



MINUTES

Audit & Risk Committee Meeting

Monday, 8 April 2024

Attention

These Minutes are subject to confirmation.

Prior to acting on any resolution of the Council contained in these minutes, a check should be made of the Ordinary Meeting of Council following this meeting to ensure that there has not been a correction made to any resolution.



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 declared the meeting open at 5.30pm and drew attention to the disclaimer on page 2 and advised 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 called for nominations for the Chair.

Nominations received:

1. Councillor Amiry
2. Councillor Bennett

Councillor Hodsdon joined the meeting at 5.33pm.

Each candidate was given 3 minutes to present to the Committee why they should be voted as Chair.

A secret ballot was conducted and following counting of the votes the Returning Officer, Mr Tony Free, Acting Chief Executive Officer declared Councillor Bennett the Councillor elected as the Presiding Member until the next Local Government Election.

Councillor Bennett assumed the Chair.



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

Councillors	Councillor F J O Bennett (Presiding Member) Mayor F E M Argyle (until 5.47pm) Councillor B G Hodsdon (from 5.33pm) Councillor R A Coghlan Councillor H Amiry Councillor K A Smyth (observer until 5.47pm then voting member)	Dalkeith Ward Hollywood Ward Melvista Ward Coastal Ward Coastal Ward
Observers	Councillor N R Youngman	Dalkeith Ward
Staff	Mr T G Free Mr M R Cole Mrs N M Ceric Ms L J Kania Ms L Fitzgerald	Acting Chief Executive Officer Director Corporate Services Executive Officer Coordinator Governance & Risk Manager Financial Services
Consultant	Mr C Ross	Independent Consultant
Community Members	Mr G Baws Mr K Laurence	Community Member Community Member
Public	There were 0 members of the public present and 8 online.	
Press	Nil.	
Leave of Absence (Previously Approved)	Nil.	
Apologies	Nil.	

4. Public Question Time

Public questions submitted were read at this point.

Nil.

5. Address 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.



6. 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.

Nil.

7. Disclosures of Interest 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. 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.

Nil.

8. Declaration by Members That They Have Not Given Due Consideration to Papers

Members who had not read the business papers made declarations at this point.

Nil.

9. Confirmation of Minutes

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

Moved – Councillor Hodsdon
Seconded – Councillor Bennett

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

**CARRIED 4/3
(Against: Mayor Argyle Crs. Coghlan & Amiry)**



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
CEO	Tony Free – Acting Chief Executive Officer
Attachments	1. Progress Report 1

Mayor Argyle retired from the meeting at 5.47pm.

Deputy Mayor Smyth as the Deputy Member for the Mayor, joined the meeting as a voting member in the Mayor’s absence.

Regulation 11(da) - The Committee agreed to recommend that Council approve the recommendation of the Independent Consultant for one additional staff member, initially on a three-month contract, to support the compilation of the City’s Asset Register and related asset management tasks. This position was to be funded from expected underspend at year end. The Committee also requested future reports from the Independent Consultant to be included in full as an attachment to the agenda report.

Moved – Councillor Hodsdon
Seconded – Deputy Mayor Smyth

Committee Recommendation

That the Audit and Risk Committee:

- 1. receive the report from the Independent Consultant;**
- 2. recommends that Council approve by simple majority the recruitment of a Fixed Assets Finance Officer, being one additional staff initially on a 3 month contract with a remuneration of up to a maximum of \$40,000. The role is to support the Manager Financial Services to compile the City’s Asset Register as per audit requirements, including migration to the One Council fixed asset module, preparing monthly fixed asset reconciliations, capitalisation of capital works and posting end of month depreciation values and other duties as defined by the Manager Financial Services;**
- 3. notes the additional staff to be funded from anticipated underspend at the end of June 2024;**



4. request the CEO to commence compiling the Asset Master File for updating in the OneCouncil fixed asset module; and
5. receives the extract of report from the Independent Consultant, and requests that future reports from the independent consultant be provided to committee members in full as an attachment to the agendas.

CARRIED UNANIMOUSLY 7/-

Amendment

Moved – Councillor Bennett

Seconded – Deputy Mayor Smyth

Accepted by Mover and Seconder of original motion

That the following clauses be added

2. recommends that Council approve by simple majority the recruitment of a Fixed Assets Finance Officer, being one additional staff initially on a 3 month contract with a remuneration of up to a maximum of \$40,000. The role is to support the Manager Financial Services to compile the City's Asset Register as per audit requirements, including migration to the One Council fixed asset module, preparing monthly fixed asset reconciliations, capitalisation of capital works and posting end of month depreciation values and other duties as defined by the Manager Financial Services;
3. notes the additional staff to be funded from anticipated underspend at the end of June 2024;
4. request the CEO to commence compiling the Asset Master File for updating in the OneCouncil fixed asset module; and
5. receives the extract of report from the Independent Consultant, and requests that future reports from the independent consultant be provided to committee members in full as an attachment to the agendas.

Recommendation

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

Purpose

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

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.

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Hodsdon
Seconded – Deputy Mayor Smyth

That the Recommendation be adopted.
(Printed below for ease of reference)

CARRIED UNANIMOUSLY 7/-

Committee Recommendation / Recommendation

That the Audit and Risk Committee recommends that 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**

Purpose

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

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 the Monday, 22 April 2024.

12. Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 6.40pm.