

AGENDA

Audit & Risk Committee Meeting

Monday, 8 April 2024

Notice of Meeting

To Mayor & Councillors

A Meeting of the Audit & Risk Committee of the City of Nedlands is to be held on Monday, 8 April 2024 in the Council chambers at 71 Stirling Highway Nedlands commencing at 5.30pm.

This meeting will be livestreamed - [Livestreaming Council & Committee Meetings » City of Nedlands](#)



Tony Free | Acting Chief Executive Officer
5 April 2024



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.

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](#)

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 Council 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](#)

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 item on an Audit and Risk Committee 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 Audit and Risk 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.

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1. Declaration of Opening

In Accordance with section 5.12 and schedule 2.3 division 1 of the Local Government Act 1995 the Acting Chief Executive Officer will declare the meeting open at 5.30pm and will draw attention to the disclaimer on page 2 and will advise that the meeting is being livestreamed and recorded.

2. Appointment of Chair

Due to the resignation of Councillor McManus as the Chair and Committee Member of the Audit & Risk Committee a new Chair is required to be appointed at this meeting.

Mr Free, Acting Chief Executive Officer will call for nominations for the Chair.

3. Present and Apologies and Leave of Absence (Previously Approved)

**Leave of Absence
(Previously Approved)** Nil.

Apologies None as at distribution of this agenda.

4. Public Question Time

Public questions submitted to be read at this point.

5. Address by Members of the Public

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

6. 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.

7. Disclosures of Interest 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.

8. Declaration 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.

9. Confirmation of Minutes

9.1. Audit & Risk Committee Meeting Minutes – 19 February 2024

The Minutes of the Audit & Risk Committee Meeting 19 February 2024 are to be accepted as a true and correct record of that meeting.



10. Items for Discussion

10.1. ARC06.04.24 – Update from Independent Consultant – Mr Craig Ross

Meeting & Date	8 April 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
Report Author	Craig Ross – Independent Consultant
Acting CEO	Tony Free
Attachments	Nil

Purpose

The Independent Consultant will be able to verbally present a report to the Audit and Risk Committee.

Recommendation

That the Audit and Risk Committee received the report from the Independent Consultant.

Voting Requirement

Simple Majority.

Background

The City of Nedlands received a disclaimer of opinion from the Office of the Auditor General (OAG) in relation to the annual financial report for the year ended 30 June 2023.

Following Special Council Meetings on 11 March 2024 and 20 March 2024 it was agreed to appoint an independent consultant to review the findings identified by the OAG for the year ended 30 June 2023, report on actions to address the findings and the remediation responses, assist the City of Nedlands to implement actions to preclude a disclaimer of opinion for the year ending 30 June 2024, and plan to obtain an unqualified opinion in subsequent years.



Discussion

Progress work to date (3 April to 5 April 2024)

1. Review work commenced 3 April 2024
2. Full cooperation from all executive staff, finance and administrative staff and access provided to OneCouncil and Sharepoint
3. Preliminary information gathering stage including brief overview discussions to assess the remediation status of significant external audit findings identified during the year ended 30 June 2023
4. Preliminary walkthrough of the newly established end-of-month balance sheet reconciliation and review process
5. Preliminary discussions with Technical Services and Financial Services staff on the progress to create an Asset "Master File" from the multiple asset registers currently maintained. Refer to the priority recommendations in item 8 below for immediate Audit & Risk Committee consideration. For further background refer to ARC04.02.23 Internal Audit Asset Management Review presented at the Audit & Risk Committee meeting on 20 February 2023.

Other matters

6. Manager Financial Services commenced 25 March 2024 and has introduced a structured monthly balance sheet reconciliation process and enhanced other control processes which will be further formalised in April 2024
7. The audit plan for the year ending 30 June 2024 from the external auditor has not yet been discussed including scheduling of audit fieldwork visit dates and expectations around the restatement of 30 June 2023 balances which will impact the audit opinion. In order to maximise audit readiness and preparation of underlying records it is recommended the scheduling of any audit fieldwork visits and milestone dates be appropriately considered to allow the Manager Financial Services to further embed and strengthen control processes or reallocate a longer audit fieldwork visit subsequent to 30 June 2024.

