

Minutes

Audit and Risk Committee Meeting

29 July 2014

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 Ordinary Council Meeting next following this meeting.

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City of Nedlands

Minutes of a meeting of the Audit and Risk Committee held in the Council Chamber at 71 Stirling Hwy, Nedlands on Thursday 29th July 2014 at 6.00 pm.

Declaration of Opening

The Presiding Member declared the meeting open at 6.01 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)

Committee	Councillor I S Argyle	(Presiding Member/ Dalkeith Ward)
Members	His Worship the Mayor Councillor T James Councillor L McManus	R M Hipkins Melvista Ward Coastal Districts Ward
Staff	Mr G Trevaskis Mr M Cole Mr R Senathirajah	Chief Executive Officer Director Corporate & Strategy Manager Finance
Press	Post Newspaper represe	entative
Leave of Absence (Previously Approved	Councillor G Hay)	Melvista Ward
Apologies	Councillor B Hodsdon Ken Eastwood	Hollywood Ward Community Member
Absent	Nil.	
Guests	James Manning Vicky Yale Tony Macri Terry Tan	BDO BDO Macri Partners Macri Partners

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 direct afterwards.

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

There were no public questions.

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.

There were no addresses from Members of the Public

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 of interest affecting impartiality.

5. 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.

6. Confirmation of Minutes

6.1 Audit and Risk Committee Meeting 14 October 2013

The minutes of the Audit and Risk Committee held 14 October 2013 are to be confirmed.

Moved – Councillor McManus Seconded – Councillor James

The minutes of the Audit and Risk Committee held 13 February 2014 are confirmed.

CARRIED UNANIMOUSLY 4/-

7. 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.

7.1 TERMS OF REFERENCE – AUDIT AND RISK COMMITTEE

Moved – Mayor M Hipkins Seconded – Councillor James

That the Recommendation to Committee is adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee notes the terms of reference.

Background

The purpose of the Audit and Risk Committee is to assist the Council to discharge its responsibilities with regard to the exercise of due care, diligence and skill in relation to:

- the reporting of financial information, the application of accounting policies, and the management of the financial affairs of the City, and
- the assessment of the adequacy of the management of risk.

A copy of the terms of reference is attached for the information and reference of the Audit and Risk Committee.

Attachment

1. Terms of Reference

Terms of Reference of Audit & Risk Management Committee

Purpose

To assist the Council to discharge its responsibilities with regard to the exercise of due care, diligence and skill in relation to:

- the reporting of financial information, the application of accounting policies, and the management of the financial affairs of the City,
- the assessment of the adequacy of the management of Risk.

Scope

The committee shall have as its primary duties and responsibilities the following tasks:

Audit

- 1. To consider and approve the brief for the provision of audit services;
- 2. To evaluate the responses to the request for the provision of audit services and to make a recommendation to Council on the appointment of an auditor;
- 3. To meet with Council's external auditors and review the Audit Plan prior to the conduct of the interim audit each year;
- 4. To ensure that the audit is being conducted in accordance with the brief and the terms of appointment and that matters of concern to the Council and/or the Committee are being addressed;
- 5. Ensure that the Council's financial affairs and systems and processes are being managed and reported in accordance with statutory requirements and Australian Accounting Standards;
- Ensure that relevant financial information is reported to Council in a form that meets the needs and expectations of Council, clearly setting out the key relevant financial data, such that the Council can confidently understand the financial performance of the Council's affairs;
- 7. Review the audit report and make appropriate recommendations to Council; and



8. Where appropriate and with the approval of Council seek advice and/or assistance in relation to matters pertaining to the audit or financial affairs of the City.

Risk Management

- 1. At least once every year consider a report in relation to the management of risk within the City of Nedlands, and satisfy itself that appropriate controls and processes are in operation, and are adequate for dealing with the risks that impact on the City.
- 2. To address any specific requests referred to it from Council in relation to issues of risk and risk management.

Membership

- The membership of the committee shall comprise the Mayor and one Councillor from each ward with the Councillors being determined by nomination and if necessary a ballot conducted at a Council Meeting and up to two non-Councillor Members, being residents of The City of Nedlands
- 2. Council may if it considers it appropriate appoint deputies to the members of the committee.
- 3. If a vacancy on the committee occurs for whatever reason then Council shall appoint a replacement in accordance with the same arrangements as for the original appointment set out in 1 above.

4. The quorum for a meeting shall be when at least 50% of the eligible members are present .

- 5. The term of membership expires with the expiry of the committee immediately prior to the next ordinary Council election.
- 6. The presiding member shall be determined by election amongst the members of the committee. The election will take place at the first meeting following the reconstitution of the committee after each ordinary Council election. The Mayor is eligible to vote for a presiding member but is not eligible to sit as the presiding member.
- 7. The term of the presiding member expires with the expiry of the committee immediately prior to the next ordinary Council election; and
- 8. Should the elected presiding member not be present during a meeting of the committee then a temporary presiding member shall



be elected in accordance with 3. above.

9. Community members shall have appropriate qualifications in Audit and/or Risk.

Staff

The following staff will attend committee meetings to provide technical support and advice:

- · Chief Executive Officer;
- · Director of Corporate and Strategy; and
- Manager Finance.

Other staff may attend committee meetings when requested by the Committee through the Chief Executive Officer:

Invitees/Attendees

The committee may invite relevant persons to attend and address or advise the committee, within the ambit of its scope and where necessary with the approval of Council (eg if authorisation of funding is required), as it sees fit including but not limited to:

- · the external auditor or his/her representative,
- · internal auditors,
- · relevant consultants.

Meetings

The Committee shall have flexibility in relation to when it needs to meet, but as a minimum shall meet twice a year. It is the responsibility of the presiding member to call the meetings of the committee. As a minimum the following business shall be conducted either at each or collectively over the two meetings:

- meet with the internal auditor with regards to the Audit Plan;
- consider a report in relation to the management of risk and review the insurance requirements of the City of Nedlands; and
- meet with the auditor with regards to the Annual Audit and the issue of the interim and/or final Audit Report.



Delegated Authority

The Audit and Risk Committee will have delegated authority to meet with the auditor in accordance with Section 7.12A(2) of the Local Government Act 1995

7.2 SUMMARY OF INSURANCE CLAIMS

Moved – Mayor M Hipkins Seconded – Councillor McManus

That the Recommendation to Committee is adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee notes the summary of insurance claims as at 30 June 2014

Background

The Audit and Risk Committee has sought a summary of outstanding insurance claims.

A summary of claims as at 30 June 2014 is attached.

Attachment

1. Summary of Insurance Claims as at 30 June 2014

CITY OF NEDLANDS "OPEN" INSURANCE CLAIMS AS AT 30 JUNE 2014

	Incident	Date of Incident /	Amount	City's	Comments
		Claim	Claimed	Excess	
PUBLIC LIABIL	ΙΤΥ				
Tree bra	anch fell on vehicle	26/3/2014	\$385.00	\$0.00	Liability Denied (LI 2880)
Tripped	on Uneven Footpath	14/4/2014	\$3,527.95	\$0.00	Liability Denied (LI 2931)
Vibratic	on damage due to construction works	10/5/2014	\$6,050.00	\$0.00	Liability Denied (LI 4225)
Drove o	over kerb drain	16/1/2014	\$149.00	\$0.00	Liability Denied (LI1456)
Tree bra	anch fell on vehicle	13/1/2014	\$3,613.45	\$0.00	Liability Denied (LI 1458)
Tree bra	anch fell on vehicle	20/3/2014		\$0.00	Liability Denied (LI 2519)
Verge ti equipm	ree roots damaged underground ent	17/3/2014	\$4,035.10	\$0.00	Liability Denied (Ll 2520)
Coles di	river hit by third party vehicle and	8/8/2013	?	\$0.00	Pending claim from Insurance
crushed	against his parked truck. Third part				Commissioner (LI 2689)
driver c	laims poor visibility due to Council				
tree.					
MOTO <u>R VEHIC</u>	CLES				
1DWC8	41 Waiting in drop-off line, third	31/1/2014	\$3,091.12	\$2,000.00	Awaiting recovery payment
party ve	ehicle 1AUK936 in front reversed into				from third party. (Claim 27449)
Council	Vehicle				
1 DWM	761 traffic stopped suddenly, third	24/3/2014	\$2,860.84	\$2,000.00	Pending recovery from third
party ve	ehicle hit Council Vehicle in the rear				party (Claim 27585)

14/4/2014

?

\$2,000.00 Awaiting third party demands

(Claim 27683)

1DTL603 Ran into third party vehicle

(1GW051). No damage to Council Vehicle

7.3 INSURANCE COVER 2014/15

Moved – Mayor M Hipkins

Seconded – Councillor James

That the Recommendation to Committee is adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

- a. The renewal report from LGIS for 2014/15;
- b. The subsequently adjusted premiums for LGIS scheme covers for 2014/15; and
- c. The CEO has sought the services for a suitably qualified insurance broker to source quotations for the balance of the 2014/15 with a further report on the outcomes to be submitted in due course.

