Audit Committee Minutes

28 October 2019

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
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Email townhall@npsp.sa.gov.au
Website  www.npsp.sa.gov.au
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10. CLOSURE .................................................................................................................................................................30
VENUE Mayors Parlour, Norwood Town Hall
HOUR 7.00pm
PRESENT Committee Members
Mayor Robert Bria
Cr John Minney (Presiding Member)
Sandra Di Blasio (Independent Member)
Ms Brigid O’Neill (Independent Member)
Staff Mario Barone (Chief Executive Officer)
Sharon Perkins (General Manager, Corporate Services)
Andrew Alderson (Financial Services Manager)
APOLOGIES Cr Mike Stock
ABSENT Nil

TERMS OF REFERENCE:
The Audit Committee is responsible to facilitate:
- the enhancement of the credibility and objectivity of internal and external financial reporting;
- propose and provide information relevant to a review of the Council’s Strategic Management Plans and Annual Business Plan;
- the review and reporting on any matter relating to financial management or the efficiency and economy with which the Council manages its resources;
- effective management of financial and other risks and the protection of the Council’s assets;
- compliance with laws and regulations related to financial and risk management as well as use of best practice guidelines;
- the provision of an effective means of communication between the external auditor, management and the Council;
- proposing and reviewing the exercise of powers under Section 130A of the Local Government Act 1999;
- review Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;
- liaising with the Council’s Auditor, and
- reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.

1. CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 14 AUGUST 2019

Mayor Bria moved that the minutes of the Audit Committee meeting held on 14 August 2019 be taken as read and confirmed. Seconded by Ms Sandra Di Blasio and carried.

2. PRESIDING MEMBER’S COMMUNICATION
Nil

3. QUESTIONS WITHOUT NOTICE
Nil

4. QUESTIONS WITH NOTICE
Nil

5. WRITTEN NOTICES OF MOTION
Nil

6. STAFF REPORTS
6.1 FINANCIAL SUMMARY – 2018-2019 ACTUAL RESULTS V ADOPTED BUDGET

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/02516
ATTACHMENTS: A

PURPOSE OF REPORT

This report provides a summary of the 2018-2019 Audited result and explanations for variations from the 2018-2019 Adopted Budget.

BACKGROUND

Pursuant to Section 127 of the Local Government Act 1999 (the Act), the Council must prepare Annual Financial Statements in accordance with the Local Government (Financial Management) Regulations 2011 (the Regulations).

Section 10 of the Regulations, requires the Council to prepare and consider a report, no later than 31 December in each year, showing the audited financial results of the Council for the previous financial year, compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The financial information contained in this report is based on the 2018-2019 Annual Financial Statements, the 2018-2019 Adopted Budget and the various policies adopted by the Council as they impact the Council's financial performance (e.g. Rating Policy).

FINANCIAL AND BUDGET IMPLICATIONS

The Council concluded the Financial Year with an Operating Surplus of $2.380 million, compared to the Council's Adopted Operating Budget, which forecast an Operating Surplus of $1.430 million. Details of the drivers behind the variances from the Adopted Operating Surplus, are contained in the Discussion Section of this report.

After capital items, the Council is reporting a Net Surplus of $2.327 million against an Adopted Net Surplus of $10.206 million.

EXTERNAL ECONOMIC IMPLICATIONS
Nil

SOCIAL ISSUES
Nil

CULTURAL ISSUES
Nil

ENVIRONMENTAL ISSUES
Nil

RESOURCE ISSUES
Nil
RISK MANAGEMENT
Nil

CONSULTATION

- **Elected Members**
  Elected Members have received regular reports on the Council's financial performance throughout the year.

- **Community**
  Not Applicable.

- **Staff**
  Responsible Officers, General Managers and Council's External Auditors.

- **Other Agencies**
  Not Applicable.

DISCUSSION

The 2018-2019 Annual Financial Statements have been finalised and will be presented to the Council for adoption at the Council Meeting to be held on 4 November 2019. A separate report has been provided on the 2018-2019 Annual Financial Statements for consideration by the Audit Committee.

**Statement of Comprehensive Income**

**Operating Result**

The Council is reporting an Operating Surplus of $2.380 million, compared to the Council Adopted Operating Budget, which forecasted an Operating Surplus of $1.430 million, a favourable variance of $0.950 million. The major variances (over $50,000 or 5%) from the Adopted Operating Surplus are outlined in Table 1 below.

