**Minutes**

**Audit & Risk Committee Meeting**

**17 October 2022**

**ATTENTION**

**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 next Ordinary Meeting of Council following this meeting. Information**

Audit & Risk Committee Meetings are run in accordance with the City of Nedlands Standing Orders Local Law. If you have any questions in relation to items on the agenda, procedural matters, public question time, addressing the Committee or attending meetings please contact the Executive Officer on 9273 3500 or [council@nedlands.wa.gov.au](mailto:council@nedlands.wa.gov.au)

**Public Question Time**

Public question time at an Audit & Risk Committee Meeting is available for members of the public to ask a question about items on the agenda. Questions asked by members of the public are not to be accompanied by any statement reflecting adversely upon any Council Member, Committee Member or Employee.

Questions should be submitted as early as possible via the online form available on the City’s website: [Public question time | City of Nedlands](https://www.nedlands.wa.gov.au/public-question-time)

Questions may be taken on notice to allow adequate time to prepare a response and all answers will be published in the minutes of the meeting.

**Addresses by Members of the Public**

Members of the public wishing to address the Audit & Risk Committee in relation to an item on the agenda must complete the online registration form available on the City’s website: [Public Address Registration Form | City of Nedlands](https://www.nedlands.wa.gov.au/public-address-registration-form)

The Presiding Member will determine the order of speakers to address the Council and the number of speakers is to be limited to 2 in support and 2 against any particular item on a Special Council Meeting Agenda. The Public address session will be restricted to 15 minutes unless the Council, by resolution decides otherwise.

**Disclaimer**

Members of the public who attend Committee meetings should not act immediately on anything they hear at the meetings, 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.

Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.

**Table of Contents**

[1 Declaration of Opening 4](#_Toc116475725)

[2 Present and Apologies and Leave of Absence (Previously Approved) 4](#_Toc116475726)

[3 Public Question Time 4](#_Toc116475727)

[4 Addresses by Members of the Public 5](#_Toc116475728)

[5 Disclosures of Financial Interest 5](#_Toc116475729)

[6 Disclosures of Interests Affecting Impartiality 5](#_Toc116475730)

[7 Declarations by Members That They Have Not Given Due Consideration to Papers 5](#_Toc116475731)

[8 Confirmation of Minutes 6](#_Toc116475732)

[8.1 Audit & Risk Committee Meeting Minutes – 28 August 2022 6](#_Toc116475733)

[9 Items for Discussion 6](#_Toc116475734)

[9.1 ARC17.10.22 Terms of Reference 6](#_Toc116475735)

[9.2 ARC18.10.22 Internal Audit Report – Risk Management 10](#_Toc116475736)

[9.3 ARC19.10.22 – Internal Audit – Effectiveness of the Audit and Risk Committee 16](#_Toc116475737)

[10 Date of Next Meeting 19](#_Toc116475738)

[11 Declaration of Closure 19](#_Toc116475739)

# Declaration of Opening

The Presiding Member declared the meeting open at 5.31pm and drew attention to the disclaimer below.

# Present and Apologies and Leave of Absence (Previously Approved)

**Councillors** Councillor L J McManus (Presiding Member) Hollywood Ward

Mayor F E M Argyle

Councillor R Senathirajah Melvista Ward

Councillor A W Mangano Dalkeith Ward

Councillor B G Hodsdon Hollywood Ward

**Staff** Mr W R Parker Chief Executive Officer

Mr M R Cole Director Corporate Services

Mrs N M Ceric Executive Officer

**Observers** Councillor K A Smyth Coastal Ward

**Public** There were 1 members of the public present and 0 online.

**Leave of Absence** Nil.

**(Previously Approved)**

**Apologies** Councillor O Combes Hollywood Ward

# Public Question Time

Public questions submitted to be read at this point.

