



City of Nedlands

Minutes

Audit & Risk Committee Meeting

20 February 2017

ATTENTION

These Minutes are subject to confirmation

This is a committee which has only made recommendations to Council. No action should be taken on any recommendation contained in these Minutes. The council resolution pertaining to an item will be made at the Ordinary Council Meeting next following this meeting.

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City of Nedlands

Minutes of a meeting of the Audit & Risk Committee held in the Meeting Room at the City of Nedlands on Monday 20 February 2017 at 5:32 pm.

Audit & Risk Committee Minutes

Declaration of Opening

The Presiding Member declared the meeting open at 5:30 pm and drew attention to the disclaimer below.

(NOTE: Council at its meeting on 24 August 2004 resolved that should the meeting time reach 11.00 p.m. the meeting is to consider an adjournment motion to reconvene the next day).

Present and Apologies and Leave Of Absence (Previously Approved)

Committee Members

Councillor I S Argyle	Dalkeith Ward (Presiding Member
His Worship the Mayor	R M Hipkins
Councillor L J McManus	Coastal Districts Ward
Councillor B G Hodsdon (Arrived at 5.36pm)	Hollywood Ward
Mr K Eastwood	Community Member

Staff	Mr G Trevaskis	Chief Executive Officer
	Mr A Melville	Manager Health & Compliance
	Mrs L Driscoll	Director Corporate & Strategy
	Mrs S Gibson	Corporate & Strategy Administration Officer

Also in Attendance	Mr R Bronkhorst	BDO
	Mr A Hillbeck	BDO
	Councillor R Binks	Hollywood Ward

Public There were no members of the public present.

Leave of Absence Nil.
(Previously Approved)

Apologies	Mr P Satchel	Community Member
	Mr R Senathirgajah	Community Member

Absent	Councillor G A R Hay	Melvista Ward
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Disclaimer

Members of the public who attended the meeting should not act immediately on anything they heard at the meeting, without first seeking clarification of Council's position. For example by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

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1. Public Question Time

Nil.

2. Addresses By Members of the Public (only for items listed on the agenda)

Nil.

3. Disclosures of Financial Interest

The Presiding Member reminded Councillors and Staff of the requirements of Section 5.65 of the *Local Government Act* to disclose any interest during the meeting when the matter is discussed.

There were no disclosures of Financial Interest.

4. Disclosures of Interests Affecting Impartiality

The Presiding Member reminded Councillors and Staff of the requirements of Council's Code of Conduct in accordance with Section 5.103 of the *Local Government Act*.

There were no disclosures of interests affecting impartiality.

5. Declarations by Members That They Have Not Given Due Consideration to Papers

Nil.

6. Confirmation of Minutes

6.1 Audit & Risk Committee Meeting 7 November 2016

Moved –Mr Eastwood
Seconded – Mayor Hipkins

The minutes of the Audit & Risk Committee held 7 November 2016 be confirmed.


CARRIED

7. Items for Discussion

Note: Regulation 11(da) of the *Local Government (Administration) Regulations 1996* requires written reasons for each decision made at the meeting that is significantly different from the relevant written recommendation of a committee or an employee as defined in section 5.70, but not a decision to only note the matter or to return the recommendation for further consideration.

Councillor Hodsdon joined the meeting at 5.36 pm.

7.1 BDO Control Self-Assessment – Fraud Management

Applicant	City of Nedlands
Owner	BDO
Officer	Andrew Melville
Director	Lorraine Driscoll
Director Signature	
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).

Moved – Councillor Hodsdon
 Seconded – Councillor Argyle

Committee Recommendation / Recommendation to the Audit and Risk Committee

The Audit and Risk Committee receives the Fraud Management Control Self-Assessment and notes the finding and recommendation of the review and the actions proposed by Administration.

CARRIED UNANIMOUSLY 5/-

Background

BDO Audit (WA) Pty Ltd are the City’s appointed Internal Auditors and in accordance with the 2016/17 Internal Audit Annual Plan have facilitated a Control Self-Assessment of the City’s fraud management processes.