Background

The City has sought quotations for the renewal of insurance for 2014/15 from Local Government Insurance Services.

The attached renewal report was received and acceptance of premiums contributions was accepted for all insurance classes previously provided. Alternative quotations were received for Corporate Practices Liability (Statutory Liability and Inquiry Costs) but this cover was not accepted.

Since accepting these quotations, the LGIS Board has determined that as the City of Nedlands is not a member of WALGA, it is not entitled to the Member benefits package. Accordingly, a 25% discount will not apply to scheme covers. The quotations for non-scheme covers remains the same.

Formal notification of the LGIS board's decision has not yet been received and further advice on this will sought when received.

In the interim, the following increases for scheme covers are noted:

Insurance Class	Initial 2014/15	Revised 2014/15	Change
Contract Works	\$8,712	\$8,712	Nil
Councillors and	\$11,095.34	\$11,095.34	Nil
Officers Liability			
Journey Cover	\$475.75	\$475.75	Nil
Motor Vehicle	\$54,869.39	\$54,869.39	Nil
Personal	\$1,980	\$1,980	Nil
Accident and			
Travel			
Total	\$57,359.14	\$57,359.14	
Fidelity	\$1,933.43	\$2,577	\$643.57
Guarantee			
Casual Hirers	\$3,927	\$5,236	\$1,309.00
LGIS Property	\$125,149.35	\$166,865	\$41,715.65
LGIS Liability	\$175,714.11	\$234,283	\$58,568.89
LGIS WorkCare	\$222,851.08	\$297,132	\$74,280.92
Total	\$529,574.97	\$706,093	\$176,518.03

The CEO will be arranging the appointment of a suitably qualified insurance broker to source alternative cover for scheme covers and a report will be presented back to the Audit and Risk Committee in due course.

Attachment

1. LGIS Insurance Renewal Report







1

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Executive Summary

LGIS is pleased to present the Council renewal report that provides the Schemes and Insurance Policies to the City of Nedlands.

This renewal report details the proposed Insurance Programme, and Alternative Quote Options where requested, for Council consideration, for the renewal period 30th June 2014 to 30th June 2015.

Insurance Policies Commentary

Renewal terms are based on the risk information Council has provided.

Please note that Policy Terms & Conditions are as expiring, unless advised otherwise.

LGIS have negotiated with the panel of Insurers in a robust manner, with the objective to keep increases on last year's premiums to a minimum. LGIS are pleased to advise that this goal has been achieved for almost all policy rates, and a rate <u>decrease</u> realised on motor vehicle insurance premiums.

Some policy rates may have increased due to recent asset purchases or values increasing and/or negative claims history.

Scheme Commentary

Please note that the Scheme Membership continues to be in accordance with the existing Terms of the Trust Deed and Scheme Rules.

The Renewal Contributions and membership benefits package are based upon "Full Membership" of the Scheme, i.e. participating in all Scheme segments and as a WALGA member. Different conditions will apply in the event of a Council no longer being a Full Member.

The Scheme is in a positive financial position, with a further surplus distribution back to members proposed to take place this year.

The 2013/14 year has seen some respite from major claims compared to previous years, which has enabled competitive terms for the Scheme's reinsurance protection to be secured.

These factors have enabled LGIS to keep increases in the costs of Scheme Membership Contributions to a minimum, with Rates in the dollar applied against wages (for WorkCare), declared assets (for Property), Total Operating Revenue (for Liability) and Bushfire Volunteer numbers, not increasing from last year for most Councils.

This primary focus on managing risks to drive down claims costs and, as a flow-on, the costs of cover, is what sets your industry Scheme apart from commercial insurance. The Scheme will continue to provide a range of professional services as benefits of membership, with priority areas of focus for the year ahead to include:

- Occupational Safety and Health, including OSH Management Systems audits and the provision of ongoing OSH advice and resource materials;
- Injury Management policies and procedures and return-to-work assistance
- A revamped Health and Wellbeing programme raising risk awareness amongst Local Government staff and elected members and the direct benefits of health assessments, skin cancer screenings, exercise programmes, seminars and flu injections.
- Risk Maturity Assessments, risk profiling and risk treatment strategy development and general risk
 management advice
- Assisting Members address Local Government (Audit) Regulation 17



- Emergency Risk Management
- HR Risk Management, including, stress counselling/management, conflict resolution and mental health issues in the workplace
- Professional Negligence risks
- An assistance programme to support Councils undergoing structural reform
- Regional Risk Coordination programme and
- Subsidies for property valuations

If you would like to find out more about how LGIS can assist you with any of the above, please don't hesitate to contact us.

General

Consideration has been undertaken regarding any future Local Government structural reform, whereby the Scheme and Insurers have agreed to automatically cover and accept amalgamated Councils.

LGIS are committed to 'working together' and providing holistic Insurance and Risk Management services and look forward to being of continued service.



Summary of Costs

City of Nedlands

2014 - 2015 Insurance Premiums/Contributions

Insurance Class	Expiring Year's Premium	Base Premium/ Contribution	GST	Total Premium/ Contribution	Recommended Insurer	Renew
Contract Works	\$825.00	\$7,920.00	\$792.00	\$8,712.00	QBE Insurance (Australia) Ltd through Thistle Underwriting Services Pty Ltd	YES / NO
Corporate Practices Liability	\$0.00	\$5,556.25	\$555.63	\$0.00	Axis Specialty Europe SE through Specialist U/W Agencies P/L - Axis	YES / NO
Corporate Practices Liability	\$0.00	\$6,650.00	\$665.00	\$0.00	Axis Specialty Europe SE through Specialist U/W Agencies P/L - Axis	YES / NO
Councillors and Officers Liability	\$10,038.67	\$10,086.67	\$1,008.67	\$11,095.34	ACE Insurance Limited	YES / NO
Journey Injury	\$481.25	\$432.50	\$43.25	\$475.75	Zurich Australian Insurance Limited	YES / NO
Motor Vehicle	\$78,714.10	\$49,881.27	\$4,988.13	\$54,869.39	Zurich Australian Insurance Limited	YES / NO
Personal Accident and Travel	\$1,980.00	\$1,800.00	\$180.00	\$1,980.00	ACE Insurance Limited	YES / NO
Casual Hirers Liability	\$3,927.00	\$3,570.00	\$357.00	\$3,927.00	LGIS Liability Scheme	YES / NO
Fidelity Guarantee	\$1,933.43	\$1,757.66	\$175.77	\$1,933.43	LGIS Liability Scheme	YES / NO
LGIS Property	\$129,537.28	\$113,772.14	\$11,377.21	\$125,149.35	LGIS Property	YES / NO
LGIS Liability	\$169,208.86	\$159,740.10	\$15,974.01	\$175,714.11	LGIS Liability	YES / NO
LGIS WorkCare	\$212,922.44	\$202,591.89	\$20,259.19	\$222,851.08	LGIS Workcare	YES / NO
Total Cost	\$609,568.03	\$563,758.48	\$56,375.86	\$606,707.45		



2014 - 2015 Alternative Quote Options Please indicate which quotations are accepted

Insurance Class	Alternative	Base Premium/ Contribution	GST	Total Premium/ Contribution	Accept
Statutory Liability & Inquiry Costs	Limit - \$1,000,000	\$5,556.25	\$553.63	\$6,111.88	YES / NO
Statutory Liability & Inquiry Costs	Limit - \$2,000,000	\$6,650.00	\$665.00	\$7,315.00	YES / NO

These terms are not open-ended and we cannot guarantee that insurers will stand by their quotation indefinitely. Please sign, date and return the Summary of Costs by email as soon as possible but, in any event, no later than 2:00pm, 24 June 2014, to ensure continuance of cover from 4:00pm 30 June when the current policies expire.

Signed	Printed Name

Date.....Council....

Remuneration:

As an insurance broker, there are several ways we can be paid. In general, our principal remuneration for arranging insurance on your behalf is either by way of commission paid by the Insurer and/or a fee including a service fee and an administration fee to be paid by you. The commission from insurers for arranging your insurance is a percentage of the premium paid by you before stamp duty, fire services levy, GST and any other government charges, taxes, fees or levies. It will vary depending on the insurer and the policy and we will advise you of the range of commission upon request.

The following services are not included in standard remuneration charges, but are available at an additional cost, negotiated on a case by case basis:

- Claims Management Services.
- Risk Management Services, which include but are not limited to Public & Professional Indemnity exposures, Emergency/Disaster Risk Management, Business Continuity Planning, Property Fire Protection, Risk Auditing and Compliance Auditing.
- Loss Adjusting Services.



Payment Terms And Options

Our credit terms are as follows:

All Other Insurances

Payment within 14 days from invoice date however, when invoices are raised more than 14 days before inception/renewal payment is due by the inception/renewal date.