**3.1 Mr Ian Argyle**

**Question**

The List of Accounts Paid – August 2022 was presented to Council at the September Ordinary Council Meeting and Council voted and the motion was lost therefore the accounts were not received. Can the Auditors be asked to investigate as to why Council voted not to receive the list of accounts paid?

**Answer**

The Presiding Member advised that this issue could not be referred to the Auditors as Council Members have a right to vote how they wish however, he would write to the Auditors to ask if this item is in their remit.

**3.2 Councillor Mangano**

**Question**

What are the implications of the Council not voting to receive the List of Accounts Paid?

**Answer**

The CEO has delegated authority to approve accounts for payment and under the Local Government (Financial Management) Regulations 1996 these accounts are to be presented to Council for receiving only. The accounts are already paid and Council are only required to receive them not approve them for payment. The requirements of the regulations have been met with the List of Payments appearing in both the agenda and minutes of the OCM. However, further clarification has been sought from the Department.

# Addresses by Members of the Public

Addresses by members of the public who had completed Public Address Registration Forms to be made at this point.

Nil.

# Disclosures of Financial Interest

The Presiding Member reminded Council Members 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.

# Disclosures of Interests Affecting Impartiality

The Presiding Member reminded Council Members 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 affecting impartiality.

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

Councillor Hodsdon advised that as he is a Deputy Member and was only requested to attend this morning, he did not have sufficient time to review the agenda.

# Confirmation of Minutes

## Audit & Risk Committee Meeting Minutes – 28 August 2022

Moved – Councillor Senathirajah

Seconded – Mayor Argyle

The Minutes of the Audit & Risk Committee Meeting 28 August 2022 be accepted as a true and correct record of that meeting.

**CARRIED UNANIMOUSLY 5/-**

# Items for Discussion

## ARC17.10.22 Terms of Reference

|  |  |
| --- | --- |
| **Meeting & Date** | Audit and Risk Committee – 17 October 2022 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole – Director Corporate Services |
| **Director** | Michael Cole – Director Corporate Services |
| **Attachments** | 1. Terms Reference of Audit and Risk Committee (with track changes) |

**Regulation 11(da) - The Committee wanted to clarify this referred to the external auditors.**

Moved – Councillor Senathirajah

Seconded – Councillor Hodsdon

**That the Recommendation be adopted subject to the inclusion of the word “external” being added before the word “Auditor” in clause 1 under the heading Audit.**

**CARRIED UNANIMOUSLY 5/-**

**Committee Recommendation**

**That Council approve amendments to the Terms of Reference for the Audit and Risk Committee as per Attachment 1 subject to the inclusion of the word “external” being added before the word “Auditor” in clause 1 under the heading Audit.**

Recommendation

That Council approve amendments to the Terms of Reference for the Audit and Risk Committee as per Attachment 1.

**Purpose**

To consider proposed changes to the terms of reference of the Audit and Risk Committee.

**Voting Requirement**

Simple Majority

**Background**

At its meeting of 29 August 2022, the Audit and Risk Committee considered the Internal Audit report on Risk Management. Among the findings were recommended changes to the Terms of reference for the Committee.

**Discussion**

In response to the Internal Audit Report on Risk Management, the Terms of Reference for the Audit and Risk Committee have been reviewed. The following changes are proposed:

1. **Audit**

a. Remove reference to considering and approving the brief for the provision of audit services and the appointment of the auditor.

**Reason**

Following changes to the Local Government Act 1995, the Office of the Auditor General (OAG) now has oversight of local government financial audits. The OAG may appoint contract auditors to perform these financial audits.

b. Add review at least annually the performance of the Audit and Risk Committee.

**Reason**

The internal recommendation to ensure the role and responsibilities of the Committee is reviewed at least annually is supported. Moore Australia are conducting this review currently.

1. **Staff**
2. Updated to current title of Director Corporate Services. Also replaced Manager Financial Services with newly created role of Coordinator Governance and Risk.