**TABLE1: MAJOR VARIANCES FROM ADOPTED OPERATING SURPLUS**

<table>
<thead>
<tr>
<th>Reasons for the Variance</th>
<th>Amount ($’million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Revenue was $62.562 (1.8%) favourable to the adopted budget due to higher than anticipated interest and fines on overdue rate balances.</td>
<td>0.063</td>
</tr>
<tr>
<td>Grant funding received was $460,959 favourable to the Adopted Budget driven primary by:</td>
<td>0.461</td>
</tr>
<tr>
<td>• Supplementary Local Road Funding was advanced for the 2019-2020 and the 2020-2021 financial years as part of the 2019-2020 Federal Budget ($357,540); and,</td>
<td></td>
</tr>
<tr>
<td>• an adjustment for population growth and indexation was made to the Home and Community Care Funding agreement resulting in an increase of $42,207.</td>
<td></td>
</tr>
<tr>
<td>Other Income was $409,505 favourable to the Adopted Budget driven primary by:</td>
<td>0.336</td>
</tr>
<tr>
<td>• rebates from the Local Government Association Workers Compensation Scheme, General Insurance and Special Surplus Fund Distribution by Local Government Association Asset Mutual Fund relating to the 2017-2018 insurance premiums were greater than anticipated, resulting in a favourable variance. ($182,356);</td>
<td></td>
</tr>
<tr>
<td>• an unbudgeted special distribution was received from the Local Government Financing Authority ($56,588);</td>
<td></td>
</tr>
<tr>
<td>• as part of winning Local Government Association Workers Compensation Scheme Work Health and Safety Best Practice Award the Council received $15,000 which was invested into addition Work Health and Safety initiatives; and,</td>
<td></td>
</tr>
<tr>
<td>• an unbudgeted contribution was received from the City of Burnside for its share of the upkeep of the Magill Road branding ($23,343).</td>
<td></td>
</tr>
</tbody>
</table>
Reasons for the Variance | Amount ($'million)
---|---
Investment income was higher than anticipated due to higher than funds held on deposit with the Local Government Financing Authority being greater than anticipated. | 0.087
Unfilled vacant positions, combined with time taken to fill vacant positions have resulted in a favourable variance ($1.559 million) in Employee Expenses. The favourable variance has been offset by the use of temporary/contract staff to back fill vacant positions ($0.770 million). | 0.971
The Line Marking Programme for the 2018-2019 year was $95,376 over budget. This was due in part to the implementation of the City Wide Cycling Plan incorporating sharrows which was not factored into the Adopted Budget and some unanticipated costs to complete the program. | (0.175)
Due to the drier than normal weather conditions over the summer and autumn periods and the addition of Felixstow Reserve, which required additional watering to establish the new plantings, the Councils water usage were high than the Adopted Budget which saw an unfavourable variance to the Adopted Budget of $191,010. | (0.191)
Legal fees were unfavourable to the Adopted Budget by $74,218. The costs associated with legal fees are dependent upon the type of issues and nature of advice being sought. During the 2018-2019 Financial year there were a number of protracted enforcements undertaken which saw high than anticipated expenses being incurred. | (0.074)
Due to sufficient cash reserves, combined with timing of key infrastructure works, primarily the Norwood Oval Clubrooms and Elected Members Facilities, there was no need to take out new long term borrowings to fund the Council’s capital program, resulting in reduced financing costs. | 0.269

Non-Operating Income

After Non-Operating Income, the Council is reporting a Net Surplus of $2.328 million, against an Adopted Budget Surplus of $10.206 million. Non-Operating Income includes grant funding specifically for asset upgrades or renewals and gain/(loss) on asset disposals and assets received free of charge. Non-Operating income for the year was a deficit of $0.052 million against the Adopted Budget Surplus of $8.776 million, an unfavourable variance of $8.828 million. The unfavourable variance is set out in Table 2 below.

### TABLE 2: MAJOR VARIANCES FROM ADOPTED NON-OPERATING INCOME

<table>
<thead>
<tr>
<th>Reasons for the Variance</th>
<th>Amount ($'million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on the sale and or disposal of the Council’s small Plant and Equipment at the end of its operational life, combined with write-off of the carrying values of the Council Civil Infrastructure, upon renewal.</td>
<td>(1.207)</td>
</tr>
<tr>
<td>Amounts budgeted to be received specifically for new or upgraded assets that have been delayed due to project timings were:</td>
<td>(2.284)</td>
</tr>
<tr>
<td>• Third Creek realignment</td>
<td>$1.750 million</td>
</tr>
<tr>
<td>• Payneham Oval Tennis Court Reconstruction</td>
<td>$0.403 million</td>
</tr>
<tr>
<td>• Syd Jones Reserve Redevelopment</td>
<td>$0.211 million</td>
</tr>
<tr>
<td>Physical resources received free of charge were budgeted for as part of the Norwood Oval Clubrooms and Member’s Facilities however, this Project is still being constructed and as such the redeveloped assets are yet to be capitalised and recognised on the Council’s Asset Register.</td>
<td>(5.341)</td>
</tr>
</tbody>
</table>
Other Comprehensive Income

Other Comprehensive Income comprises items of income and expenses that are not recognised in the Net Surplus (Deficit) for the year, as required or permitted by Australian Accounting Standards. Such items include the impact of changes in asset values due to revaluations. The value of Other Comprehensive Income reported in the Statement of Comprehensive Income, is a Surplus of $32.993 million.

The major factor driving the surplus is the revaluation of the Civil Infrastructure assets. In line with the Council’s Asset Revaluation Policy, independent valuations of the major long term asset classes are undertaken on a rolling five (5) year period. For the 2018-2019 Financial year, JLL Infrastructure Advisory Pty Ltd were appointed to independently value the Council’s Road Infrastructure assets.

Balance Sheet

The Net Assets of the Council at 30 June 2019 is $479 million, against an Adopted Budget of $609 million, an unfavourable variance of $131 million.

Major reasons for the variance in the Net Assets include;

Assets

Cash deposits with the Local Government Financing Authority is favourable by $8.120 million, with the variance resulting from the commencement of several major capital projects and advance payments of Roads-to-Recovery and Financial Assistance Grant funding.

Infrastructure, Property, Plant & Equipment is unfavourable with a variance of $148 million, resulting from the reduction in the Fair Value of the Council’s Land and Building assets, due to the application of Australian Accounting Standard AASB13: Fair Value and the reclassification of Land Assets to Level 3 due to Community Land classification.

Other Non-current assets – a variance of $4.848 million to the Adopted Budget is due to capital projects not being completed before the end of financial year. These projects include River Torrens Linear Park Path Upgrade Project ($1.850 million) and the Norwood Oval Clubrooms & Members Facilities Project ($2.270 million).

Non-Current Financial Assets – are lower than the Adopted Budget by $2.7 million due to the loan to Norwood Football Club to fund its share of the Norwood Oval Clubrooms & Members Facilities Project not being drawn down.

Liabilities

Borrowings – a favourable variance of $10.522 million. The favourable variance is due to the timings associated with several major capital projects which are being funded through new loans resulting in funds not yet being drawn down. Projects include, Norwood Oval Clubrooms & Members Facilities and associated public realm works, Beulah Road Bike Boulevard Project and Third Creek Realignment.

Attachment A contains the 2018-2019 Financial Statements comparing the actual result to the 2018-2019 Adopted Budget as required by Section 10 of the Regulations.

Bad and Doubtful Debts

The Council’s accounts receivable balance has been reviewed at the end of the financial year for the recoverability of the outstanding debts. The outstanding amounts which make up the reported Accounts Receivable balance are considered to be recoverable.