The following payment options are available:

- 1. Cheque or credit card (see bottom of your Tax Invoice for details). A surcharge of 1.25% applies to credit card payments. This surcharge may be waived by JLT if it is less than \$75.
- 2. BPay details available on your Tax Invoice

3. Direct deposit

For LGIS Property, LGIS Liability and LGIS WorkCare

Account Name:LGISWABank:ANZBSB:016 498Account Number:8353 11413

For All Other Insurances

Account Name:Jardine Lloyd Thompson Pty LtdBank:ANZBSB:014 002Account Number:7753 75916

If you select this payment method, please advise your JLT advisor when payment has been made.



Contract Works

OUR REF: 006560

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but <u>no amount</u> is recorded, <u>no cover</u> is provided under this policy.

INSURED	City of Nedlands including subsidiary or controlled companies now or previously existing or hereafter formed or acquired (Named Insured) and/or Contractors and/or Sub-contractors and as defined in the Policy Wording.			
ABN AND ITC DETAILS	ABN 92 614 728 214 ITC 100.00%			
BUSINESS/ACTIVITIES	Principally Local Government including Property Owners/Occupiers and all associated activities, past or present.			
TERRITORIAL LIMITS	Section One - Contract Works Anywhere in the Commonwealth of Australia			
	Section Two (A) - Third Party Legal Liability Anywhere in the Commonwealth of Australia and as defined in the Policy Wording			
	Section Two (B) - Third Party Legal Liability – Completed Operations Anywhere in the Commonwealth of Australia			
	Section Three - Plant Equipment and Tools of Trade At contract site only			
GOVERNING LAW OF CONTRACT	Australian			
PERIOD OF INSURANCE	From: 30 June 2014 at 4 PM Local Time (WA).			
	To: 30 June 2015 at 4 PM Local Time (WA).			
	and any further period for which the Insurer(s) agrees to provide cover.			
SCOPE OF COVER	Section One - Contract Works Risks of physical loss of, destruction of or damage to Interest Insured not specifically excluded in the Policy Wording relating to Section One.			
	Section Two - Third Party Legal Liability All sums which the Insured shall be legally liable to pay to third parties by reason of:			
	- Personal Injury - Property Damage			



	as a result of an Occurrence during the F out of or in connection with or in relation	
	Section Three - Plant, Equipment and To Risks of physical loss of, destruction of o equipment, tools & tools of trade not spe Policy Wording relating to Section Three	or damage to insured plant, cifically excluded in the
INSURED CONTRACTS	All contracts entered into during the Peri- progress as at the commencement of the the contract value does not exceed \$4,00 agreed by Insurer(s).	e Period of Insurance where
	It is further agreed that this Policy applies arising out of the Insured's Business / Ge Completed Operations as defined in Sec the Insured Contracts.	eneral Activities including
LIMITS OF LIABILITY	Section One - Contract Works	
	Contract Value (Interest Insured) includir property \$2,085	ng Principal supplied 5,000 any one Occurrence at
	a Automatic Escalation Cover	ny one Insured Contract Site Up to 25% of contract value
	Transit Cover included	Up to contract value
	<i>Extensions (Payable in addition to the all</i> Removal of Debris Consultants' Fees Expediting Expenses	bove Contract Value) 20% of contract value 20% of contract value 10% of contract value
	Mitigation Expenses	10% of contract value
	Restoration Of Records Temporary Protection	10% of contract value 10% of contract value
	Existing Property of Principals	Not Insured
	Maintenance/Defects Liability Period: any lesser period as may be specified in	
	Section Two (A) - Third Party Legal Lia \$Nil any one Occurrence (unlimited duri in respect of Public Liability)	
	Section Two (B) - Third Party Legal Li	ability – Completed
	Operations Not Insured any one Occurrence and in liability arising from the Named Insured's liability arising from the Insured's Produc	Completed Operations and
	Costs & Expenses in addition to limits.	
	Section Three – Plant Equipment and	
	Contract site only	\$25,000 – limit \$5,000 per item any one Occurrence
DEDUCTIBI ES	Section 1 - Contract Works	

Section 1 – Contract Works

The Insured shall bear the first \$5,000 of any one loss or series of losses arising out of any one Occurrence from Named Cyclone's.



The Insured shall bear the first \$500 of any one loss or series of losses arising out of any one Occurrence for malicious damage and or theft.

The Insured shall bear the first \$250 of any one loss or series of losses arising out of any one Occurrence for all other losses.

Insured Contracts Over \$1,000,000

The Insured shall bear the first \$1,000 of any one loss or series of losses arising out of any one Occurrence for malicious damage and or theft.

The Insured shall bear the first \$500 of any one loss or series of losses arising out of any one Occurrence for all other losses.

Section Two - Third Party Legal Liability

The Insured shall bear the first \$500 each and every Property Damage claim or series of claims arising out of any one Occurrence.

The Insured shall bear the first \$Nil each and every Personal Injury claim or series of claims arising out of any one Occurrence.

The Insured shall bear the first \$1,000 (except for WA Residential \$5,000 or Commercial \$10,000) each and every Personal Injury claim or series of claims arising out of any one Occurrence arising out of Workers' Recourse Claims.

Section Three – Plant Equipment and Tools of Trade on site only

The Insured shall bear the first \$500 or 5% of any loss whichever is the greater any one Occurrence.

The Deductible(s) to which this Policy is subject and the manner and extent to which such Deductible(s) shall apply and/or operate are as described in the Policy Wording.

POLICY WORDING AND CONDITIONS

Agreed JLT Building Industry Annual Contract Works and Third Party Legal Liability Wording 02/2012 AV1.1

In the event of a declared terrorist incident within the meaning of the Terrorism Insurance Act 2003 will result in rendering any Terrorist Exclusion contained in this Policy ineffective in relation to loss or liabilities arising from such declared terrorist incident affecting eligible property located in Australia.

Endorsements



Corporate Practices Protection

OUR REF: 007002

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but <u>no amount</u> is recorded, <u>no cover</u> is provided under this policy.

ТҮРЕ	Corporate Practices Protection			
NAMED COUNCIL	City of Nedlands			
THE BUSINESS	Principally Local Government Authority			
TERRITORIAL LIMITS	Anywhere in Australia			
JURISDICTIONAL SCOPE	Australia			
GOVERNING LAW OF CONTRACT	Australian			
POLICY PERIOD	From: 30 June 2014 at 4 PM Local Time (WA).			
	To: 30 June 2015 at 4 PM Local Time (WA).			
	and any further period for which the Insurer(s) agrees to provide cover.			
INTEREST INSURED	Section 1 – Broadform Statutory Liability The Insurer agrees to pay to and on behalf of the Insured:			
	a) Penalties;			
	b) Enforceable Undertaking Expenses;			
	c) Legal Costs;			
	d) Prosecution Costs;			
	for a Statutory Liability Claim.			
	Section 2 – Inquiry Costs Indemnity The Insurer agrees to pay reasonable:			
	a) Legal Costs for an Inquiry into acts, errors, omissions of the Insured that occur after the Retroactive Date, or			
	 b) Production Costs for an Inquiry that occurs after the Retroactive Date; 			



c) Downtime for an Inquiry that occurs after the Retroactive Date.

Provided that an Inquiry Costs Claim is first made against the Insured and notified to the Insurer during the Policy Period.

Section 3 – Employment Practices Liability

The Insurer agrees to pay on behalf of the Insured:

- a) Damages;
- b) Legal Costs; and
- c) Employee Costs.

which the Insured is legally obliged to pay arising from any Employment Practice Claim first received by the Insured and notified to the Insurer during the Policy Period.

Provided that the Employment Practice Breach occurred after the Retroactive Date.

Optional Extension – Reputation Protection Expenses The Insurer agrees to pay on behalf of the Insured the reasonable fees, costs and expenses reasonably incurred by the Insured with the Insurer's prior written consent (not to be unreasonably withheld) in the Insured retaining a professional communications consultant to limit, mitigate or prevent the effects of negative publicity on the Insured's reputation in connection with an Event that may result in a Claim under an Insured Section of this Policy.

Provided that this extension will not respond if the Event is notified to the Insurer more than two business days after the Event occurred.