**Reason**

To update staff attending committee meetings. Other staff members, such as the Manager Financial Services may attend when requested or required.

**Consultation**

This section should identify the consultation that has occurred.

**Strategic Implications**

This item relates to the following elements from the City’s Strategic Community Plan.

**Vision** Our city will be an environmentally-sensitive, beautiful and inclusive place.

**Values** **Great Governance and Civic Leadership**

We value our Council’s quality decision-making, effective and innovative leadership, transparency, accountability, equity, integrity and wise stewardship of the community’s assets and resources. We have an involved community and collaborate with others, valuing respectful debate and deliberation.

**Budget/Financial Implications**

There are no budget or financial implications for this report.

**Legislative and Policy Implications**

This Committee is established by Council in accordance with the Local Government Act 1995, part 7, to assist the Council under Regulation 16 of the Local Government (Audit) Regulations 1995.

**Decision Implications**

Should the Committee and Council endorse the recommendations in this report, the Terms of Reference will be updated.

**Conclusion**

The changes proposed to the Terms of Reference resulted from the internal audit on Risk Management. It is recommended the Committee endorse the proposed changes.

**Further Information**

Nil.

## ARC18.10.22 Internal Audit Report – Risk Management

|  |  |
| --- | --- |
| **Meeting & Date** | Audit and Risk Committee – 17 October 2022 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole – Director Corporate Services |
| **Director/CEO** | Michael Cole – Director Corporate Services |
| **Attachments** | 1. Internal Audit – Moore Australia - Risk Management (5 July 2022) |

**Regulation 11(da) – Not Applicable – Recommendation Adopted**

Moved – Mayor Argyle

Seconded – Councillor Senathirajah

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 5/-**

**Committee Recommendation / Recommendation**

**That the Audit and Risk Committee notes the update on Risk Management.**

**Purpose**

This report is to present an update on the City’s progress to date and plans to action the findings and recommendations arising from the internal audit report on Risk Management and to bring Risk Management up to an acceptable standard.

**Voting Requirement**

Simple Majority.

**Background**

At its meeting of 29 August 2022, the Audit and Risk Committee considered the internal audit report on Risk Management. The Committee directed the Chief Executive Officer to prepare a report for the next Audit and Risk Committee meeting (Special), outlining the City’s progress to date, and plans to action the Audit recommendations and findings, to bring Risk Management up to an acceptable standard.

**Discussion**

Administration has undertaken a number of actions to address the findings and recommendations in the internal audit report on Risk Management. The following table provides an update on these actions. 15 (**bolded below**) of the 33 recommendations have been acted on and completed. The remaining recommendations will be referred to the new Coordinator Governance and Risk.

