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
   3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 March 2025, which includes:
      - 3.1. Total operating revenue of $178.338m ($2.005m higher than the budget of $176.333m, for the period)
      - 3.2. Total operating expenses (including depreciation) of $163.930m ($4.564m lower than the budget of $168.494m, for the period)
      - 3.3. An operating surplus of $14.408m ($6.569m higher than the budget of $7.839m, for the period)
      - 3.4. Total Capital Expenditure of $68.152m ($4.474m lower than the budget of $72.626m, for the period)
      - 3.5. Net cash surplus position of $21.287m.

4. Approves budgeted year end Operating Position, which includes:
    - 4.1. Total operating revenue of $240.099m ($2.186m higher than the Quarter 2 budget of $237.913m).
    - 4.2. Total operating expenses (including depreciation) of $230.732m ($2.186m higher than the adopted budget of $228.546m)
    - 4.3. An operating surplus of $9.367m (consistent with the Quarter 2 budget of $9.367m).
5. Approves total capital expenditure of $112.909m for 2024/25 year ($8.134m lower than the Quarter 2 budget of $121.043m).
6. Approves total borrowings of $30.739m projected to 30 June 2025 ($10.366m higher than the Quarter 2 projected borrowings of $20.373m to 30 June 2025).
7. Receives the Council Subsidiary Quarter 3 updates as contained as Attachments B, C, D and E to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.

2. Recommendation 2 - Item 6.4 - Asset Accounting Policy

THAT COUNCIL:

1. Notes the updated Fixed Aset Policy (formerly “Asset Accounting Policy”) with amendments shown as track changes, as contained in Attachment A to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025.
2. Adopts the updated Fixed Asset Accounting Policy (formerly “Asset Accounting Policy”) as contained in Attachment B to Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
3. Notes the table summarising changes made to the Fixed Asset Accounting Policy (formerly “Asset Accounting Policy”) as contained in Attachment C to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025.
4. Authorises the Chief Executive Officer (or delegate) to make minor, typographical, syntactical and technical updates to the Fixed Asset Accounting Policy (formerly “Asset Accounting Policy”) as contained in Attachment B to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025 to finalise the document.

ADVICE

1. Advice of the Audit and Risk Committee – 16 May 2025

In relation to Item 6.3 [Draft 2025/26 Business Plan and Budget] on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025, the Audit and Risk Committee resolved:

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Draft 2025/26 Business Plan & Budget document as contained in Attachments A, B, C and D to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
2. Notes the Draft 2025/26 Business Plan & Budget document is currently out for consultation, which concludes at midnight Tuesday 27 May 2025.
3. Receives the Draft 2025/26 Business Plan & Budget document as contained in Attachments A, B, C and D to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025 and provides the following advice:
    - 3.1. That the Audit and Risk Committee is supportive of Council’s proposal to introduce a minimum rate.
    - 3.2. That the Audit and Risk Committee considers that the draft 25/26 Business Plan and Budget appropriately responds to the financial sustainability observations of the ESCOSA report.

DISCUSSION

1. The Audit and Risk Committee met on Friday 16 May 2025 and considered the following items:
   1.1. **Item 6.1 -** TechnologyOne Post Implementation Review Internal Audit – KPMG
   1.2. **Item 6.2** - 2024/25 Business Plan & Budget Quarter 3 Update
   1.3. **Item 6.3 -** Draft 2025/26 Business Plan and Budget
   1.4. **Item 6.4 -** Asset Accounting Policy
   1.5. **Item 6.5** - Internal Audit Progress Report

2. The Agenda with reports for the meeting can be viewed at Link 1.

3. Where the resolution of the Committee differs from the recommendation published in the Committee agenda, the Committee's recommendation to the Council is listed first, with the original recommendation provided in grey and italics.

Resolutions of the Committee

4. Item 6.1 **-** TechnologyOne Post Implementation Review Internal Audit – KPMG

   THAT THE AUDIT AND RISK COMMITTEE

   1. Notes the TechnologyOne Post Implementation Review Internal Audit report provided as Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
   2. Recommends Administration, as a priority, take steps to ensure that post implementation reviews of IT projects are conducted in a timely manner.
   3. Requests Administration provide advice on the cost implications of the TechnologyOne cloud/debtor's project.
   4. Endorses the responses of the Administration to the TechnologyOne Post Implementation Review Internal Audit report as outlined in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.