Priority recommendation for immediate Audit & Risk Committee consideration

8. Given the significance of the Property, Plant & Equipment and Infrastructure balances and the associated depreciation expense in the financial report, and the potential impact on the audit opinion for the year ending 30 June 2024 the matter below is noted for the immediate consideration of the Audit & Risk Committee.



External audit findings identified 30 June 2023	Summary of findings	Recommendations
<p>Item 1 of 25 Inadequate review of external valuations</p> <p>Item 2 of 25 Lack of controls regarding Property, Plant & Equipment and Infrastructure process</p>	<p>The City maintains multiple different asset registers, the first for the financial records and the second register is for the operations and maintenance records.</p> <p>The data in these registers do not match each other in the level of asset component details, location, asset unique ID, asset cost, etc. As a result the infrastructure valuation as at 30 June 2023 was materially misstated due to these misalignment errors.</p> <p>Currently reconciliations of the fixed asset register to the general ledger are not being undertaken, additions of fixed assets have not yet been fully processed during the prior year and the current year. Significant variances also exist between the external valuation listing of infrastructure performed at 30 June 2023 and the fixed asset records.</p>	<p>Immediate consideration be given to obtaining an additional dedicated staff resource and formulating a task group including redirection of staff priorities in Technical Services and Financial Services to commence compiling the Asset “Master File” for updating in the OneCouncil fixed asset module.</p> <p>Commence monthly reconciliations of the asset register to the general ledger including movement summaries and review variances identified in the external valuation reports.</p>

Consultation

Not applicable.



Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:

Vision **Sustainable and responsible for a bright future**

Pillar Performance

Outcome 11. Effective leadership and governance

Budget/Financial Implications

There are no budget or financial implications in this report.

Legislative and Policy Implications

Not applicable.

Decision Implications

The Committee will be presented with a report from Mr. Ross.

Conclusion

Mr Ross will present his report to the Committee.

Further Information

Not Applicable.



10.2. ARC07.04.24 – Consideration of Future Meetings Schedule

Meeting & Date	8 April 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
Report Author	Michael Cole Director Corporate Services
Director	Michael Cole Director Corporate Services
Attachments	Nil

Purpose

The purpose of this report is to consider and agree to meetings of the Committee over the next three months.

Recommendation

That the Audit and Risk Committee Council endorse the following additional meetings of the Audit and Risk Committee for 2024:

- **Monday 22 April 2024**
- **Monday 6 May 2024**
- **Monday 20 May 2024 (as per original schedule)**
- **Monday 3 June 2024**
- **Monday 17 June 2024; and**
- **Monday 1 July 2024**

Voting Requirement

Simple Majority.

Background

Meetings of the Audit and Risk Committee for 2024 have been published. The Committee was scheduled to meet on the following dates:

- Monday 19 February 2024
- Monday 20 May 2024
- Monday 19 August 2024 and
- Monday 18 November 2024



Following Council’s decision of 20 March 2024, fortnightly meetings with the Independent Consultant were requested.

Discussion

This meeting is the first meeting to allow the Independent Consultant Mr Craig Ross to meet with the Committee and provide an update. The following dates are proposed for the next three months:

- Monday 22 April 2024
- Monday 6 May 2024
- Monday 20 May 2024 (as per original schedule)
- Monday 3 June 2024
- Monday 17 June 2024; and
- Monday 1 July 2024

Consultation

Not applicable.

Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:

Vision **Sustainable and responsible for a bright future**

Pillar Performance

Outcome 11. Effective leadership and governance.

Budget/Financial Implications

The additional meetings will incur a \$300 meeting fee for each of the Community Members of the Committee. The additional cost of \$3,000 which can be accommodated within the existing Budget.

Legislative and Policy Implications

Under Regulation 12(2) of the Local Government (Administration) Regulations 1996 the CEO must publish before the beginning of the year in which the meetings are to be held meeting details for ordinary council meetings and committee meetings that are required under the Local Government Act to be open to the members of the public



Regulation 12(3) requires any change to the meeting details to be published as soon as practicable after the change.

Decision Implications

The Committee is requested to consider the proposed meeting schedule.

Conclusion

Proposed meetings dates of the Audit and Risk Committee for the next three months are submitted for the Committee's consideration.

Further Information

Nil.



11. Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting is to be advised.

12. Declaration of Closure

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