LIMIT OF LIABILITY	Section 1 – Broadform Statutory Liability \$1,000,000 any one Claim, subject to the Aggregate Limit of Liability	ability
	Retroactive Date (excluding known Claims and/or Circumstances)	
	Prior and Pending Date	
	Section 2 - Inquiry Costs Indemnity \$1,000,000 any one Loss subject to the Aggregate Limit of Liab	oility
	Retroactive Date (excluding known Claims and/or Circumstances)	
	Prior and Pending Date	
	Section 3 - Employment Practices Liability \$Not Insured any one Claim subject to the Aggregate Limit of Liability	
	Retroactive Date (excluding known Claims and/or Circumstances)	
	Prior and Pending Date	
	Optional Extension – Reputation Protection Expenses	



	\$50,000 any one Policy Period	
AGGREGATE LIMIT OF LIABILITY	\$1,000,000 any one Claim and/or Losses and \$2,000,000 in the aggregate for all claims made during any one Policy Period.	
	The Insurer's liability in respect of this Policy shall apply on part of any Claim which exceeds any applicable Deductible in the Schedule.	
DEDUCTIBLE	Section 1 – Broadform Statutory Liability Named Council - Any One Claim Any one Natural Person, any one Claim	\$2,000 \$1,000
	Section 2 - Inquiry Costs Indemnity Any one Loss by the Named Council arising from or attributable to any issue involving town planning, development application or land usage Any one Loss for all other Losses Any One Natural Person, any one Loss	\$10,000 \$2,000 \$1,000
	Section 3 - Employment Practices Liability Any one claim	\$1,000
	Optional Extension – Reputation Protection Expenses Any one claim	\$5,000
	The maximum Deductible any one Claim and/or Loss shall exceed the Deductible for the Named Council	not
	The maximum Deductible any one event will not exceed the applicable Deductible any one Claim and/ or Loss	highest
WORDING AND CONDITIONS	Insurer's Policy Wording reference/version number CRPLG (S1&2) . including Optional Extension for Reputational Exp	
	Terrorism Subjectivity	
	The Insurer shall not be deemed to provide cover and shall liable to pay any Claim or provide any benefit under this Pol extent that the provision of such cover, payment of such Cla provision of such benefit would expose the Insurer or its em to any sanction, prohibition or restriction under United Natio resolutions or the trade or economic sanctions, laws or regu the European Union, Australia, United Kingdom, United Sta America or Bermuda.	icy to the aim or ployees ns llations of
INSURER	Axis Specialty Europe SE through Specialist U/W Agencies P/L - Axis	
POLICY NUMBER	QUOTE	



REMARKS

Please refer to your policy document for details of Terms, Conditions and Exclusions.

Please note that this policy is on a claims made basis. This means that claims or possible claims must be notified to the insurer during the currency of the policy. Such a policy will not provide indemnity for claims or possible claims notified after the policy expires.



Corporate Practices Protection

OUR REF: 007003

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but <u>no amount</u> is recorded, <u>no cover</u> is provided under this policy.

ТҮРЕ	Corporate Practices Protection	
NAMED COUNCIL	City of Nedlands	
THE BUSINESS	Principally Local Government Authority	
TERRITORIAL LIMITS	Anywhere in Australia	
JURISDICTIONAL SCOPE	Australia	
GOVERNING LAW OF CONTRACT	Australian	
POLICY PERIOD	From: 30 June 2014 at 4 PM Local Time (WA).	
	To: 30 June 2015 at 4 PM Local Time (WA).	
	and any further period for which the Insurer(s) agrees to provide cover.	
INTEREST INSURED	Section 1 – Broadform Statutory Liability The Insurer agrees to pay to and on behalf of the Insured:	
	a) Penalties;	
	b) Enforceable Undertaking Expenses;	
	c) Legal Costs;	
	d) Prosecution Costs;	
	for a Statutory Liability Claim. Section 2 – Inquiry Costs Indemnity The Insurer agrees to pay reasonable:	
	a) Legal Costs for an Inquiry into acts, errors, omissions of the Insured that occur after the Retroactive Date, or	
	 Production Costs for an Inquiry that occurs after the Retroactive Date; 	



c) Downtime for an Inquiry that occurs after the Retroactive Date.

Provided that an Inquiry Costs Claim is first made against the Insured and notified to the Insurer during the Policy Period.

Section 3 – Employment Practices Liability

The Insurer agrees to pay on behalf of the Insured:

- a) Damages;
- b) Legal Costs; and
- c) Employee Costs.

which the Insured is legally obliged to pay arising from any Employment Practice Claim first received by the Insured and notified to the Insurer during the Policy Period.

Provided that the Employment Practice Breach occurred after the Retroactive Date.

Optional Extension – Reputation Protection Expenses The Insurer agrees to pay on behalf of the Insured the reasonable fees, costs and expenses reasonably incurred by the Insured with the Insurer's prior written consent (not to be unreasonably withheld) in the Insured retaining a professional communications consultant to limit, mitigate or prevent the effects of negative publicity on the Insured's reputation in connection with an Event that may result in a Claim under an Insured Section of this Policy.

Provided that this extension will not respond if the Event is notified to the Insurer more than two business days after the Event occurred.

LIMIT OF LIABILITY	Section 1 – Broadform Statutory Liability \$2,000,000 any one Claim, subject to the Aggregate Limit	
	Retroactive Date (excluding known Claims and/or Circumstances)	
	Prior and Pending Date	
	Section 2 - Inquiry Costs Indemnity \$2,000,000 any one Loss subject to the Aggregate Limit of Liab	oility
	Retroactive Date (excluding known Claims and/or Circumstances)	
	Prior and Pending Date	
	Section 3 - Employment Practices Liability \$Not Insured any one Claim subject to the Aggregate Limit of Liability	
	Retroactive Date (excluding known Claims and/or Circumstances)	
	Prior and Pending Date	
	Optional Extension – Reputation Protection Expenses	



	\$50,000 any one Policy Period	
AGGREGATE LIMIT OF LIABILITY	\$2,000,000 any one Claim and/or Losses and \$4,000,000 in the aggregate for all claims made during any one Policy Period.	
	The Insurer's liability in respect of this Policy shall apply on part of any Claim which exceeds any applicable Deductible in the Schedule.	
DEDUCTIBLE	Section 1 – Broadform Statutory Liability Named Council - Any One Claim Any one Natural Person, any one Claim	\$2,000 \$1,000
	Section 2 - Inquiry Costs Indemnity Any one Loss by the Named Council arising from or attributable to any issue involving town planning, development application or land usage Any one Loss for all other Losses Any One Natural Person, any one Loss	\$10,000 \$2,000 \$1,000
	Section 3 - Employment Practices Liability Any one claim	\$
	Optional Extension – Reputation Protection Expenses Any one claim	\$1,000
	The maximum Deductible any one Claim and/or Loss shall exceed the Deductible for the Named Council	not
	The maximum Deductible any one event will not exceed the applicable Deductible any one Claim and/ or Loss	e highest
WORDING AND CONDITIONS	Insurer's Policy Wording reference/version number CRPLG (S1&2) . including Optional Extension for Reputational Exp	
	Terrorism Subjectivity	
	The Insurer shall not be deemed to provide cover and shall not be liable to pay any Claim or provide any benefit under this Policy to the extent that the provision of such cover, payment of such Claim or provision of such benefit would expose the Insurer or its employees to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, Australia, United Kingdom, United States of America or Bermuda.	
INSURER	Axis Specialty Europe SE through Specialist U/W Agencies P/L - Axis	
POLICY NUMBER	QUOTE	



REMARKS

Please refer to your policy document for details of Terms, Conditions and Exclusions.

Please note that this policy is on a claims made basis. This means that claims or possible claims must be notified to the insurer during the currency of the policy. Such a policy will not provide indemnity for claims or possible claims notified after the policy expires.



Councillors and Officers Liability

OUR REF: 005322

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but <u>no amount</u> is recorded, <u>no cover</u> is provided under this policy.

COMPANY	City	/ of Nedlands	
COUNCIL ABN AND ITC DETAILS	ABI	N: 92 614 728 214 ITC: 100.00%	
INSURED		natural person who was, now is or becomes during the Policy riod:	
	a)	a Councillor or Officer	
	b)	an Employee	
	c)	any lawful spouse or domestic partner of a Councillor or Officer or Employee, but only where the Claim results from the Wrongful Act of such Councillor or Officer or Employee	
	d)	the estate, heir or legal representative of a deceased Councillor or Officer or Employee, but only where the Claim results from the Wrongful Act of such Councillor or Officer or Employee	
	e)	the legal representative of a Councillor or Officer or Employee in the event of the incapacity, insolvency or bankruptcy of such Councillor or Officer or Employee	
	f)	a company secretary	
	g)	a natural person who acts as a member of a committee established by the Company under the Local Government Act 1995	
	h)	a lawyer employed by the Company who in their capacity as such must comply with the Sarbanes-Oxley Act of 2002;	
	provided that the Insured does not include an external auditor of an external administrator of any type		
INSURING AGREEMENTS			
	A.	The Insurer will pay to or on behalf of the Insured all Loss, except where the Company has paid such Loss, resulting from a Claim first made against an Insured during the Policy Period or Discovery Period, if applicable.	
	B.	The Insurer will pay to or on behalf of the Company all Loss, for which the Company has granted indemnification to the Insured as permitted or required by law, resulting from a Claim first made against an Insured during the Policy Period or Discovery Period, if applicable.	