A Control Self-Assessment is a process through which internal control effectiveness is examined and assessed. The objective is to provide a facilitated self-assessment for compliance with relevant management policies and procedures. The assessment is conducted with input from city personnel and is facilitated by the BDO Audit Team.


The attached report contains details of the issues raised and management’s comments.

The Fraud Management Control Self-Assessment is presented to the Audit and Risk Committee for their information.

Attachment

1. BDO Audit (WA) Pty Ltd – Fraud Management Control Self-Assessment

7.2 BDO Control Self-Assessment – Accounts Receivable

Applicant	City of Nedlands
Owner	BDO
Officer	Andrew Melville
Director	Lorraine Driscoll
Director Signature	
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).

Moved – Mr K Eastwood
 Seconded – Councillor Hodsdon

Committee Recommendation / Recommendation to the Audit and Risk Committee

The Audit and Risk Committee receives the Accounts Receivable Control Self-Assessment and notes the finding and recommendation of the review and the actions proposed by Administration.

CARRIED UNANIMOUSLY 5/-

The Director Corporate and Strategy undertook to complete a review of the Audit trail for accounts receivable by 30 June 2017.

Background

BDO Audit (WA) Pty Ltd are the City’s appointed Internal Auditors and in accordance with the 2016/17 Internal Audit Annual Plan have facilitated a Control Self-Assessment of the City’s accounts receivable processes.

A Control Self-Assessment is a process through which internal control effectiveness is examined and assessed. The objective is to provide a facilitated self-assessment for compliance with relevant management policies and procedures. The assessment is conducted with input from city personnel and is facilitated by the BDO Audit Team.


The attached report contains details of the issues raised and management’s comments.

The Accounts Receivable Control Self-Assessment is presented to the Audit and Risk Committee for their information.

Attachment

1. BDO Audit (WA) Pty Ltd – Accounts Receivable Control Self-Assessment

7.3 BDO Control Self-Assessment – Human Resource Leave

Applicant	City of Nedlands
Owner	BDO
Officer	Andrew Melville
Director	Lorraine Driscoll
Director Signature	
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).

Moved – Councillor McManus
 Seconded – Councillor Hodsdon

Committee Recommendation / Recommendation to the Audit and Risk Committee

The Audit and Risk Committee receives the Human Resource Leave Control Self-Assessment and notes the finding and recommendation of the review and the actions proposed by Administration.

CARRIED UNANIMOUSLY 5/-

Background

BDO Audit (WA) Pty Ltd are the City's appointed Internal Auditors and in accordance with the 2016/17 Internal Audit Annual Plan have facilitated a Control Self-Assessment of the City's human resource leave processes.

A Control Self-Assessment is a process through which internal control effectiveness is examined and assessed. The objective is to provide a facilitated self-assessment for compliance with relevant management policies and procedures. The assessment is conducted with input from city personnel and is facilitated by the BDO Audit Team.


The attached report contains details of the issues raised and management's comments.

The Human Resources Leave Control Self-Assessment is presented to the Audit and Risk Committee for their information.

Attachment

1. BDO Audit (WA) Pty Ltd – Human Resource Leave Control Self-Assessment

7.4 BDO Control Self-Assessment – Investment Management

Applicant	City of Nedlands
Owner	BDO
Officer	Andrew Melville
Director	Lorraine Driscoll
Director Signature	
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the <i>Local Government Act (1995)</i> .

Moved – Mr Eastwood
 Seconded – Councillor Hodsdon

Committee Recommendation / Recommendation to the Audit and Risk Committee

The Audit and Risk Committee receives the Investment Management Control Self-Assessment and notes the finding and recommendation of the review and the actions proposed by Administration.

CARRIED UNANIMOUSLY 5/-

It was voted that the Director of Corporate and Strategy and the Manager Finance will always be in the investment rollover process. Council policy to be accordingly updated.