It should be noted that the Provision for Bad and Doubtful Debts was increased in the 2018-2019 by $182,101. This was as a result of a stricter application of the Council’s Credit Policy where all debts over 150 days have been provided for. It would be expected that debts with some of the sporting associations which hire facilities from the Council under seasonal permit arrangements will pay amounts outstanding.
OPTIONS

There are no options associated with this issue.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Ms Sandra Di Blasio moved:

That the report be received and noted.

Seconded by Mayor Bria and carried.
6.2 ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2019

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/05564
ATTACHMENTS: A – E

PURPOSE OF REPORT

The purpose of this report is to present the 2018-2019 Financial Statements to the Audit Committee for review and recommendation to the Council for adoption.

BACKGROUND

Pursuant to Section 127 of the Local Government Act 1999 (the Act), the Council must prepare Annual Financial Statements in accordance with the Local Government (Financial Management) Regulations 2011 (the Regulations).

Section 13 of the Regulations requires that the Financial Statements of a Council be prepared in accordance with the requirements set out in the Model Financial Statements. The City of Norwood, Payneham & St Peters has prepared the Annual Financial Statements in accordance with the Model Financial Statements.

Section 126 (4) (a) of the Act requires that the functions of an Audit Committee to include “reviewing annual financial statements to ensure that they present fairly the state of affairs of the council”.

A copy of the Annual Financial Statements is contained in Attachment A.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council’s Long Term Strategic directions are outlined in the City Plan 2030 – Shaping our Future. The 2018-2019 Annual Business Plan and supporting Budget, set out the services and programs and initiatives for the 2018-2019 Financial Year.


FINANCIAL AND BUDGET IMPLICATIONS

Statement of Comprehensive Income


After capital items, the Council is reporting a Net Surplus of $2.327 million (2016-2017: $4.923 million).

The reasons for the variations to the Adopted Budget are outlined in Item 6.1: Financial Summary.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil
CULTURAL ISSUES
Nil

ENVIRONMENTAL ISSUES
Nil

RESOURCE ISSUES
Nil

RISK MANAGEMENT
Nil

CONSULTATION
- Elected Members
  Nil
- Community
  Not Applicable.
- Staff
  Responsible Officers, General Managers and the Council's External Auditors.
- Other Agencies
  Nil

DISCUSSION

Statement of Comprehensive Income

Operating Result

As detailed in Figure 1 below, the Council concluded the financial year with an Operating Surplus of $2.380 million (2017-2018: $4.092 million), a decrease of $1.712 million or 41.8% on 2017-2018. The primary driver for the decrease in reported Operating Surplus is an increase across all expenditure categories, with expenditure increasing by 6.7%, where operating revenues only increased by 2.1%.

The increase in expenditure is primarily due to:

- the full year impact of the increase in disposal costs for recyclable kerbside waste;
- an increase in wages as salaries due to a reduction in vacancies compared to 2017-2018;
- the provision of doubtful debts, in-line with the Council's Credit Policy;
- costs associated with the Local Government Election held in November 2018;
- additional depreciation charges; and
- an increase in water usage due to low rainfall and additional irrigation for Felixstow Reserve.

As the Committee is aware, the Federal Government has made advance payments of the Financial Assistance Grants. Adjusting for the effect of the advanced payments, the underlying Operating Surplus is $2.041 million for 2018-2019, a 50% decrease on the 2017-2018 Adjusted Operating Surplus of $4.404 million.
Detailed explanations are provided in this report.

As detailed in Figure 2 above, non-rate revenues have remained stable, with a slight increase (0.5%) compared to the 2017-2018 financial year.

The cost to deliver the Council's continuing services (i.e. Recurrent Operating Costs) increased by 5.7% ($1.681 million) compared to 2017-2018. As previously advised, the increase was predominantly due increase disposal costs associated with kerbside recyclables, an increase in employee expenses due to vacant positions being filled, increased cost of irrigation due to low rainfall and the allowance for doubtful debts in line with the Council’s Credit Policy.

The Council incurred a net cost of $674,000 ($128,000 in 2017-2018) across twenty four (24) Operating Projects. Major components of Operating Projects were:

- Implementation of Stepney-Maylands-Evandale Local Area Traffic Management Plan;
- Condition Audit of the Councils Civil Infrastructure Assets;
- Eastside Business Awards;
- Various Heritage, Cultural, Youth and Arts Programs and Events;
- Additional Street Tree Planting; and
- Hosting the start of a Stage of the Tour Down Under and associated street event.
Ownership costs, which incorporate interest paid on long term borrowings and depreciation increased by 6.6% ($595,000). The increase is attributed to depreciation costs on the major assets which have been capitalised and the full year impact of the building valuation which was undertaken in 2017-2018.

Non-Operating Items

A Non-Operating Deficit of $52,000 is reported for 2017-2018 (2017-2018 Non-Operating Surplus $831,000). The 2017-2018 Non-Operating Surplus comprised of:

- Loss on Sale and Write off of Infrastructure Assets renewed as part of the Capital Works program. ($1.207 million)
- Grant Income received for Capital Projects including:
  - Payneham Oval Clubrooms $0.500 million
  - River Torrens Linear Park Path Upgrade $0.075 million
  - Library Book Acquisition $0.114 million
  - Beulah Road Bicycle Boulevard $0.076 million
  $0.777 million

Other Comprehensive Income

Other Comprehensive Income comprises items of income and expenses that are not recognised in the Net Surplus (Deficit) for the year, as required or permitted by other Australian Accounting Standards. Such items include the impact of changes in asset values due to revaluations. The value of Other Comprehensive Income reported in the Statement of Comprehensive Income, is a Surplus of $33 million.

The major factor contributing to the Surplus is the revaluation of the Councils’ Civil Infrastructure Assets. In line with the Councils Asset Revaluation Policy, independent valuations of the major long term asset classes are undertaken on a rolling five (5) year period. For the 2018-2019 financial year, Tonkin Consulting were appointed to undertake the independent valuation of the Councils Civil Infrastructure assets.