	C. In respect of an Investigation, the Insurer will pay all Legal Representation Expenses to or on behalf of:
	 a) the Insured, except where the Company has paid such Loss to the Insured; and
	 b) the Company, where the Company has granted indemnification to the Insured, as permitted or required by law
	D. In respect to Employment Related Wrongful Acts, the Insurer will pay to or on behalf of the Company all Loss resulting from a Claim first made against the Company during the Policy Period or Discovery Period, if applicable.
PERIOD OF INSURANCE	From: 30 June 2014 at 4 PM Local Time (WA).
	To: 30 June 2015 at 4 PM Local Time (WA).
GEOGRAPHICAL SCOPE	Worldwide excluding the United States of America.
JURISDICTIONAL SCOPE	Worldwide excluding the United States of America.
GOVERNING LAW OF CONTRACT	Australian
RETROACTIVE DATE	30 June 2002, excluding known claims and/or circumstances
PENDING OR PRIOR LITIGATION DATE	Unlimited excluding prior and known circumstances.
DISCOVERY PERIOD	12 months under Clause 6(a) (50% of the expiring annual premium)
LIMIT OF LIABILITY	\$5,000,000 total aggregate for all Loss any one period of insurance
SUB-LIMITS OF LIABILITY	Indemnifiable Pollution Defence Costs \$500,000 any one Loss and in the aggregate during the period of insurance
	Tax Liability Extension \$100,000 any one Loss and in the aggregate during the period of insurance
	Additional Excess Limit for Non Indemnifiable Loss Limit \$1,000,000 in the aggregate during the period of insurance for each Director.
	Civil Fines/Pesumiems Develting

Civil Fines/Pecuniary Penalties



	\$500,000 any one claim and in the aggregate during the period of insurance		
	Employment Related Wrongful Act – Entity Cover (Agreement D) \$1,000,000 any one claim and in the aggregate during insurance		
	Acquisition Limit 10% of Total Asset Value in the lates	t Annual Financial Report	
DEDUCTIBLE	Insuring Agreement B and indemnifiable Loss:		
	Alleging violation of any security laws provisions common or statutory	or \$5,000 each and every Claim	
	Alleging an Employment Related Wrongful Act	\$12,500 each and every Claim	
	For all other claims	\$5,000 each and every Claim	
	Councillors and Officers	\$Nil each and every Claim	
	Council Reimbursement	\$5,000 each and every Claim	
	Insuring Agreement C(b) Investigations falling under the jurisdiction of the courts in or the laws of the United States of America or settled by compromise in the United States of America Not Applic		
POLICY WORDING AND CONDITIONS	ACE Australia Elite II Councillors and Officers Liability Policy (05.11), Master Policy Number 05CH005534.		
	Endorsements		
INSURER ACE Insurance Limited	PROPORTION 100.000%	POLICY NUMBER 05CH005534	
REMARKS	Please refer to your policy document	for details of Terms Conditions	

REMARKS

Please refer to your policy document for details of Terms, Conditions and Exclusions.



Journey Injury Top - Up

OUR REF: 006700

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but <u>no amount</u> is recorded, <u>no cover</u> is provided under this policy.

INSURED	City of Nedlands		
ABN AND ITC DETAILS	ABN 92 614 728 214 ITC 100.00%)	
BUSINESS	Local Government		
GEOGRAPHICAL SCOPE	Australia		
JURISDICTIONAL SCOPE	Australia		
GOVERNING LAW OF CONTRACT	Australian		
PERIOD OF INSURANCE	From: 30 June 2014 at 4 PM Local Time (WA).		
	To: 30 June 2015 at 4 PM Local Time (WA).		
	and any further period for which the Insu cover.	irer(s) agrees to provide	
INTEREST INSURED	Injury to Employees of the Insured whils and from their residence and place of we for work.		
INSURED PERSONS	Employees of City of Nedlands as detailed below.		
	Current number of employees covered 17		
TOP UP COVER SCHEDULE OF BENEFITS	Cover provided under this policy is over and above the automatic cover provided as a membership benefit by LGIS WorkCare being comprised of \$100,000 Capital Benefit and \$1,000 Weekly Benefit		
	PART A – Accidental Death and Capital Benefits		
	Injury Types 1 – 19		
	All employees	\$Nil in excess of \$100,000	
	Contracted Employees	\$Nil in excess of \$100,000	



Directors	\$Nil in excess of	\$100,000
Chief Executive Officer	\$Nil in excess of	\$100,000
Specified Employees	\$Nil in excess of	\$100,000
PART B – Weekly Injury All Employees Number of Employees Insured		173
Weekly earnings (as defined) of \$500 (pa the date of injury) in excess of the \$1,000 the LGIS WorkCare Scheme.		
Contracted employees Number of Contracted Employees Insure Weekly earnings (as defined) of Not Insu from the date of injury) in excess of the \$ under the LGIS WorkCare Scheme.	red (payable for 10	
Directors Number of Directors Insured Weekly earnings (as defined) of Not Insu from the date of injury) in excess of the \$ under the LGIS WorkCare Scheme.	red (payable for 10	
Chief Executive Officer Weekly earnings (as defined) of Not Insu from the date of injury) in excess of the \$ under the LGIS WorkCare Scheme.	red (payable for 10	
Specific Employees Number of Specific Employees Insured Details on Declaration Weekly earnings (as defined) of Not Insu from the date of injury) in excess of the \$ under the LGIS WorkCare Scheme.	red (payable for 10	
Part C – Weekly Sickness		\$Nil
Part D – Injury Resulting in Surgery		\$Nil
Part E – Sickness Resulting in Surgery		\$Nil
Part F – Injury Resulting in Fractured Bor	nes	\$Nil
Part G – Injury Resulting in Loss of Teeth	or Dental	\$Nil
\$10,000,000 any one Period of Insurance	o for all Councils ir	n WA.

OF LIABILITY

AGGREGATE LIMIT

POLICY WORDING AND CONDITIONS

Insurers Group Personal Accident and Sickness Insurance Product Disclosure Statement reference/version number ZU100295



INSURER Zurich Australian Insurance Limited

100.000%

POLICY NUMBER 63-2215319-ZAH

REMARKS

Please refer to your policy document for details of Terms, Conditions and Exclusions.



Motor Vehicle

OUR REF: 005324

INSURED	City of Nedlands	
ABN AND ITC DETAILS	ABN 92 614 728 214 ITC 100.00%	
BUSINESS	Principally Local Government Authority	
TERRITORIAL LIMITS	Australia	
JURISDICTIONAL SCOPE	Australia	
GOVERNING LAW OF CONTRACT	Australian	
PERIOD OF INSURANCE	From: 30 June 2014 at 4 PM Local Time (WA).	
	To: 30 June 2015 at 4 PM Local Time (WA).	
	and any further period for which the Insurer(s) agrees to provide cover.	
INTEREST INSURED	All Motor Vehicles and Trailers owned, leased, mortgaged under Hire Purchase Agreement, hired in or let out on hire, loaned to or by, or used or operated by the Insured including to the extent the Insured has accepted responsibility to insure.	
LIMITS OF LIABILITY	Section 1 Loss or damage to vehicles as per Interest Insured. Current market value at the time of loss or damage or sum insured value specified in the Declaration of vehicles, whichever is the lesser, but limited per council to \$20,000,000 any one event.	
	Section 2 Cover for Third Party Liability \$30,000,000 but limited to \$5,000,000 for any dangerous goods carrying vehicles, for all claims arising from the one accident or series of accidents resulting from the one original cause (as defined in this section of the policy).	
	Dangerous Goods means dangerous goods or explosives as defined in either the current Australian Code for the Transport of Dangerous Goods by Road and Rail or the current Australian Code for the Transport of Explosives by Road or Rail or the current New Zealand Land Transport Rule: Dangerous Goods Amendment 2010.	



Section	1
OCCLION	

Section 1	
Disability Modifications (maximum per event)	\$10,000
Councillor's/Director's/Employee's Personal Property	
(trailers limited to \$500) (maximum per event)	\$3,000
Expediting Expenses the lesser of 50% normal repair c	
First Aid Kits (maximum per event)	\$2,500
Funeral Expenses (maximum per event)	\$15,000
Hire of vehicle following theft (maximum amount per ve	
per event)	\$5,000
Journey Disruption (maximum per event)	\$5,000
Replacing Lock/Keys (maximum per vehicle)	\$10,000
Replacing Lock/Keys (maximum per event)	\$50,000
New Vehicle Replacement (maximum per vehicle)	\$1,000,000
	\$50,000
Re-Delivery Following Theft (maximum per event)	
Removal and Delivery Expenses (maximum per event)	
Removal of Debris/Load (maximum per event)	\$150,000
Retrieval Costs (maximum per insurance period)	\$50,000
Rewards offered following theft (maximum per event)	\$5,000
Total Loss of Encumbered Vehicles	
(Vehicle value \$600,000 or less),	
	narket value or
	insured value
(Vehicle value in excess of \$600,000),	
	narket value or
	insured value
Volunteer Bush Fire Brigade Member vehicles –	
Maximum per event	\$1,000,000
Section 2	
Non Owned Trailer Liability (maximum per event)	\$100,000
Section 3 Additional Covers applicable to All Section	ons
Automatic Additions to Council fleet (per vehicle)	\$600,000
Crisis Coverage (maximum per event)	\$50,000
Police, Fire Brigade and other Authorities costs levied	
(maximum per event)	\$100,000
Psychological Counselling (maximum per event)	\$10,000
Vehicle Testing (maximum per event)	\$600,000

All as more fully defined in the policy. Conditions may apply

EXCESS

Basic Excess

Ва	sic Excess	\$ 2,000
1.	Volunteer Bushfire Brigade Members Vehicles	\$Nil
2.	Councillors Vehicles	\$Nil
3.	Volunteers Vehicles	\$Nil
4.	Employees Vehicles	\$Nil
5.	Capped Excess Any One Event	\$30,000

Note

- 1. Excess also applies to windscreen damage only claims (unless otherwise noted).
- 2. Non-owned trailer liability additional excess of \$2,500 per nonowned trailer.
- 3. Other additional excesses may also apply as per Policy.