|  |  |  |
| --- | --- | --- |
| **Recommendation** | **Agreed Action** | **Status** |
| 1 | Consider the appointment of a dedicated Risk Manager | **Recruitment for Coordinator Governance and Risk in progress** |
| 2 | Review current and emerging strategic risks | Governance and Risk – by June 2023 |
| 3 | Align strategic risks in CBP with Strategic Risks register | To be undertaken as part of review of CBP |
| 4 | Review role and responsibility of Audit and Risk Committee | **Moore Aust have undertaken internal audit on Effectiveness of the Audit and Risk Committee** |
| 5 | Terms of reference – include review of performance | **Terms of reference reviewed and proposed changes recommended for Audit and Risk/Council approval** |
| 6 | Terms of reference – include regular review of performance | **Terms of reference reviewed and proposed changes recommended for Audit and Risk/Council approval** |
| 7 | Risk Management calendar and annual work plan | Defer to new Coordinator Governance and Risk – December 2022 |
| 8 | Develop Risk Management Training | **Induction program developed for new employees and a refresher training for existing employees and approved by Management** |
| 9 | Risk Management induction and refresher training | **Induction program developed for new employees and a refresher training for existing employees and approved by Management** |
| 10 | Register of training and attendees to be maintained | **Program approved October 2022. Training program to be rolled out in conjunction with HR following the commencement of dedicated resource – Coordinator Governance and Risk** |
| 11 | Update strategic risk register to include need for risk expertise | To be reviewed by Coordinator Governance and Risk by June 2023. |
| 12 | Update termination checklist to identify risk management positions | **HR have updated termination checklist to include this.** |
| 13 | Consider centralising budget for all risk initiatives. | For consideration in draft 2023/24 Annual Budget. |
| 14 | Update intranet to identify risk manager | **Intranet site for risk needs further development. In the interim, Risk Management Framework has been endorsed by Management and clearly shows Coordinator of Government and Risk as risk manager for the City.** |
| 15 | Annual review of Risk Management Policy. | Agreed to be reviewed by Coordinator Governance and Risk and approved by 30 June 2023 – see also recommendation 17 |
| 16 | Strategic Risk Management Plan | Agreed to be developed by Coordinator Governance and Risk and approved by 31 March 2023 |
| 17 | Risk Management Procedure to be developed | **Risk Management Framework has been endorsed by Management. Coordinator Governance and Risk will review Risk Management Procedures in conjuction with review of Risk Management Policy – see also recommendation 15.** |
| 18 | Strategic Risk Register | Agreed to be reviewed by Coordinator Governance and Risk and approved by 31 December 2022 |
| 19 | Review risk appetite and risk tolerance | **Risk appetite and risk tolerances have been reviewed in the Risk Management Framework and Induction Training program.** |
| 20 | Risk Management Framework | **Risk Management Framework has been reviewed and endorsed by Management.** |
| 21 | Risk assessments for major projects to be developed | To be developed by Coordinator Governance and Risk by 30 June 2023 |
| 22 | Develop and Risk Assurance Map | To be developed by Coordinator Governance and Risk by 30 June 2023 |
| 23 | Review Business Continuity and then on an ongoing basis | **Business Continuity has been reviewed and published.** |
| 24 | Develop fraud and corruption framework | **Included in the Risk Management Framework as an interim step. To be further developed by the Coordinator Governance and Risk by 30 June 2023** |
| 25 | Develop and/or review risk related policies | To be undertaken by Coordinator Governance and Risk by 30 June 2023 |
| 26 | Report risk management activities to Council. | Agreed to report to Council via Audit and Risk Committee. To be prepared by Coordinator Governance and Risk by 30 June 2023 |
| 27 | Develop Risk Management Update | To be prepared by Coordinator Governance and Risk by 30 June 2023 |
| 28 | Include Risk Management on EMT agenda | **Now included as a monthly standing item on EMT agendas** |
| 29 | Consider data analytics | Use of data analytics to be considered by Procurement Team. |
| 30 | Review compliance with ISO31000.2018 Risk Management | **Included in Risk Management Framework. Compliance with ISO 31000.2018 to be prepared by Coordinator Governance and Risk by 30 June 2023** |
| 31 | Risk KPIs to be developed | To be prepared by Coordinator Governance and Risk by 30 June 2023 |
| 32 | Survey key stakeholders on risk management | To be prepared by Coordinator Governance and Risk by 30 June 2023 |
| 33 | OAG Reports to be reviewed as part of risk management | This is an ongoing task. Oversight to be undertaken by Coordinator Governance and Risk |

**Consultation**

Internal risk management stakeholders and Executive Management have been consulted.

**Strategic Implications**

This item relates to the following elements from the City’s Strategic Community Plan.

**Vision** Our city will be an environmentally-sensitive, beautiful and inclusive place.

**Values** **Great Governance and Civic Leadership**

We value our Council’s quality decision-making, effective and innovative leadership, transparency, accountability, equity, integrity and wise stewardship of the community’s assets and resources. We have an involved community and collaborate with others, valuing respectful debate and deliberation.

**Budget/Financial Implications**

There are no budget or financial implications from this report.