Balance Sheet

The Net Assets of the Council at 30 June 2019 is $497.7 million, an increase of $35 million from 2016-2018. Major movements include;

- **Assets**

  Current Assets have decreased by $3.190 million, predominately due to decrease in cash held with the Local Government Financing Authority.

  Non-Current Assets have increased by $38 million, predominately due to the review and subsequent revaluation of the Civil Infrastructure asset carrying values.

- **Liabilities**

  During 2018-2019 Financial Year, total liabilities decreased by $427,000. The decrease was due to the combined impact of an increase in value of the trade and other payables at the end of year ($810,000) being offset by a reduction in the Councils’ level of borrowing ($1.135 million).

- **Revaluations**

  In line with the Councils Asset Revaluation Policy, formal valuations of the major asset classes are undertaken on a rolling five (5) year period resulting in an increase in 33 million. The carrying values of other Asset Classes were reviewed and adjusted where appropriate.

  The revaluation impact for each asset class is detailed in Table 1.
TABLE 1: IMPACT OF ASSET REVALUATION

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Revaluation Increase/(Decrease) $million</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>3.297</td>
<td>Represents a 2.2% in the Fair Value, with the indexation based on the annual average movement in value of like assets</td>
</tr>
<tr>
<td>Buildings and Other Structures</td>
<td>0.357</td>
<td>Represents a 0.5% increase in the Fair value with the indexation based on the annual average movement in value of like assets</td>
</tr>
<tr>
<td>Open space Assets</td>
<td>0.128</td>
<td>Represents a 1.8% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.</td>
</tr>
<tr>
<td>Road Infrastructure</td>
<td>9.307</td>
<td>Represents a 18.6% increase in Fair Value based on a condition assessment by Tonkin Consulting.</td>
</tr>
<tr>
<td>Kerbing</td>
<td>10.563</td>
<td>Represents a 20.8% increase in Fair Value based on a condition assessment by Tonkin Consulting.</td>
</tr>
<tr>
<td>Footpaths</td>
<td>2.739</td>
<td>Represents a 10.5% increase in Fair Value based on a condition assessment by Tonkin Consulting.</td>
</tr>
<tr>
<td>Linear Park</td>
<td>0.058</td>
<td>Represents a 17.1% increase in Fair Value based on a condition assessment by Tonkin Consulting.</td>
</tr>
<tr>
<td>Storm-water Drainage</td>
<td>6.552</td>
<td>Represents a 18.8% increase in Fair Value, based on unit cost review by Tonkin Consulting.</td>
</tr>
<tr>
<td>Off- Roads Carparks</td>
<td>0.101</td>
<td>Represents a 6.5% increase in Fair Value, based on a condition assessment by Tonkin Consulting.</td>
</tr>
<tr>
<td>Traffic Control Assets</td>
<td>(0.112)</td>
<td>Represents a 5.4% decrease in Fair Value, based on a condition assessment by Tonkin Consulting.</td>
</tr>
<tr>
<td>Total</td>
<td>32.992</td>
<td></td>
</tr>
</tbody>
</table>

Overall, the revaluation increase for the 2018-2019 financial year is $33 million, compared to a decrease of $150.421 million for the 2017-2018 financial year. The decrease recorded in 2017-2018 was predominately due to the first time application of Australian Accounting Standard AASB13: Fair Value, and the subsequent reclassification of the Councils land assets to Level 3 due to the Community Land Classification, which prevent the Council from disposing of the properties unless the Community Land Classification applying to each property is revoked.

Statement of Cash Flows

For the 2018-2019 Financial year, the Council is reporting a net decrease in cash and cash equivalents of $3.660 million. The Council generated $12.191 million from operating activities, with the funds used to complete the Councils Capital Infrastructure Works Program and the Asset Replacement Program ($9.009 million), and principal repayments ($1.202 million) associated with the Councils borrowings.

Section 126 (4) (a) of the Local Government Act 1999, requires that the functions of an Audit Committee are to include the review of the Annual Financial Statements to ensure that they present fairly the state of affairs of the Council. To ensure that the Audit Committee discharges its responsibilities under the Act, the following papers are provided for review.

Attachment B - contains further clarification to the Significant Accounting Policies used in the preparation of the 2017-2018 Financial Statements.

Attachment C - contains answers to the most common questions expected from Elected Members in respect of the preparation of the 2017-2018 Financial Statements.
Attachment D - contains a copy of the management letter to be provided to the Councils' External Auditors, BDO Advisory (SA) Pty Ltd.

BDO Advisory (SA) Pty Ltd have completed their audit of the Financial Statements and they have advised that they will sign an unqualified Independent Auditors’ Reports in the prescribed form, upon the Presiding Member of the Audit Committee signing the "Council Certificate of Audit Independence".

There were no significant issues raised during the audit of this year’s Financial Statements.

Attachment E - contains a copy of the Draft 2019 Audit Completion Report prepared by the Councils’ External Auditors, BDO Advisory (SA) Pty Ltd.

Financial Ratios

The Model Financial Statements requires the Council to disclose in the Financial Statements, the following three (3) Financial Ratios:

- Operating Surplus Ratio (refer to Figure 3);
- Net Financial Liabilities Ratio (refer to Figure 4); and
- Asset Sustainability Ratio (refer to Figure 5).

FIGURE 3: OPERATING SURPLUS RATIO

![Operating Surplus Ratio Chart]

The Operating Surplus/(Deficit) Ratio expresses the Council’s Operating Surplus/(Deficit) as a percentage of Rate Revenue.