- 4. Excess applies separately to each vehicle and each claim on that vehicle.
- 5. Age and Inexperienced Drivers' Excess does not apply.

POLICY WORDING AND CONDITIONS

Standard Zurich Australian Insurance Limited Local Authorities Motor Fleet Policy wording reference/version number ZU12208-PCUS-004079-2010 except as otherwise modified by the following endorsements which are shown in full on the Endorsement Schedule:

Additional Equipment Volunteer Bushfire Fighters Members Vehicles Claims Experience Discount Owners Indemnification Clause Fire and Theft Cover Special Condition to Section 2 Third Party Liability Cover Only Waiver of Subrogation/Release of Liability

INSURER	
Zurich Australian Insurance Limited	

PROPORTION 100.000%

POLICY NUMBER 63 2982452 VFT

REMARKS

Please refer to your policy document for details of Terms, Conditions and Exclusions.



Personal Accident & Travel

OUR REF: 005325

INSURED	City of Nedlands	
ABN AND ITC DETAILS	ABN: 92 614 728 214 ITC: 100.00%	
BUSINESS	Local Government	
GEOGRAPHICAL SCOPE	World Wide	
GOVERNING LAW OF CONTRACT	Australian	
PERIOD OF INSURANCE	From: 30 June 2014 at 4 PM Local Time (WA).	
	To: 30 June 2015 at 4 PM Local Time (WA).	
INSURED PERSONS	Category:	
	 The Mayor, Chairperson, Elected Members, Councillors, Commissioners. Employees of the Insured. Accompanying Partners/Spouses of the Covered Persons in Category 1(a) and 1(b) above Voluntary Workers Members of any Committees and Trusts. Other Persons where the Insured is required to provide coverage whilst such persons are engaged in any Government Labour Market, Training or Job Creation Projects. 	
SCOPE OF COVER	Categories 1a), 1b), 1c), 2 & 3 Covering Insured Persons whilst engaged in a Journey and any other activity directly or indirectly connected with or on behalf of the Authority.	
	Category 4 Covering Insured Persons whilst engaged in any activity directly or indirectly connected with or on behalf of the Authority.	
JOURNEY	Categories 1. To 3.	
	Journey shall mean any trip of the Insured Person (s) starting from the time of leaving home or normal place of business (whichever is	



NUMBER OF EMPLOYEES	 left last) and continue until arrival back at home or normal place of business (whichever is reached first). For the purposes of Section 7: Baggage/Business Property, Electronic equipment, Deprivation of Baggage & Money/Travel Documents only; Journey means any trip involving travel exceeding 100kms from normal place of residence or business premises and starts from leaving home or normal place of business premises and continue until arrival back at home or normal place of business premises premises. Every day commuting shall not be regarded as a Journey. 		
VOLUNTARY WORKERS AGE LIMITATION	Persons between five (5) years and fifteen (15) years Event 1 Limited to \$5,000		
	Persons between sixteen (16) and eighty five (85) years Event 1 Full Cover.		
	Persons between eighty six (86) and ninety (90) years Event 1 Limited to \$5,000 if the Insured Person has no dep	pendents	
SCHEDULE OF BENEFITS	<u>Section 1</u> Part A – Capital Benefits		
	Category 1 (a) Category 1 (b) Category 1 (c) Category 2 Category 3 Category 4	\$500,000 \$500,000 \$500,000 \$500,000 \$500,000 \$500,000	
	Compensa	ation as %	
	Injury resulting in of Capit Death Permanent Total Disablement Permanent Quadriplegia	al Benefit 100% 100% 100%	
	Permanent Paraplegia Permanent Unsound Mind to the extent of legal incapacity Permanent & incurable paralysis of all limbs Permanent total loss of entire sight in one or both eyes Permanent total loss of hearing in both ears Permanent total loss of the use of both hands Permanent total loss of the use of both arms Permanent total loss of the use of both feet Permanent total loss of the use of both legs Permanent total loss of the use of one hand and one foot Permanent total loss of the use of one hand and one arm Permanent total loss of the lens of one eye	100% 100% 100% 100% 100% 100% 100% 100%	
	Permanent total loss of hearing in one ear Permanent total loss of the use of one foot or one leg Permanent total loss of the use of four fingers and thumb of either hand Permanent total loss of the use of one thumb, both joints	50% 100% 75% 30% 15%	
	Permanent total loss of the use of one thumb, one joint Permanent total loss of the use of a finger, three joints	15% 15%	



Permanent total loss of the use of a fine Permanent total loss of the use of a fine Permanent total loss of the use of all the Permanent total loss of the use of great Permanent total loss of the use of great Permanent total loss of the use of other Third degree burns and/or resultant dist covers more than 50% of the entire boot Necessary surgical removal of internal Permanent Disability Not Otherwise Pro- determine as being consistent with the this table, but not exceeding 75% of the Schedule against Section 1 – Part A Lu	ger, one joint5%ie toes of one foot15%it toe, both joints5%it toe, one joint3%r toe (each toe)1%figurement which50%dy50%organs- per organ1%ovided - The percentage weCompensation provided ine amount shown in the50%
Part B - Weekly Benefits Total Disablement Category 1a to 4 (104 weeks)	100% of Salary up to \$2,000
Partial Disablement Categories 1a to 4 (104 weeks)	75% of Total Disablement Weekly Benefit
Parts C and D– Injury Resulting in: Categories 1a to 4 - Fractured Bones Categories 1a to 4 - Dental Procedures	\$5,000 s \$5,000
Section 2 - Kidnap, Ransom and External Category 1a to 3 Category 4	ortion \$500,000 Not Insured
Section 3 - Hijack and Detention Category 1a to 3 Legal Costs Category 4	\$100 (60 days maximum) \$10,000 Not Insured
Section 4 - Medical and Additional E Cancellation and Curtailment Expension	
Category 1a to 3 Medical Expenses Cancellation/ Curtailment expenses Evacuation and Repatriation	Unlimited Unlimited Unlimited
Category 4 Medical Expenses Cancellation/ Curtailment expenses Evacuation and Repatriation	Not Insured Not Insured Not Insured
Section 4 A – Non-Medicare medical of pocket expenses Category 1a, 1b, 1c Category 2 to 4	expenses and out Not Insured \$20,000
Section 5 – ACE Assistance Category 1a to 3 Category 4	Included Not Included
Section 6 – Loss of Deposits Category 1a to 3 Category 4	\$10,000 Not Insured



Section 7 - Baggage/Business Property, Electronic			
Equipment, Deprivation of Baggage Documents	Equipment, Deprivation of Baggage and Money/Travel		
Domestic and Overseas Travel			
Category 1a to 3			
Baggage/Personal Property (\$5,000 lin			
Electronic Equipment	\$10,000		
Deprivation of Baggage Money/Travel Documents	\$3,000 \$5,000		
Category 4	\$5,000		
Baggage/Personal Property	Not Insured		
Electronic Equipment	Not Insured		
Deprivation of Baggage	Not Insured		
Money/Travel Documents	Not Insured		
Section 8 - Alternative Employee/Res Assignment Expenses	sumption of		
Category 1a to 3	\$20,000		
Category 4	Not Insured		
Section 0 Developed Liphility			
Section 9 – Personal Liability Category 1a to 3	\$10,000,000		
Category 4	Not Insured		
Section 10 - Rental Vehicle Excess V			
Category 1a to 3 Category 4	\$5,000 Not Insured		
Category 4	Not insured		
Section 11 - Extra Territorial Workers (any one accident)	s Compensation		
Category 1a to 3			
Weekly Benefits	\$1,000		
Damages, Costs and Expenses	\$1,000,000		
Aggregate Limit of Liability Category 4	\$5,000,000 Not Insured		
Calegory 4	Not insured		
Section 12 – Missed Transport Conn			
Category 1A to 3	\$10,000		
Category 4	Not Insured		
Section 13 – Political & Natural Disas	ster Evacuation		
Category 1a to 3 Annual Aggregate	\$500,000		
Category 1a to 3 Maximum Per Person			
Category 4	Not Insured		
Section 14 – Overbooked Flight			
Category 1a to 3	\$2,500		
Category 4	Not Insured		
Section 15 – Search and Rescue Exp	Denses		
Category 1a to 3	Per Insured Person \$20,000		
	Annual Aggregate \$100,000		
Category 4	Not Insured		

AGGREGATE LIMIT OF LIABILITY

\$10,000,000 Any one Period of Insurance except in respect of Non Scheduled Aircraft which is \$2,500,000.