Background

BDO Audit (WA) Pty Ltd are the City's appointed Internal Auditors and in accordance with the 2016/17 Internal Audit Annual Plan have facilitated a Control Self-Assessment of the City's investment management processes.

A Control Self-Assessment is a process through which internal control effectiveness is examined and assessed. The objective is to provide a facilitated self-assessment for compliance with relevant management policies and procedures. The assessment is conducted with input from city personnel and is facilitated by the BDO Audit Team.


The attached report contains details of the issues raised and management's comments.

The Investment Management Control Self-Assessment is presented to the Audit and Risk Committee for their information.

Attachment

1. BDO Audit (WA) Pty Ltd – Investment Management Control Self-Assessment

7.5 Insurance Review Update

Applicant	City of Nedlands
Director	Lorraine Driscoll
Director Signature	
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).

Moved – Councillor McManus
 Seconded – Mr Eastwood

Committee Recommendation / Recommendation to the Audit and Risk Committee

The Audit and Risk Committee receives the Insurance Review Update report and notes the contents and actions proposed by Administration.

CARRIED UNANIMOUSLY 5/-

Background

Marsh Pty were appointed in September 2016 as the City's Insurance Brokers. At that time, given the timeframe available to renew the City's insurance cover all premiums were renewed on a 'like for like' basis. However, as part of the partnership model between Marsh Pty and the City a number of added value activities were agreed to and undertaken with a view to ensuring that the best possible coverage was accessed and areas of risk identified. The three areas of focus were

- Strategic Workplace Risk Profiling
- Property Survey
- Professional Indemnity Review

Strategic Workplace Risk Profiling

This workshop took place in December 2016 and reviewed the City's approach to:

- Safety Management
- Injury Management
- Claims Management and
- Insurer Management

The City is in receipt of a comprehensive report which covers the areas above and identifies improvement activities which will assist in the reduction of worker's compensation exposures whilst also achieving cost reductions. The report has yet to be worked through but early indications are that under the gap analysis diagnostic findings the City has been rated as "Good" across the area of workplace injury risk.

Next Steps

A follow up meeting has been scheduled to take place in mid February between Marsh Pty consultants and key City staff, at which findings and recommendations of the report will be considered and actioned as appropriate.

Property Survey

Insurers; CGU undertook a survey of the following key City locations;

- 71 Stirling Highway Nedlands -Council Chamber/Office/Surrounding Ground
- 97 Waratah Ave, Dalkeith - Dalkeith Hall/NCC Office/NCC Respite Centre/Surrounding Grounds
- Carrington Street Nedlands – Works Depot

The purpose of the survey was to review processes and procedures in place and to conduct a review of:

- Emergency response and training/pre-fire planning with local fire brigade,
- Hot work permit systems,
- In-house fire safety (and housekeeping) inspection programs,
- Maintenance and supervision of fire protection/detection systems,
- Smoking policies,
- Electrical equipment maintenance (switchboards, transformers, battery chargers) etc.,
- Mechanical & kitchen equipment maintenance,
- Site security,
- Data back-up procedures/practices,
- Contractor management,
- Fire impairment management,
- Incident reporting process,

Next Steps

A report is currently being prepared by the insurers, once received recommendations of the report will be considered and actioned as appropriate.

Professional Indemnity Review

This workshop took place in January 2017, the purpose of which was to review the breakdown of services included in the current Professional Indemnity Cover. An overview of professional services captured under this insurance coverage identified areas that were not relevant to the City's current activities. This has occurred due to historical mutual insurance arrangements and the opportunity has now arisen to review and adjust accordingly.


Next Steps

Marsh Pty are reviewing feedback from the City's Executive Team and will update the declared professional services and present to insurers for a revised level of coverage and subsequent reduction in premium. It is expected that there will be significant savings in premiums.