Figure 3 above shows the Adjusted Operating Surplus Ratio, which takes into account for the effect of the advance payments of the Financial Assistance Grants in each of the respective years. The advance payments which have been adjusted for are detailed in Table 2 below;
TABLE 2: FINANCIAL ASSISTANCE GRANTS ADVANCE PAYMENTS

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Number of Quarters Advanced</th>
<th>Increase in Operating Surplus (Value of Advance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-2019</td>
<td>2</td>
<td>$0.595m</td>
</tr>
<tr>
<td>2017-2018</td>
<td>2</td>
<td>$0.614m</td>
</tr>
<tr>
<td>2016-2017</td>
<td>2</td>
<td>$0.565m</td>
</tr>
<tr>
<td>2015-2016</td>
<td>-</td>
<td>$0.000m</td>
</tr>
<tr>
<td>2014-2015</td>
<td>2</td>
<td>$0.584m</td>
</tr>
</tbody>
</table>

In addition to the advance payment of Financial Assistance Grant, the 2019-2020 and 2020-2021 Supplementary Local Road Grant, totalling $357,540, were advanced to the Council in the 2018-2019 financial year.

FIGURE 4: NET FINANCIAL LIABILITIES RATIO

The Net Financial Liabilities Ratio measures the extent to which the net amount owed by the Council is met by its Operating Revenue. Net Financial Liabilities are represented by Total Liabilities less Current Assets.

The Council’s Long Term Financial Plan has set a target of less than 75%. The increase in the ratio for 2018-2019 is due to the combined impact of reduced cash and additional borrowing to fund the purchase of the property adjacent to Hannaford Reserve.

FIGURE 5: ASSET SUSTAINABILITY RATIO
The Asset Sustainability Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.), at the same rate the stock of assets is "wearing out". Asset Sustainability measures the extent of the renewal expenditure incurred, against the planned renewal expenditure, as set out in the Council Asset Management Plans.

The Council's Long Term Financial Plan has set a target of between 90% and 110%, on a three (3) year rolling average. For the 2017-2018 financial year, the three (3) year rolling average is marginally below the target rate at 84%, based on the renewal expenditure proposed in the Council’s Infrastructure and Asset Management Plans.

OPTIONS

There are no options associated with this issue.

CONCLUSION


After Capital Items, which includes grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Net Surplus of $2.327 million (2017-2018: $4.923 million).

The Council’s Auditor, BDO Advisory (SA) Pty Ltd, have completed the audit of the Council’s Financial Statements and have advised that they will sign an unqualified Independent Auditors’ Reports in the form prescribed, upon the Presiding Member of the Audit Committee signing the “Council Certificate of Audit Independence”.

There were no significant issues raised during the audit of this year’s Financial Statements which would prevent the Audit Committee recommending to the Council to adopt the 2018-2019 Financial Statement.

COMMENTS

Nil

RECOMMENDATION

That the Audit Committee recommend to the Council that:

a. The Annual Financial Statements for the year ended 30 June 2019, be adopted.
b. The Annual Financial Statements for the year ended 30 June 2019, be dated 4 November 2019 and be signed on behalf of Elected Members by the Mayor.
c. The Asset Revaluations as set out in Table 1 of this report, be adopted.

Ms Brigid O’Neill moved:

That the Audit Committee recommend to the Council that:

a. The Annual Financial Statements for the year ended 30 June 2019, be adopted.
b. The Annual Financial Statements for the year ended 30 June 2019, be dated 4 November 2019 and be signed on behalf of Elected Members by the Mayor.
c. The Asset Revaluations as set out in Table 1 of this report, be adopted.

Seconded by Ms Sandra Di Blasio and carried.
6.3 EXTERNAL AUDITORS CORRESPONDENCE

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/00238
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with a copy of the Council’s External Auditors Interim Management Letter and the Council’s response with respect to the Financial Year ended 30 June 2019.

BACKGROUND

The 2018-2019 Audit Committee Work Program provides for the Audit Committee to:

- discuss any points of concern by the External Auditor in their interim audit; and
- assess the appropriateness of the Council’s response to matters raised in the interim audit.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

There are no financial implications associated with this issue.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

There are no resource issues arising from this report.

RISK MANAGEMENT

There are no risk management issues arising from this issue.
CONSULTATION

- Committee Members
  Not Applicable

- Community
  Not applicable

- Staff
  Nil

- Other Agencies
  Nil

DISCUSSION

As part of the 2018-2019 External Audit Program, the Council’s External Auditors, BDO Advisory (SA) Pty Ltd, attended the Council offices on 27 May 2019 to the 7 June 2019, to undertake their Interim Audit of the Council’s activities.

No matters have been identified during the visit which would impact upon the Audit opinion for the 2018-2019 Financial Year. During the visit some key topics were identified and discussed including implementation of new accounting standards which came into effect this financial year and the Council’s asset revaluations. The Council was provided the opportunity to provide a management response to the issues arising from the audit activities prior to the Management Letter being issued by BDO Advisory (SA) Pty Ltd. A copy of the Management Letter is contained in Attachment A.

OPTIONS

Nil

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Mayor Bria moved:

That the report be received and noted.

Seconded by Ms Sandra Di Blasio and carried.
6.4 REGIONAL SUBSIDIARIES – ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/01296  S/00045  S/01914  S/00046
ATTACHMENTS: A - D

PURPOSE OF REPORT

The purpose of this report is to provide the Committee with the 2018-2019 Audited Financial Statements for the Regional Subsidiaries of which this Council is a Member.

BACKGROUND

Section 16 (4) of the Local Government (Financial Management) Regulations 1999 requires that:

“The Chief Executive Officer of a council must ensure that any audited financial statements of a subsidiary received for the purposes of clause 12 (3) (a) or 28 (2) (a) of Schedule 2 of the Act are laid before the council at the first meeting of the council following their receipt by the Chief Executive Officer on behalf of the council.”

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable

FINANCIAL AND BUDGET IMPLICATIONS

There are no financial and budget implications resulting from the preparation of this report.

The financial performance of the Regional Subsidiaries of which this Council is a member, is accounted for in the Council’s Annual Financial Statements which are submitted concurrently.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

There are no risk management issues arising from the preparation this report.
CONSULTATION

- **Committee Members**
  A number of the Council’s Elected Members and staff are Board Members or Deputy Board Members of various Regional Subsidiaries.

- **Community**
  Not Applicable.

- **Staff**
  The Chief Executive Officer

- **Other Agencies**
  Not Applicable.