WEEKLY BENEFIT PERIOD	104 Weeks from the date of Injury	
DEDUCTIBLE	Section 4(A)\$25Section 7 – Electronic Equipment claims only\$250All other claims -Nil, unless stated in policy wording	
POLICY WORDING AND CONDITIONS	ACE Insurance Ltd Group Personal Accident and Business Travel Policy wording reference/version number ACELGISPDSPABT01	
INSURER ACE Insurance Limited	PROPORTION 100.000%	POLICY NUMBER 05PO005535
REMARKS	Please refer to your policy document for details of Terms, Conditions and Exclusions.	



Casual Hirers Liability

OUR REF: 000426

MEMBER	City of Nedlands	
COVERING	Casual Hirers of facilities owned by the Member	
	A Casual Hirer means any person or group of persons (not being a sporting body, club, association, corporation or incorporated body), who hires a Council facility for non-commercial or non-profit making purposes, less frequently than once per calendar month or twelve times per calendar year.	
ABN AND ITC DETAILS	ABN: 92 614 728 214 ITC: 100.00%	
BUSINESS	Principally Local Government Authority including the hire of facilities from The Member	
PERIOD OF INSURANCE	From: 30 June 2014 at 4 PM Local Time (WA).	
	To: 30 June 2015 at 4 PM Local Time (WA).	
	and any further period for which the Insurer(s) agrees to provide cover.	
GEOGRAPHICAL SCOPE	Australia	
JURISDICTIONAL SCOPE	Australia	
GOVERNING LAW OF CONTRACT	Australian	
INTEREST PROTECTED	General Liability	
	 Legal Liability to Third Parties for - death, illness or personal/bodily injury. loss or damage to property during the period of protection as a result of an occurrence happening in connection with the use of the hired facility by the Hirer. 	
LIMIT OF LIABILITY	Section 1 – General Liability	
	\$10,000,000 any one occurrence.	



DEDUCTIBLE	The Member shall bear the first \$500 of each and every Property Damage Claim or series of claims arising out of the one Occurrence. All indemnifiable liability attributable to one source or original cause shall be deemed one Occurrence for the purpose of the application of the above deductible.
PROTECTION PROVIDERS	Endorsements
CERTIFICATE NUMBER	000426
REMARKS	Please refer to your protection document wording for details of Terms, Conditions and Exclusions.



Fidelity Guarantee

OUR REF: 000440

MEMBER	City of Nedlands	
ABN AND ITC DETAILS	ABN: 92 614 728 214 ITC: 100.00%	
BUSINESS	Local Government	
POLICY PERIOD	From: 30 June 2014 at 4 PM Local Time (WA).	
	To: 30 June 2015 at 4 PM Local Time (WA).	
	and any further period for which the Insurer(s) agrees to provide cover.	
INTEREST PROTECTED	Loss as a result of an act or acts of employee dishonesty as defined in the wording. The loss must be direct financial loss sustained by the Member anywhere in the world in connection with a single act or series of related, continuous or repeated acts of employee dishonesty (including direct financial loss sustained by another person or organisation where the Member has responsibility for the care, custody and control of their money, securities or other property).	
	It does not include salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or any other employment benefits paid by the Member or such other person or organisation.	
	The direct financial loss must either:	
	 a) be sustained during the policy period and be discovered by the Member prior to the end of the policy period or discovery period, if applicable; or 	
	b) be sustained during a period prior to the policy period and be discovered by the Member prior to the end of the policy period provided that you have continuously been insured pursuant to the cover issued by the Scheme between the date that the loss was sustained and the date the loss was discovered	
GEOGRAPHICAL SCOPE	World Wide	



GOVERNING LAW OF CONTRACT	Australian	
DISCOVERY PERIOD	12 months	
LIMITS OF LIABILITY	Limit any one person\$500,000Aggregate Limit any one policy period\$500,000	
DEDUCTIBLE/EXCESSES	The Member shall bear the first \$5,000 of each Claim for Loss which the LGIS Liability Scheme may advance or for which the LGIS Liability Scheme may indemnify the Member.	
WORDING AND CONDITIONS	Ace Insurance policy wording reference/version number FidelityProtector (ed.06/02) except as otherwise modified by the following endorsements, which are shown in full on the Endorsement Schedule.	
	Endorsements Amount of Policy Not Reduced by Loss.	
	The insurance under each section and/or item of this Polic automatically reinstated in the event of any loss in conside the payment by the Insured of a pro-rata additional premiu calculated on the amount of the loss settlement at the rate for the period of Insurance.	ration of m
PROTECTION PROVIDER	(First \$50,000 any one loss)	
	This policy is placed with ACE Insurance Ltd, with a \$50,0 each and every claim	00 excess
	The LGIS Liability Scheme provides protection for the first any one loss, subject to the ACE Fidelity Protector (ed.04/2 policy terms, conditions and excess.	
	LGIS Liability Scheme provides cover in excess of the Scheme Protection up to to of Liability shown.	he Limits
POLICY NUMBER	LGIS Liability 05CH005846 ACE Insurance 05CH005846	
REMARKS	Please refer to your policy document for details of Terms, and Exclusions.	Conditions



LGIS Property

OUR REF: 000756

MEMBER	City of Nedlands	
MEMBERSHIP NUMBER	000065	
ABN AND ITC DETAILS	ABN: 92 614 728 214 ITC: 100.00%	
BUSINESS	Local Government	
PERIOD OF PROTECTION	From: 30 June 2014 at 4 PM Local Time (WA).	
	To: 30 June 2015 at 4 PM Local Time (WA).	
	and any further period for which the Insurer(s) agrees to provide cover.	
GEOGRAPHICAL SCOPE	Australia	
JURISDICTIONAL SCOPE	Australia	
GOVERNING LAW OF CONTRACT	Australian	
SUMMARY OF COVER	Industrial Special RisksCoveredMachinery BreakdownCoveredElectronic EquipmentCoveredGeneral PropertyCovered	
SCOPE OF COVER	Section 1 – Insured risks of physical loss, destruction or damage to property not specifically excluded in the policy wording; and	
	Additional Cover.	
	Machinery Breakdown This Section provides protection for repair costs following breakdown of Machinery and Pressure Equipment whilst located at the Member's situation/s.	
	Electronic Equipment Breakdown This Section provides protection for repair costs following breakdown of Electronic Equipment whilst located at the Member's situation/s.	



	General Property This Section covers Accidental Loss of portable property, such as, but not lim laptop computers, survey equipment, Medallions, sound meters, water testin from the premises anywhere in Austra Section 2 – Resultant Consequential	ited to mobile pho Mayoral Chains a ng kits, cameras, lia and whilst in T	ones, ipads, Ind whilst away Transit.
INTEREST PROTECTED	Section 1 - Material Loss or Damage All real and personal property of every as excluded in the Protection Policy D Member or for which the Member is re responsibility to insure prior to the occ including all such property in which the insurable interest during the Period of Section 2 - Consequential Loss Item 1: Gross Revenue/Increase Cost Item 2: Loss of Rent Receivable/Increas Item 3: Claims Preparation and Provin Item 4: Additional Increased Cost of W Item 5: Accounts Receivable	v kind and descrip ocument) belongi esponsible or has urrence of any da e Member may ac Protection. of Working ase Cost of Work og Costs	ing to the assumed amage cquire an
LIMITS OF LIABILITY	Maximum Limit of Liability shall apply to all Members on an Any One Event basis in excess of the LGIS Property Pooled Cover.		
	Sections 1 and 2 Combined: \$600,000,000 Any One Event		
	Other than: Named Cyclone North of the 26 th Flood Acquired Properties/companies	parallel	\$50,000,000 \$50,000,000 \$5,000,000
	Applicable to all Members in the Aggregate on an Any One Event basis.		One Event
	Member Limits of Liability Individual Limits and Sub-limits apply declared on that Member's Certificate but always limited to the Scheme Limi	of Membership o	r Schedule
LGIS PROPERTY POOLED COVER	In the aggregate over all claims from N	Member Councils	\$10,000,000
DECLARED VALUES IN ACCORDANCE WITH THE BASIS OF SETTLEMENT	Section 1 - Material Damage General Property or as specified on th Section 2 – Consequential Loss	e Schedule	\$68,674,008 \$900,000 \$4,082,000
	TOTAL		\$73,656,008



SUB-LIMIT(S) OF LIABILITY	Unless otherwise stated below, the following sub-limits of liability will		
	apply on a per member, per event basis for all coverages provided,		
	and are part of, not in addition to, the above limit(s) of liability.		