   Original Recommendation as printed in the Audit and Risk Committee Agenda

   THAT THE AUDIT AND RISK COMMITTEE

   1. *Notes the TechnologyOne Post Implementation Review Internal Audit report provided as Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.*
   2. *Endorses the responses of the Administration to the TechnologyOne Port Implementation Review Internal Audit report as outlined in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.*

5. Item 6.2 – 2024/25 Business Plan & Budget Quarter 3 Update

   THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

   THAT COUNCIL

   1. Receives the City of Adelaide 2024/25 Business Plan and Budget Quarter 3 Update as contained in Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
   2. Approves adjustments for the 2024/25 Business Plan and Budget (BP&B) as identified in this report and reflected in Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
   3. Notes the year-to-date Operating (Financial Performance) for the quarter ending 31 March 2025, which includes:
      3.1. Total operating revenue of $178.338m ($2.005m higher than the budget of $176.333m, for the period)
      3.2. Total operating expenses (including depreciation) of $163.930m ($4.564m lower than the budget of $168.494m, for the period)
      3.3. An operating surplus of $14.408m ($6.569m higher than the budget of $7.839m, for the period)

3.4. Total Capital Expenditure of $68.152m ($4.474m lower than the budget of $72.626m, for the period)

3.5. Net cash surplus position of $21.287m.

4. Approves budgeted year end Operating Position, which includes:

4.1. Total operating revenue of $240.099m ($2.186m higher than the Quarter 2 budget of $237.913m).

4.2. Total operating expenses (including depreciation) of $230.732m ($2.186m higher than the adopted budget of $228.546m)

4.3. An operating surplus of $9.367m (consistent with the Quarter 2 budget of $9.367m).

5. Approves total capital expenditure of $112.909m for 2024/25 year ($8.134m lower than the Quarter 2 budget of $121.043m).

6. Approves total borrowings of $30.739m projected to 30 June 2025 ($10.366m higher than the Quarter 2 projected borrowings of $20.373m to 30 June 2025).

7. Receives the Council Subsidiary Quarter 3 updates as contained as Attachments B, C, D and E to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.

6. Item 6.3 **-** Draft 2025/26 Business Plan and Budget

<u>THAT THE AUDIT AND RISK COMMITTEE</u>

4. Notes the Draft 2025/26 Business Plan & Budget document as contained in Attachments A, B, C and D to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.

5. Notes the Draft 2025/26 Business Plan & Budget document is currently out for consultation, which concludes at midnight Tuesday 27 May 2025.

6. Receives the Draft 2025/26 Business Plan & Budget document as contained in Attachments A, B, C and D to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025 and provides the following advice:

3.3. That the Audit and Risk Committee is supportive of Council’s proposal to introduce a minimum rate.

3.4. That the Audit and Risk Committee considers that the draft 25/26 Business Plan and Budget appropriately responds to the financial sustainability observations of the ESCOSA report.

Original Recommendation as printed in the Audit and Risk Committee Agenda

<u>THAT THE AUDIT AND RISK COMMITTEE</u>

1. Notes the Draft 2025/26 Business Plan & Budget document as contained in Attachments A, B, C and D to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.

2. Notes the Draft 2025/26 Business Plan & Budget document is currently out for consultation, which concludes at midnight Tuesday 27 May 2025.

3. Receives the Draft 2025/26 Business Plan & Budget document as contained in Attachments A, B, C and D to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025 and provides the following advice:

3.1. ____________

7. Item 6.4 **-** Asset Accounting Policy

<u>THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL</u>

<u>THAT COUNCIL</u>

1. Notes the updated Fixed Aset Policy (formerly “Asset Accounting Policy”) with amendments shown as track changes, as contained in Attachment A to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025

2. Adopts the updated Fixed Asset Accounting Policy (formerly “Asset Accounting Policy”) as contained in Attachment B to Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.

3. Notes the table summarising changes made to the Fixed Asset Accounting Policy (formerly “Asset Accounting Policy”) as contained in Attachment C to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025.

4. Authorises the Chief Executive Officer (or delegate) to make minor, typographical, syntactical and technical updates to the Fixed Asset Accounting Policy (formerly “Asset Accounting Policy”) as contained in Attachment B to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025 to finalise the document.

8. Item 6.5 - Internal Audit Progress Report

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as outlined in Item 6.5 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.

2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 6.5 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.

DATA AND SUPPORTING INFORMATION

Link 1 – The Agenda for the Audit and Risk Committee on 16 May 2025

Link 2 - Recommendation 1 – Item 6.2 - 2024/25 Business Plan & Budget Quarter 3 Update - Attachment A

Link 3 - Recommendation 1 – Item 6.2 - 2024/25 Business Plan & Budget Quarter 3 Update - Attachment B

Link 4 - Recommendation 1 – Item 6.2 - 2024/25 Business Plan & Budget Quarter 3 Update - Attachment C

Link 5 - Recommendation 1 – Item 6.2 - 2024/25 Business Plan & Budget Quarter 3 Update - Attachment D

Link 6 - Recommendation 1 – Item 6.2 - 2024/25 Business Plan & Budget Quarter 3 Update - Attachment E

Link 7 - Recommendation 2 – Item 6.4 - Asset Accounting Policy (DRAFT) Revised with tracked changes - Attachment A

Link 8 - Recommendation 2 – Item 6.4 - Fixed Asset Accounting Policy (Formerly Asset Accounting Policy) Revised no tracked changes - Attachment B

Link 9 - Recommendation 2 – Item 6.4 - Asset Accounting Policy - Table of key changes and comments - Attachment C

ATTACHMENTS

Nil

- END OF REPORT -