DISCUSSION

The audited Financial Statements have been received from the following Regional Subsidiaries:

- Eastern Health Authority Inc. [(Attachment A)]
- Highbury Landfill Authority Inc. [(Attachment B)]
- Eastern Waste Management Authority Inc. [(Attachment C)]
- ERA Water [(Attachment D)].

The Net Surplus (Deficit) of the respective Regional Subsidiary for the year ended 30 June 2019, together with the Council’s share of the Operating Result which has been accounted for in the Council’s Financial Statements, is set out in Table 1 below.

<table>
<thead>
<tr>
<th>REGIONAL SUBSIDIARY</th>
<th>NET SURPLUS / (DEFICIT)</th>
<th>COUNCILS SHARE OF NET OPERATING SURPLUS / (DEFICIT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Health Authority</td>
<td>$24,109</td>
<td>$7,322</td>
</tr>
<tr>
<td>Highbury Landfill Authority Inc.</td>
<td>$8,352</td>
<td>$3,371</td>
</tr>
<tr>
<td>Eastern Waste Management Authority</td>
<td>$168,189</td>
<td>$24,194</td>
</tr>
<tr>
<td>ERA Water</td>
<td>$(1,037,391)</td>
<td>$(345,762)</td>
</tr>
</tbody>
</table>

Important points to highlight resulting from the 2018-2019 Financial year are:

- **Eastern Health Authority**
  The Eastern Health Authority Inc. reported a Net Operating Surplus of $24,109, compared to a budgeted breakeven result. The favourable result has been driven by reduced Employee Expenses due to inability to source appropriate staff to fill vacancies and additional income from the increase in Meningococcal B Vaccine being purchased at clinics.

- **Highbury Landfill Authority Inc.**
  The Highbury Landfill Authority Inc. reported an Operating Surplus of $8,352. To meet the legislative requirements associated with the post closure of a landfill, the Highbury Landfill Authority Inc., must estimate the future costs to manage the post closure phase of the landfill. A review of the adequacy of the provision to cover the estimated cost of monitoring the landfill was undertaken to ensure the value of the provision reflect the latest information on future expenditure and interest rates. As a result of the review, the post closure provision was reduced by $26,000. This adjustment has contributed to the reported Net Surplus.

- **Eastern Waste Management Authority**
  For 2018-2019, East Waste reported an Operating Surplus of $136,000, plus a gain of $32,000 on the disposal of Plant & Equipment. East Waste aims for a break even cash position to ensure that it meets its annual loan repayment commitments.
• ERA Water

ERA Water reported an Operating Deficit was $1.037m, which was predominately due to the delay in the commencement of water sales as a result of insufficient water availability resulting from the combined impact of a failure in one of the original production bores and low rainfall experienced during the year.

OPTIONS

Not Applicable.

CONCLUSION


COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Mayor Bria moved:

That the report be received and noted.

Seconded by Ms Sandra Di Blasio and carried.
6.5 EASTERN HEATH AUTHORITY LONG TERM FINANCIAL PLAN

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S00046
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to present to the Committee the Eastern Heath Authority (EHA) Long Term Financial Plan (the Plan) for information.

BACKGROUND

EHA is a Regional Subsidiary established pursuant to Section 43 of the Local Government Act 1999, for the primary purpose of providing public and environmental health services primarily to and within the areas of the Constituent Councils. The City of Norwood Payneham & St Peters, together with the City of Burnside, Campbelltown City Council and the City of Prospect and the Town of Walkerville make up the Constituent Councils of EHA.

Pursuant to Section 122 of the Local Government Act 1999 and Clause 5 of the Local Government (Financial Management) Regulations 2011, EHA must prepare a Long Term Financial Plan covering a period of ten years.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

There are no immediate financial impacts on the Council resulting from the consideration of the EHA Long Term Financial Plan.

Pursuant to Clause 7.4 of the EHA Charter, the Constituent Councils are liable to contribute monies to EHA each financial year, to meet the operational costs of EHA. The contribution by each Constituent Council is determined based on each of the Constituent Council proportion of the overall EHA services.

Having an understanding of the future cost estimates of EHA’s services and operations assists the Council in its forward planning.

As a Constituent Council of EHA, the Council is required to account for its share of EHA in the Council’s Financial Statements. The Council ownership share of EHA is 30.4%.

Based on the forecasts set out in the Plan contained in Attachment A, the Council will be reporting on operating loss from EHA of $8,510 in the 2020-2021 Financial Year.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.
ENVIRONMENTAL ISSUES
Not Applicable.

RESOURCE ISSUES
Not Applicable.

RISK MANAGEMENT
As with any forward estimates, the financial forecasts are based on a set of assumption, which are made with reference to the information available at a point in time.

In preparing the Plan, EHA has taken into account a number of external and internal influences and risk which have the potential in limiting EHA’s ability in achieving the financial outcomes set out in the Plan.

The risks and influences considered are set out in the Plan contained in Attachment A.

CONSULTATION
- Elected Members
  Councillors Sue Whittington and Garry Knoblauch are members of the EHA Board.

- Committee Members
  Nil

- Community
  Not Applicable.

- Staff
  Nil

- Other Agencies
  Not Applicable.

DISCUSSION
EHA is a service based organisation which has been established to deliver the public and environmental health services to ensure its Constituent Council meet their respective legislative responsibilities. To this end, the Plan expresses in financial terms, the activities that are to be undertaken to achieve the objectives set out in EHA’s Charter and Business Plan. The EHA Board of Management adopted its 2014-2023 Long Term Financial Plan in August 2013. As the objectives and services provided by EHA remain essential the same, the Plan contained in Attachment A provides an update to the financial estimates for the period from 2021-2022 to 2029-2030.

OPTIONS
Not Applicable.

CONCLUSION
As with any Long Term Financial Plan, the financial projections contained within the Plan are meant to provide an indication of the direction and financial capacity, rather than predicting the future financial performance and position of the Scheme.

The Plan has been developed based on a number of assumptions, which have been determined with reference to available information and knowledge at the time of preparing the Plan. Those assumptions have been reviewed and on the premise that those assumption hold true, the financial projections provide a fair and reasonable prediction of the future financial performance and capacity of EHA.
COMMENTS

Nil.

