



City of Nedlands

# ***Minutes***

## ***Audit & Risk Committee Meeting***

***7 October 2019***

### **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.



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## City of Nedlands

### Minutes of a meeting of the Audit & Risk Committee held in the Council Chambers at the City of Nedlands, 71 Stirling Highway, Nedlands on Monday 7 October 2019 at 5.30 pm.

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#### 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)

<b>Councillors</b>	Councillor I S Argyle	Dalkeith Ward (Presiding Member)
	His Worship the Mayor	R M C Hipkins
	Councillor L J McManus	Coastal Districts Ward
	Councillor B G Hodsdon (from 5.52 pm)	Hollywood Ward
	Mr R Senathirajah	Community Member
	Mr P Setchell	Community Member
<b>Staff</b>	Mrs L M Driscoll	Acting Chief Executive Officer
	Mrs N M Ceric	Executive Assistant to CEO & Mayor
<b>Guests</b>	Ms P Perumal	Office of the Auditor General
	Mr A Dias	Office of the Auditor General
	Mrs A Cheng	Moore Stephens
<b>Public</b>	Nil.	
<b>Press</b>	Nil.	
<b>Leave of Absence (Previously Approved)</b>	Nil.	
<b>Apologies</b>	Mr M A Goodlet	Chief Executive Officer
<b>Absent</b>	Nil.	

#### Disclaimer

Members of the public who attend Council 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. Public Question Time**

A member of the public wishing to ask a question should register that interest by notification in writing to the CEO in advance, setting out the text or substance of the question. Questions tabled at the meeting may be unable to be answered due to the requirement for technical research and will therefore be answered directly afterwards.

Questions must relate to a matter contained within the agenda of this meeting.

Nil.

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

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

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 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 2 September 2019**

Moved – Mr Setchell  
Seconded – Mr Senanthirajah

**The minutes of the Audit & Risk Committee held 2 September 2019 be confirmed.**

**CARRIED UNANIMOUSLY 5/-**

**7. Matters for Which the Meeting May Be Closed**

Council, in accordance with Standing Orders and for the convenience of the public, is to identify any matter which is to be discussed behind closed doors at this meeting, and that matter is to be deferred for consideration as the last item of this meeting.

Nil.

**8. 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.

**8.1 Audit Action Plan For Oag Performance Audit - Fraud Prevention In Local Government**

<b>Owner</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Director</b>	Lorraine Driscoll – Director Corporate & Strategy
<b>CEO</b>	Mark Goodlet
<b>Attachments</b>	1. CONFIDENTIAL – City of Nedlands OAG Fraud Prevention Recommendations Audit Log

**Regulation 11(da) – Not applicable – Committee agreed to minor changes to action plan to provide clarification on some items.**

Moved – Mr Setchell  
 Seconded – Councillor McManus

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

Councillor Hodsdon joined the meeting 5.52 pm.

**CARRIED UNANIMOUSLY 6/-**

**Committee Recommendation**

**That the Audit & Risk Committee:**

- 1. Receives the Audit Action Plan with the following changes; and**
  - a. Item 1 – bullet point 2 add word ‘identify’ before the word ‘record’ and remove the word ‘identified’;**
  - b. Item 3 – bullet point 5 add the word ‘control’ before the word ‘plan’;**
  - c. Item 4 – bullet point 1 add ‘and Audit & Risk Committee Community Members; and**
  - d. Item 4 – bullet point 7 after ‘PID’ add in brackets ‘(Public Interest Disclosure)’; and**
- 2. Recommends Council supports the Audit Action Plan.**

Recommendation to Committee

That the Audit & Risk Committee:

1. Receives the Audit Action Plan; and
2. Recommends Council supports the Audit Action Plan.

## **Executive Summary**

The objective of this report is to present the Audit Action Plan prepared for implementing recommendations made by the Office of the Auditor General (OAG) in their Fraud Prevention in Local Government Report. The Office of Auditor General (OAG) conducts Performance Audits to assess Local Governments against common business practices to identify good practices, control weaknesses and exposures so that local governments, including those not audited, can evaluate their own performance.

The OAG undertook a narrow-scope performance audit regarding the Fraud Prevention Management capabilities of the Local Governments within the State. The audit was conducted on a selection basis and the City was selected for inclusion in the audit.

At the Audit and Risk Committee Meeting held on 2 September 2019, the OAG's Fraud Prevention in Local Government Report was presented to Audit and Risk Committee with the following recommendations:

The Audit & Risk Committee:

1. Receives the Fraud Prevention in Local Government Report;
2. Notes and accepts the responses provided by the Chief Executive Officer specific to the City within the Report;
3. Recommends Council:
  - a. approves the responses of the Chief Executive Officer;
  - b. instructs the Chief Executive Officer to provide Report implementation progress updates to the Audit and Risk Committee at appropriate intervals;
4. Approves Confidential Attachment 1 to be made Public; and
5. Approves the Fraud Risk Assessment time frame to be amended from 18 months to 8 months.

## **Discussion/Overview**

The Local Government Amendment (Auditing) Act 2017 made legislative changes to the Local Government Act 1995 to provide for the auditing of Local



Governments by the Auditor General. Under Section 18 of the Auditor General Act 2006, the OAG can conduct Performance Audit of the Local Government within the State. Accordingly, the OAG executed a narrow-scope performance audit in relation to the Fraud Prevention Management within the Local Government sector.

The key purpose of the Fraud Prevention in Local Government performance audit was to assess whether selected Local Governments have taken appropriate steps to prevent fraud within the organisation and have appropriate controls in place. The City along with 4 other Councils were included in the audit.

Based on the results of their audit, OAG issued a Summary of Findings report detailing their observations across all the 5 audited Councils. Further, the report made recommendations in relations to the findings identified as a part of the audit. The CEO was invited to provide feedback and Management responses in relation to each recommendation made in the report. Accordingly, the CEO made comments providing further explanations where applicable.

Based on these comments, the Audit Action Plan has been prepared to effectively address the recommendations made by the OAG.

The Audit Action Plan is presented to the Audit and Risk Committee for their information and consideration.

**Key Relevant Previous Council Decisions:**

Nil.

**Consultation**

Nil.

**Budget/Financial Implications**

The OAG Performance Audits are funded by Parliamentary appropriation and has nil financial implications for the Council.

The cost for execution of the Audit Action Plan will be included in the Revised 2019/20 Financial Budget.

**9. Confidential Items**

Nil.

**10. Date of next meeting**

The date of the next meeting of this Committee is 14 November 2019.

**Declaration of Closure**

There being no further business, the Presiding Member declared the meeting closed at 6.05 pm.