

MINUTES

Audit and Risk Committee Wednesday 2 April 2025



Minutes of City of Mount Gambier Audit and Risk Committee held at:

Time: 5:30 pm
Date: Wednesday 2 April 2025
Location: Council Chamber - Civic Centre
10 Watson Terrace, Mount Gambier

PRESENT: Mayor Lynette Martin (OAM)
Mr Paul Duka (Presiding Member)
Cr Paul Jenner
Mr Alexander Brown (virtual)
Ms Belinda Johnson

OFFICERS IN ATTENDANCE:	Chief Executive Officer	- Mrs S Philpott
	General Manager City Infrastructure	- Ms B Cernovskis
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh (virtual)
	Manager Financial Services	- Ms K Rolton
	Financial Accounting Coordinator	- Ms K Harradine
	Manager Engineering Design and Assets	- Mr A Mahmud
	Executive Administrator	- Mrs S Spears
	Executive Administrator	- Miss T Chant

1 ACKNOWLEDGEMENT OF COUNTRY

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR FIRST NATIONS PEOPLES HAVE WITH THE LAND.

2 APOLOGIES

Nil

3 CONFIRMATION OF MINUTES

3.1 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION ARC 2025/8

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

That the minutes of the Audit and Risk Committee Meeting held on 5 February 2025 be confirmed as an accurate record of the proceedings of the meeting.

CARRIED

4 QUESTIONS WITHOUT NOTICE

Nil

5 REPORTS

5.1 LEASE AND LICENCE UPDATE

COMMITTEE RESOLUTION ARC 2025/9

Moved: Cr Paul Jenner

Seconded: Belinda Johnson

1. That the Audit and Risk Committee report titled 'Lease and Licence Update' as presented on Wednesday 2 April 2025 be noted.

CARRIED

5.2 POLICY UPDATE

COMMITTEE RESOLUTION ARC 2025/10

Moved: Mayor Lynette Martin

Seconded: Alexander Brown

1. That the Audit and Risk Committee report titled 'Policy Update' as presented on Wednesday 2 April 2025 be noted.

CARRIED

5.3 QUARTERLY INTERNAL AUDIT UPDATE

COMMITTEE RESOLUTION ARC 2025/11

Moved: Belinda Johnson

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee report titled 'Quarterly Internal Audit Update' as presented on Wednesday 2 April 2025 be noted.
2. That it be noted that progress achieved on the actions resulting from the internal audits already completed will continue to be reviewed and reported in future quarterly updates.

3. That progress has advanced with three internal audit projects being provided by external consultants including: Procurement, Contract Management and the Rating Review with reports to be presented to Audit and Risk Committee at the June 2025 meeting.
4. That a workshop be held prior to consideration of the next annual internal audit plan update to ensure that amendments to the Plan incorporate a risk based approach following internal financial control review, service review, ESCOSA Local Government Advice and internal audits already completed.

CARRIED

5.4 INTERNAL FINANCIAL CONTROLS 2024-2025 SELF ASSESSMENT AND UPDATE FROM PREVIOUS SELF ASSESSMENT

COMMITTEE RESOLUTION ARC 2025/12

Moved: Paul Duka

Seconded: Belinda Johnson

1. That the Audit and Risk Committee report titled 'Internal Financial Controls 2024-2025 self assessment and update from previous self assessment' as presented on Wednesday 2 April 2025 be noted.
2. That the Audit and Risk Committee note the results of the 2024/2025 internal control self assessment and that progress towards identified improvement action plans will be reported annually to the Audit and Risk Committee.
3. That the Audit and Risk Committee note that the Internal Financial Controls Procedure document is currently under review and will be presented to Audit and Risk Committee at a future date.

CARRIED

5.5 ASSET ACCOUNTING POLICY

COMMITTEE RESOLUTION ARC 2025/13

Moved: Paul Duka

Seconded: Alexander Brown

1. That the Audit and Risk Committee report titled 'Asset Accounting Policy' as presented on Wednesday 2 April 2025 be noted.

2. That the amended Asset Accounting Policy, having been reviewed by the Audit and Risk Committee on 2 April 2025 be recommended to Council for adoption, with the exception of the application of indexation which should be retained at CPI annually.
3. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the policy arising from this meeting, together with any typographical corrections, amendments to position or organisation titles, and finalisation of the document's formatting that do not materially alter the integrity of the document.