RECOMMENDATION

That the report be received and noted.

Mayor Bria moved:

That the report be received and noted.

Seconded by Ms Sandra Di Blasio and carried.
6.6 INTERNAL CONTROL AND RISK MANAGEMENT ASSESSMENT

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Service
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/01823
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with an update on the status of the Council’s major risks and the assessment of the Council’s internal controls.

BACKGROUND

The Audit Committee’s Work Program provides for the following:

- Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council’s external auditor, and if so whether action has been taken to have them addressed:
  - consider the range of documented internal control policies and procedures; and
  - whether they are being followed.

- Develop and monitor the delivery of the Council’s Strategic Internal Audit Plan by:
  - meeting with the Council’s Internal Auditors to discuss any points of concern raised by the Internal Auditor, as part of the delivery of the Strategic Audit Plan;
  - assessing the appropriateness of the Council’s response to matters raised in the Internal Audit Reports; and
  - annually review the appropriateness of the Council’s three (3) year Strategic Internal Audit Plan.

- Review Management’s assessment of Council’s major risks.

- Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:
  - whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect
  - whether a business continuity plan has been developed in case of major damage to key Council properties or other, (e.g. computer, assets);
  - whether there are significant risks that have been identified by Council’s insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard; and
  - adequacy of insurance coverage.

As part of its oversight responsibilities, at its meeting held on 15 October 2010, the Audit Committee requested that Risk Management be a standard agenda item and that a brief report be prepared for each meeting confirming that the risks remain current and that the identified existing controls remain in place.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Additional funding may be required to complete the work which has been requested by the Audit Committee, depending on the nature and timeframes set for any further work required to be undertaken.

The 2019-2020 Adopted Budget includes an allocation of $30,000 to undertake up to three (3) Internal Audit reviews.
EXTERNAL ECONOMIC IMPLICATIONS
Nil.

SOCIAL ISSUES
Nil.

CULTURAL ISSUES
Nil.

ENVIRONMENTAL ISSUES
Nil.

RESOURCE ISSUES
Refer to Financial Implications above.

RISK MANAGEMENT
The risks identified to be managed are contained in Attachment A.

CONSULTATION

- **Committee Members**
  Members of the Audit Committee, the Chief Executive Officer and General Managers participated in a Workshop on 11 September 2019, to review the identified risks contained in Attachment A.

- **Community**
  Not Applicable.

- **Staff**
  A number of staff focus group sessions were facilitated by Bentleys to identify the organisational risks set out in Attachment A.

- **Other Agencies**
  Not Applicable.

DISCUSSION

Risk Management
Following the risk review and risk workshop held on 11 September 2019, eight (8) strategic risks and thirteen (13) operational risks were identified. Upon review of the nature of the risks and the existing controls which are in place, five (5) strategic risks and three (3) operational risks were identified with a target risk greater than the residual risk. To reduce the risk to the target risk rating, a number of treatment plans have been proposed to mitigate against the risk. Details of the risks requiring treatment plans are detailed in Table 1 below.
### TABLE 1: IDENTIFIED RISK REQUIRING TREATMENT PLANS

<table>
<thead>
<tr>
<th>Risk</th>
<th>Inherent Risk</th>
<th>Residual Risk</th>
<th>Target Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Risks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Community expectations</td>
<td>High 9</td>
<td>Substantial 14</td>
<td>Medium 19</td>
</tr>
<tr>
<td>2. Not delivering projects</td>
<td>High 9</td>
<td>Substantial 14</td>
<td>Medium 19</td>
</tr>
<tr>
<td>4. Elected Member conduct</td>
<td>Substantial 13</td>
<td>Medium 19</td>
<td>Low 23</td>
</tr>
<tr>
<td>5. Lack of innovation and forward planning</td>
<td>High 9</td>
<td>Medium 19</td>
<td>Low 24</td>
</tr>
<tr>
<td>6. Lack of Organisational and Departmental strategy</td>
<td>Extreme 5</td>
<td>Substantial 13</td>
<td>Low 21</td>
</tr>
<tr>
<td><strong>Operational Risks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Contract Management</td>
<td>Extreme 4</td>
<td>High 9</td>
<td>Low 21</td>
</tr>
<tr>
<td>12. Contractor Management</td>
<td>Extreme 5</td>
<td>High 9</td>
<td>Low 21</td>
</tr>
<tr>
<td>14. Business and commercial awareness</td>
<td>Extreme 5</td>
<td>Substantial 14</td>
<td>Low 21</td>
</tr>
</tbody>
</table>

The Risk Assessment of all identified risks and the associated proposed treatment plans are contained in Attachment A.

### Internal Audit

The Council has in place a three (3) year Strategic Internal Audit Plan (the Plan) which, following the recommendation of the Audit Committee, was adopted by the Council on 7 March 2016. On the recommendation of the Audit Committee, the Council adopted a three (3) year Strategic Internal Audit Plan on 7 March 2016. The Plan was reviewed by the Audit Committee at its meeting held on 23 October 2017. A copy of the Plan is contained in Attachment B.

Following the updated Risk Assessment undertaken by the Audit Committee, the Plan has been reviewed and updated to address the areas of risk identified as part of the risk assessment.

A copy of the proposed Plan is contained in Attachment C.

With the exception of the Eastern Health Authority (EHA) monitoring and compliance review, the internal audit reviews which are yet to be undertaken as part of the revised Plan, have been carried over to the 2019-2021 Strategic Internal Audit Plan. While public and environmental health services were identified as a risk as part of the Risk Assessment undertaken in 2015, as public and environmental health services are provided to the Council by the Eastern Health Authority, it is considered that the scope of the review is beyond the Council’s responsibilities. The Council is represented on the EHA Board with two (2) Elected Members and receives regular reports on the operations and activities of EHA.