**Legislative and Policy Implications**

This Committee is established by Council in accordance with the Local Government Act 1995, part 7, to assist the Council under Regulation 16 of the Local Government (Audit) Regulations 1995.

**Decision Implications**

The Committee is asked to note the update. The Administration will continue to progress the actions arising from the internal audit on Risk Management, predominantly after the commencement of the new Coordinator Governance and Risk.

**Conclusion**

The report provides an update on actions taken on the recommendations arising from the internal audit on Risk Management. 15 of the 33 recommendations have been acted on and completed. The remaining recommendations will be referred to the new Coordinator Governance and Risk.

**Further Information**

Nil.

## ARC19.10.22 – Internal Audit – Effectiveness of the Audit and Risk Committee

|  |  |
| --- | --- |
| **Meeting & Date** | Audit and Risk Committee – 17 October 2022 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole – Director Corporate Services |
| **Director/CEO** | Michael Cole – Director Corporate Services |
| **Attachments** | 1. Internal Report – Effectiveness of Audit and Risk Committee – Moore Australia |

**Regulation 11(da) - The Committee sought further feedback on the draft report, findings and recommendations by 31 October 2022.**

Moved – Councillor Senathirajah

Seconded – Mayor Argyle

**Committee Recommendation**

**The Audit and Risk Committee:**

1. **receives the draft report and notes the findings, recommendations of the Audit and the management comments; and**
2. **Members provide feedback to the Chair and Director Corporate Services by 31 October 2022 to finalise the report.**

**CARRIED 4/1**

**(Against: Cr. Mangano)**

Recommendation

The Audit and Risk Committee receives the report and notes the findings, recommendations of the Audit and the management comments.

**Purpose**

This report provides the findings and recommendations from the internal audit on the effectiveness of the Audit and Risk Committee conducted by Moore Australia. Feedback on the findings and proposed actions is now sought from the Audit and Risk Committee.

**Voting Requirement**

Simple Majority

**Background**

Moore Australia as the City’s appointed Internal Auditors conducted a review of the effectiveness of the Audit and Risk Committee. Moore’s audit was conducted with input from City personnel.

This internal audit is part of the program of internal audits agreed by the Audit and Risk Committee. In a separate report to the Audit and Risk Committee it is proposed to amend the tasks of the Committee to include a review at least annually of the performance of the Audit and Risk Committee.

The attached report contains details of the findings, issues raised, recommendations, management comments and proposed actions.

**Discussion**

The review identified a number of opportunities for improvement and management responses on behalf of the Committee have been prepared. The findings, recommendations and proposed actions are presented to the Committee for their consideration and feedback.

**Consultation**

Over the period of the audit, City staff members were interviewed and consulted with by the Moore Australia audit team. The findings and recommendation have been discussed with the Presiding Member and is now before the Audit and Risk Committee for their feedback.

**Strategic Implications**

This item relates to the following elements from the City’s Strategic Community Plan.

**Vision** Our city will be an environmentally-sensitive, beautiful and inclusive place.

**Values** **Great Governance and Civic Leadership**

We value our Council’s quality decision-making, effective and innovative leadership, transparency, accountability, equity, integrity and wise stewardship of the community’s assets and resources. We have an involved community and collaborate with others, valuing respectful debate and deliberation.

**Budget/Financial Implications**

The annual budget includes provision to address the recommendations arising in this report.

**Legislative and Policy Implications**

This Committee is established by Council in accordance with the Local Government Act 1995, part 7, to assist the Council under Regulation 16 of the Local Government (Audit) Regulations 1995.

**Decision Implications**

Should the recommendations be endorsed, administration will implement actions as outlined in report.

**Conclusion**

The audit findings, with management comments, is presented to the Audit and Risk Committee for their information and further discussion.

**Further Information**

Nil.

# Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting will be on Monday, 21 November 2022 at 5.30pm.

# Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 6.35pm.