CARRIED

5.6 ESCOSA LOCAL GOVERNMENT ADVICE FEBRUARY 2025

The Presiding Member sought the approval of at least two-thirds of the members present at the meeting to suspend meeting procedures:

Purpose of the Suspension: To discuss item 5.6

Carried by more than two-thirds of the members present at the meeting.

Meeting Procedures were suspended at 6:49pm.

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

Carried by more than two-thirds of the members present at the meeting.

The Period of Suspension came to an end and Meeting Procedures resumed at 7:31 pm.

COMMITTEE RESOLUTION {resolution-number}

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That the Audit and Risk Committee report titled 'ESCOSA Local Government Advice February 2025' as presented on Wednesday 2 April 2025 be noted.
2. That having reviewed the ESCOSA Local Government Advice for the City of Mount Gambier dated February 2025, the Audit and Risk Committee tables the following commentary and recommendations for Council consideration:
 - (a) The Committee acknowledges ESCOSA's assessment that the City of Mount Gambier's financial performance is mostly sustainable and recognises the importance of addressing key risks impacting sustainability, and the commendations from ESCOSA for Councils well developed strategic planning processes and commitment to community consultation.
 - (b) The Committee supports the need for greater transparency in capital expenditure forecasting and recommends that material changes to forecasts be clearly disclosed in the Annual Business Plan, Long-Term Financial Plan, and Asset Management Plans (with a definition of material to also be included).

- (c) That the Committee notes the planned approach to identifying cost savings through upcoming service reviews and workforce planning initiatives and requests a report to the Audit and Risk Committee regarding the framework and approach.
 - (d) That the Committee recommends Council continue discussions with the Local Government Financing Authority (LGFA) to explore opportunities to optimise debt repayment strategies while balancing financial costs, rate increases, and intergenerational equity, as well as creating financial capacity for the future, in alignment with Council's Treasury Management Policy. Consideration should also be given to any break costs associated with early loan repayments.
 - (e) The Committee acknowledges that the Asset Unlocking Project will include a comprehensive review of depreciation assumptions, methodologies and asset valuations to ensure sufficient funding for asset renewal and replacement.
 - (f) The Committee acknowledges the financial implications of new asset development and recommends that Council carefully assess project prioritisation, with lifecycle costing analysis before committing to major new capital projects, ensuring funding for future maintenance and renewal is considered. This will align with community expectations around growth of the city, long-term financial sustainability, rate affordability, and future maintenance obligations, noting that some new assets may be in self-funded service areas such as waste.
 - (g) The Committee acknowledges the importance of the ongoing Rating Review in addressing rate affordability concerns. Additionally, the Committee recommends that Council continue to refine and monitor financial sustainability ratios as part of its budget review processes to ensure alignment with ESCOSA's advice and best practices in financial management.
3. That the audit and risk committee acknowledge the proactive work the of the organisation in progressing financial sustainability.

CARRIED

5.7 EXTERNAL AUDIT MATTERS 2023/2024 UPDATE

COMMITTEE RESOLUTION ARC 2025/14

Moved: Belinda Johnson

Seconded: Mayor Lynette Martin

1. That the Audit and Risk Committee report titled 'External Audit Matters 2023/2024 Update' as presented on Wednesday 2 April 2025 be noted.

CARRIED

5.8 AUDIT AND RISK COMMITTEE MEETING REPORT

COMMITTEE RESOLUTION ARC 2025/15

Moved: Paul Duka

Seconded: Belinda Johnson

1. That Audit and Risk Committee report titled 'Audit and Risk Committee Meeting Report' as presented on Wednesday 2 April 2025 be noted.
2. That the Audit and Risk Committee be provided with a summary of the outcomes of this meeting within 5 business days and will provide feedback prior to inclusion in the Council Meeting Agenda for 15 April 2025.

CARRIED

6 URGENT MOTIONS WITHOUT NOTICE

Nil

7 CONFIDENTIAL ITEMS

Nil

8 MEETING CLOSE

The meeting closed at 7:43 pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 04 June 2025.

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PRESIDING MEMBER