**Agenda**

**Special Audit & Risk Committee Meeting**

**20 April 2023**

**Notice of Meeting**

**To Mayor & Councillors**

A Meeting of the Audit & Risk Committee of the City of Nedlands is to be held on Tuesday, 7 March 2023 in the Council chambers at 71 Stirling Highway Nedlands commencing at 4:30pm.

This meeting will be livestreamed - [Livestreaming Council & Committee Meetings » City of Nedlands](https://www.nedlands.wa.gov.au/council/council-meetings/livestreaming-council-committee-meetings.aspx)



Director Corporate Services

13 April 2023

**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

**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.

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# Declaration of Opening

The Presiding Member will declare the meeting open at 5:30pm and will draw attention to the disclaimer below and advise that the meeting is being livestreamed.

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

**Leave of Absence**

**(Previously Approved)**

**Apologies** None

# Public Question Time

Public questions submitted to be read at this point.

# Addresses by Members of the Public

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

# Disclosures of Financial Interest

The Presiding Member to remind 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.

A declaration under this section requires that the nature of the interest must be disclosed. Consequently, a member who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter the subject of the declaration.

However, other members may allow participation of the declarant if the member further discloses the extent of the interest. Any such declarant who wishes to participate in the meeting on the matter, shall leave the meeting, after making their declaration and request to participate, while other members consider and decide upon whether the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

# Disclosures of Interests Affecting Impartiality

The Presiding Member to remind Council Members and Staff of the requirements of Council’s Code of Conduct in accordance with Section 5.103 of the *Local Government Act*.

Council Members and staff are required, in addition to declaring any financial interests to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making procedure.

The following pro forma declaration is provided to assist in making the disclosure.

"With regard to the matter in item x ….. I disclose that I have an association with the applicant (or person seeking a decision). This association is ….. (nature of the interest).

As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly."

The member or employee is encouraged to disclose the nature of the association.

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

Members who have not read the business papers to make declarations at this point.

# Confirmation of Minutes

**8.1 Special Audit & Risk Committee Meeting Minutes – 7 March 2023**

The Minutes of the Special Audit & Risk Committee Meeting 7 March are to be accepted as a true and correct record of that meeting.

# Items for Discussion

**9.1 ARC06.04.23 – Submission of Annual Financial Report for year ending 30 June 2022**

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee Meeting – 20 April 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995**  | Nil. |
| **Report Author** | Stuart Billingham – Manager Financial Services |
| **Director / CEO** | Michael Cole –Director Corporate Services |
| **Attachments** | 1. 2021-22 Annual Financial Report (Final Draft)
2. 2021-22 Management Letter (to be provided)
3. 2021-22 Draft Audit Opinion (to be provided)
4. 2021-22 Audit Completion Report from KPMG (to be provided); and

 5. 2021-22 Audit Representation Letter. (to be provided) |

**Purpose**

To present the Audit & Risk Committee with the Annual Financial Report for 30 June 2022 and recommendations to Council to accept. The Audit & Risk Committee is requested to recommend to Council that it be accepted and be included as part of the City’s Annual Report 2022 for discussion at the Annual Electors’ Meeting.

**Recommendation**

**That the Audit & Risk Committee recommends to Council:**

**That Council;**

1. **accepts the Financial Report for the City of Nedlands for the year ended 30 June 2022 comprising the Financial Report and the Auditor’s Report; and**
2. **accepts the 2022 Audit Completion Report as presented.**

**Voting Requirement**

Simple Majority

**Background**

The signed off Annual Financial Report for the year ended 30 June 2022, including the Auditor’s Report and the Audit Completion Report by the Auditor General, has been received by the City.

The Audit Representation Letter is also presented.

(Please note that the final audited Annual Financial Statements and attachments 2 to 5 will be provided once signed by the Auditor General. The Auditor General has committed to signing this by 18 April 2023).

A brief overview of the City’s financial performance for the 2021/22 financial year is provided below.

The City completed the 2021/22 year with an operating net result of $1.873M compared to the adopted net result of $0.528M. The overall favourablevariance was mostly due to an increase in Operating Grants of $0.84M.

Operating Revenue for the year totalled $35.9m, which is higher than the budget target of $35.1m for the year. This is mostly due to higher operating grants revenue.

Operating Expenditure for the year totalled $35.5M lower than expected compared to a budget of $38.5M. It should be noted that the overspend in employee costs $1.18M, utilities $0.25M was offset by an underspend in materials and contracts $3.85M, depreciation and other expenditure. As previously advised, the adopted budget for Parks Maintenance and Building Maintenance included employee costs and utility costs in the materials and contracts budget line. This was addressed in the Mid-Year Budget review and corrected for the 2022-23 Annual Budget.

The Rate Setting Statement showing ‘Investing Activities’ represents an underspend on purchases of property plant & equipment of $2.62M and an underspend in purchases of construction infrastructure of $1.62M. This was mostly due to supply chain issues and delays in projects.

The City’s Reserve funds closing balance increased to $8.263M over budget expectations of $6.058M. This was mainly attributable to more funds of $1M being placed in the City’s Underground Power Reserve to fund future stages of Underground power. Unspent capital projects balances carried forward into 2022/2023 were quarantined into the relevant reserve funds and re-listed in the 2022/2023 Budget as transfers from reserve.

Finally, it should be noted that the City’s key financial ratios no longer appear in the Annual Financial Report. This follows a change to the Local Government (Financial Management) Regulations 1996 during the year.

Please note, the above summary is based on the latest draft Annual Financial Statements and subject to final sign off by the Auditor General. This is expected to be received by no later than 18 April 2023.

**Consultation**

KPMG staff and partner

Office of Auditor General Director

City of Nedlands Staff and Executive

**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 High standard of services**

We have local services delivered to a high standard that take the needs of our diverse community into account.

**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 to this report.

**Decision Implications**

Should the recommendations be endorsed, the matter will go to Council for consideration.

**Conclusion**

The Annual Financial Report showing the financial performance of the City for 2021/22 is recommended for acceptance by the Audit and Risk Committee and to Council for acceptance.

**Further Information**

Nil.

# In Camera

Allocated time for Committee to discuss items with Auditors without Administration or Public present.

# Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting will be on Monday 22 May at 5.30pm.

# Declaration of Closure

There being no further business, the Presiding Member will declare the meeting closed.