### Information Security Breaches

The Council’s 2015 Risk Management Plan identified the Breach of Confidentiality and Destruction of Information, Communications and Technology, as risks which the Council is to manage and implement treatment plans to mitigate the risk. While the Council has a number of existing controls in place such as IT Security Controls and system procedures and policy which address these two risks, a staff Information Security Committee (the Committee) was established in October 2016 with the following purpose:

‘…to provide a structured and formal forum for assessing information security risks; including reviewing existing and past Information Security incidents’
In addition, the Committee will work to understand industry trends and new threat scenarios to identify initiatives and mitigation strategies that counteract existing and future risks. Through regular meetings, Information Security processes will be continuously challenged, assessed and enhanced, outcomes from incident investigations will be tracked and staff awareness will remain in focus.

The Committee meets on a quarterly basis, co-ordinated by the Project Manager, ICT and supported by the General Manager, Corporate Services and the Manager, Information Services.

Security incidents are categorised into 3 areas.

- Confidentiality – protecting information from disclosure to unauthorized parties.
- Integrity – protecting information from being modified by unauthorized parties.
- Availability – ensuring that authorized parties are able to access information when needed.

Between October 2018 and October 2019, the Committee have tracked and reviewed 8 Information Security incidents, zero (0) in Confidentiality, seven (7) in Availability and one (1) in Integrity. Over the same period, one (1) security information breach had been identified relating to the unrecoverable loss of CCTV recording data, see breach summary for more information.

As at time of writing this report, it has been 196 days since the last information security breach. Prior to the security breach in April, the number of days where no breach had occurred was 1100 days.

It is noted that previous incidents and the resulting preventative actions have had a positive impact on the frequency of incidents or the length or severity of the impact when they do occur.

Specific examples of preventive actions implemented include:

- the introduction of automated monitoring services which detect failures on our key systems;
- the provision of IT service coverage from 7.30 am to ensure that critical systems outages can be rectified prior to the majority of staff commencing work; and
- improving processes or system configuration design which has significantly reduced recovery times.

A summary of security incidents and the preventative actions undertaken to minimise future impacts are detailed in Table 1 below.

**TABLE 1: SECURITY INCIDENTS AND BREACHES FROM OCTOBER 2018-2019 - INCIDENT SUMMARY**

<table>
<thead>
<tr>
<th>Date</th>
<th>Threat type</th>
<th>Impact</th>
<th>Reactive Actions</th>
<th>Preventative Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2018</td>
<td>System failure</td>
<td>Online payments unavailable for 90 minutes</td>
<td>Restarted essential services.</td>
<td>This outage was detected by the automated monitoring system (Site24x7), introduced late in 2017.</td>
</tr>
<tr>
<td>Nov 2018</td>
<td>Power outage</td>
<td>All Council IT services unavailable between 11:16pm and 8:07am.</td>
<td>Restared all services</td>
<td>New Uninterruptable Power Supply (UPS) to be installed late 2019, providing additional runtime. Introduction of early shift resulted in services being fully restored prior to the commencement of office hours.</td>
</tr>
<tr>
<td>Jan 2019</td>
<td>System failure</td>
<td>Internal servers (Authority, Email, etc.) unavailable from 3:45pm until the following morning.</td>
<td>Manually migrated services to 2nd server, shutdown non-essential services</td>
<td>Server configuration reviewed and updated to ensure faster failover and more responsive service during a similar event.</td>
</tr>
</tbody>
</table>
### Minutes of the Meeting of the Audit Committee held on 28 October 2019

**Item 6.6**

<table>
<thead>
<tr>
<th>Date</th>
<th>Threat type</th>
<th>Impact</th>
<th>Reactive Actions</th>
<th>Preventative Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 2019</td>
<td>System configuration error</td>
<td>Remote access services unavailable (Working from home, IPad access)</td>
<td>Updated license</td>
<td>Introduced reminders process to ensure license expiry does not reoccur.</td>
</tr>
<tr>
<td>April 2019</td>
<td>System configuration error</td>
<td>Council website unavailable</td>
<td>3rd party vendor corrected misconfiguration</td>
<td>None</td>
</tr>
<tr>
<td>Sept 2019</td>
<td>System failure</td>
<td>Internet connectivity and site-to-site connection lost</td>
<td>Contacted TPG</td>
<td>Service complaint raised to TPG account manager</td>
</tr>
<tr>
<td>Sept 2019</td>
<td>System failure</td>
<td>Brief interruption to Internal servers (Authority, Email, etc.)</td>
<td>Services automatically migrated to redundancy host</td>
<td>None. Redundancy setup worked efficiently, significantly reducing the impact to staff</td>
</tr>
</tbody>
</table>

**OPTIONS**

Nil

**CONCLUSION**

Nil

**COMMENTS**

Nil

**RECOMMENDATION**

1. That the Audit Committee recommends to the Council the Risk Assessment and associated treatment Plans as contained in Attachment A be endorsed.

2. That the Audit Committee recommends to the Council that the Internal Audit Plan as contained in Attachment C be endorsed.

_Ms Brigid O’Neill moved:_

1. That the Audit Committee recommends to the Council the Risk Assessment and associated treatment Plans as contained in Attachment A be endorsed.

2. That the Audit Committee recommends to the Council that the Internal Audit Plan as contained in Attachment C be endorsed.

_Seconded by Ms Sandra Di Blasio and carried._
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:

(g) matters that must be considered in confidence in order to ensure that the Council does not breach any duty of confidence;

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, after which time the order will be reviewed.

Mayor Bria 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, Corporate Services and Financial Services Manager], be excluded from the meeting on the basis that the Council will receive, discuss and consider:

(g) matters that must be considered in confidence in order to ensure that the Council does not breach any duty of confidence;

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 Brigid O’Neill and carried.

Mayor Bria 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, after which time the order will be reviewed.

Seconded by Ms Brigid O’Neill and carried.
8. OTHER BUSINESS
   Nil

9. NEXT MEETING
   Monday 24 February 2020

10. CLOSURE
    There being no further business the Presiding Member declared the meeting closed at 8.07pm.

____________________________________
Cr John Minney
PRESIDING MEMBER

Minutes Confirmed on ________________________
(date)