Attachment

Nil

7.6 2016 Compliance Audit Report

Owner	City of Nedlands
Officer	Pollyanne Fisher – Policy and Projects Officer
Director	Lorraine Driscoll
Director Signature	
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).

Moved – Councillor Hodsdon
 Seconded – Councillor Argyle

Council adopts the 2016 Compliance Audit Return, with an amendment to the response to no.2 ‘Local Government Employees’ being amended to a ‘Yes’.

CARRIED UNANIMOUSLY 5/-

Committee Recommendation

Council adopts the 2016 Compliance Audit Return, with an amendment to the response to no.2 ‘Local Government Employees’ being amended to a ‘Yes’.

Recommendation to Audit & Risk Committee

Council adopts the 2016 Compliance Audit Return.

Administration Comment

The vacancies for the positions of designated senior employees during 2016 were all advertised in compliance with s.5.36(4), 5.37(3) of the Act and Admin Reg 18A. The response to no.2 ‘Local Government Employees’ should be amended to state a ‘Yes’.

Executive Summary

The 2016 Compliance Audit Return is an annual return that is required to be reviewed and adopted by Council prior to submission to the Department of Local Government by 31 March 2017. The Audit and Risk Committee is required to review the return and is to submit the results of that review to Council.

Discussion/Overview

Local governments are required to complete the annual Compliance Audit Return. The attached return for the City of Nedlands is for the period 1 January 2016 to 31 December 2016. It is required to be considered and adopted by Council, and submitted to the Department of Local Government by 31 March 2017. The Audit and Risk Committee is required to review the return and is to submit the results of that review to Council.

Regulations 14 and 15 of the Local Government (Audit) Regulations 1996 as follows:

In accordance with Regulation 14 and 15 of the Local Government (Audit) Regulations 1996 the Compliance Audit Return 2016 must be:

1. Presented to the Audit and Risk Committee for review and then presented to Council;
2. Adopted by Council;
3. Recorded in the minutes of the meeting at which it was adopted; and
4. A certified copy of the return, along with a copy of the minutes recording its adoption, to be submitted to the Department of Local Government by 31 March 2017.

The City's 2016 Compliance Audit Return was completed in February by the Policy and Projects Officer after reviewing and assessing:

- Council meeting agendas and minutes;
- Performance plans, media advertisements, procedures and policies, registers, delegation records, local laws; and
- Interviews with responsible officers.

Key Relevant Previous Council Decisions:

Not applicable.

Consultation

The Audit and Risk Committee is required to review the return and is to submit the results of that review to Council.

Budget/Financial Implications

The 2016 Compliance Audit Return has been conducted using internal resources and there are no other financial impacts.

Attachment

1. Compliance Audit Return 2016

8. Confidential Item – Appointment of Auditor

Any Confidential items to be considered at this point.

BDO representatives departed the meeting at 6.20 pm.

Closure of Meeting to the Public

Moved – Councillor Hodsdon

Seconded – Mayor Hipkins

That the meeting be closed to the public in accordance with Section 5.23 9d) of the *Local Government Act 1995* to allow confidential discussion on the following item.

CARRIED UNANIMOUSLY 5/-

The meeting was closed to the public at 6.25 pm.

Moved – Councillor McManus

Seconded – Councillor Mayor

That the meeting be reopened to members of the public and the press.

CARRIED UNANIMOUSLY 5/-

The meeting was reopened to members of the public and the press at 6.29 pm.

8.1 Appointment of Auditor

The following recommendation carried in confidential session was read.

Moved – Councillor McManus

Seconded – Councillor Hodsdon

Committee Recommendation / Recommendation to Committee

Council in accordance with the provisions of *Section 7.3 of the Local Government Act 1995*, appoints the Auditors as per the report provided to the Committee, as the City's auditor for the years 2016/17 to 2017/18 with the option of annual extensions.

CARRIED UNANIMOUSLY 5/-

9. Date of next meeting

The date of the next meeting of this Committee is to be advised.

Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 6.30 pm.