Castien 4. Meterial Lass on Demons	
Section 1 - Material Loss or Damage	¢500.000
Accidental Damage Burglary and/or Theft	\$500,000 \$250,000
Rewriting of Records	\$100,000
Money	\$250,000
Personal Property	ψ230,000
(Any one employee/Councillor/ Elected Member	er/ Visitor) \$10,000
Plate Glass	Replacement Value
Book Debts	\$100,000
Fusion	\$50,000
Locks and/or Keys	\$100,000
Clearance of Drains	\$250,000
Art, antiquities, curious and pottery (any one it	em limit
of \$200,000 unless otherwise specified)	\$1,000,000
Statutory Fees	\$50,000
Temporary Removal and Limited Transit (Land	
Landscaping	\$100,000
Gates and Fences	\$1,000,000
Expediting Expenses	\$1,000,000
	set Value per situation
	00 whichever is lesser
Exploratory Costs	\$100,000
Customers Property	\$500,000
Customs and Excise and other duties	\$1,000,000
Spoilage of Refrigerated Goods	\$100,000
Miscellaneous Structures and Equipment (any	
or as declared by the member whichever is gre Further limited to the lesser limits for any c	
situation as listed below. In the event of an	
exceeding the prescribed limit no cover wi	
declared by the member on the schedule.	n be granted arness
Street signs and/or parking meters and/or	street lights
and/or lamp posts	\$20,000
Bus shelters and/or public seating	\$20,000
Public ablution blocks	\$20,000
Signs (other than street signs)	\$10,000 per sign
Structures and/or equipment of all types at	
grounds and/or ovals and/or parks and/or	
and/or playgrounds and/or reserves where	
value of such items does not exceed	\$150,000
Reticulation systems including pumps (and	
wiring), pipe work and sprinklers where the	
value of such reticulation systems does no	
Statues and/or structures and/or sculpture	
other works of art and/or culture in the ope	
exceeding Jetties and/or boat ramps where the value	\$50,000 per situation
described does not exceed	\$10,000 per situation
Gates and/or fences and/or landscaping a	
foreshore and/or Street Furniture beautific	
the value of eccets does not evered	

the value of assets does not exceed \$50,000 per situation



Windmills and/or bore pumps and/or tanks and/or radio towers and/or solar panels where the value of assets does not exceed \$20,000 per situation Video surveillance cameras where the of assets does not exceed \$10,000 per situation Street banners and/or Christmas decorations and/or flagpoles where the value of assets does not exceed \$20,000 per situation Extra Cost of Reinstatement Where the Situation has not been professionally valued \$2,000,000 or 10% of Situation whichever is the lesser.
Where the Situation has been professionally valued (and Said Provisions Accounted for), the value or % assigned in the valuation in the Situation Limit of Indemnity will apply (Any additional cover required should be specified on the member's schedule), up to the maximum Any One Event across all Situations of the Member of \$20,000,000
Removal of Debris Where the Situation has not been professionally valued \$2,000,000 or 10% of Situation whichever is the lesser.
Where the Situation has been professionally valued (and Said Provisions Accounted for), the value or % assigned in the valuation in the Situation Limit of Indemnity will apply, up to the maximum Any One Event across all Situations of the Member of \$20,000,000
Architects and professional Fees Where the Situation has not been professionally valued \$2,000,000 or 10% of Situation whichever is the lesser.
Where the Situation has been professionally valued (and Said Provisions Accounted for), the value or % assigned in the valuation in the Situation Limit of Indemnity will apply, (Any additional cover required should be specified on the member's schedule) up to the maximum Any One Event across all Situations of the Member of \$20,000,000
Additional Cover Machinery Breakdown Each and every claim or series of claims arising out of the one event \$200,000
Electronic Equipment Breakdown Each and every claim or series of claims arising out of the one event \$200,000
General Property Non specified items maximum any one item \$10,000



	Items individually specified in declared Property Schedule	40,000
	Section 2 – Business Interruption Item 1: Loss of Revenue / Item 2: Loss of Rent Receivable Item 3: Claims Preparation Costs Item 4: Additional Increased Cost of Working Item 5: Accounts Receivable Public Utilities (Iand based only) Prevention of Access Unnamed Suppliers/Customers Premises Government Incentives unless otherwise declared under Gross Revenue Fines and Penalties	\$50,000 \$1,000,000 \$2,000,000 \$5,000,000 \$5,000,000 \$1,000,000
INDEMNITY PERIOD	12 months	
DEDUCTIBLE/EXCESS	Individual Deductibles apply as per Member's Certificate Membership	of
	Named Cyclone Excess\$50,000 Ar(Refer to Policy Wording for full description)\$100 ArMachinery Breakdown\$100 ArElectronic Breakdown – Section 1\$250 Ar	

PROTECTION POLICY WORDING AND CONDITIONS

- 1. LGIS Property and Excess of Loss Policy Document V01.2014
- 2. Members Certificate of Membership and Property Register
- 3. Scheme Rules and Trust Deed



LGIS Liability

OUR REF: 000065

MEMBER	City of Nedlands	
ABN AND ITC DETAILS	ABN: 92 614 728 214 ITC: 100.00%	
BUSINESS	Local Government	
PERIOD OF PROTECTION	From: 30 June 2014 at 4 PM Local Time (WA).	
	To: 30 June 2015 at 4 PM Local Time (WA).	
	and any further period for which the Insurer(s) agrees to provide cover.	
GEOGRAPHICAL SCOPE	The protection will apply worldwide except in respect of:	
	a) Claims made or actions instituted within the United States of America or the Dominion of Canada or any other territory coming within the jurisdiction of the Courts of the United States of America or the Dominion of Canada, where protection will only apply in respect of claims or actions arising from the Member travelling to those countries.	
	 b) Claims made which are governed by the laws of the United States of America or the Dominion of Canada, whether by agreement of The Members or otherwise. 	
	c) Liability accruing to The Member as a consequence of any indemnity, undertaking or hold harmless agreement provided to any party which indemnifies that party against awards, claims or damages or costs associated with actions in the Courts of Canada and/or the United States of America their protectorates or dependencies.	
	Further, notwithstanding the aforesaid, this Policy does not apply at all to any risks located in Countries or areas on the United States State Department's list of excluded territories during the term of this Policy, as set forth in 22 C.F.R. 12b.1(d) as amended from time to time.	
JURISDICTIONAL SCOPE	Australia	
GOVERNING LAW OF CONTRACT	Australian	



INTEREST INSURED	A. The scheme will pay to or on behalf of The Member all sums for which The Member shall become legally liable to pay by way of compensation in respect of:		
	 Death or Personal Injury 		
	 Loss or Damage to Property 		
	happening during the Period of Protection and caused by an occurrence in connection with the Business, from:		
	i. Public Liability		
	ii. Products Liability		
	All as defined in the Protection Wording.		
	B. Professional Indem	nnity (this is a Claims Made Coverage)	
	the Scheme during the negligent act, error or o or may have been com The Member in the con	st made against The Member and notified to Period of Protection arising out of any omission whenever or wherever the same was mitted or alleged to have been committed by iduct of The Member's Business (other than I by this protection under A (i) Public Liability ty).	
LIMITS OF LIABILITY	Section A Public Liability Products Liability	\$100,000,000 any one occurrence \$100,000,000 any one occurrence	
	Section B Professional Indemnity	\$100,000,000 any one occurrence	
EXCESS	Libel and Slander	\$5,000 any One Claim arising from an Occurrence	
	Public Liability	\$Nil any One Claim arising from an Occurrence	
	Professional Indemnity	\$1,500 any One Claim arising from an Occurrence	
PROTECTION WORDING AND CONDITIONS	LGIS Liability Protectio	n Wording Version 10	
	 Endorsements Tree Root Extension (This Is Similar To A CLAIMS MADE Extension) Libel And Slander (This Is Similar To A CLAIMS MADE Extension) Loss Of Documents Fraud And Dishonesty Delegated Authority Clause Breach Of Warranty Clause Trade Practices Act (Commonwealth) And Equivalent Fair Trading Acts (State) Clause Aerodrome Endorsement Consultants Erroneous Issue Of Certificates 		



- Bushfire Extension
- Bush Fire Act Liability
- Medical Facilities (This Is Similar To A CLAIMS MADE Extension)

LGIS Liability Scheme

LGIS Liability Scheme 100.000%

REMARKS

POLICY NUMBER

INSURER

Please refer to your policy document for details of Terms, Conditions and Exclusions.

000065



LGIS WorkCare

OUR REF: 000511

MEMBER	City of Nedlands
ABN AND ITC DETAILS	ABN: 92 614 728 214 ITC: 100.00%
BUSINESS	Local Government
PERIOD OF PROTECTION	From: 30 June 2014 at 4 PM Local Time (WA).
	To: 30 June 2015 at 4 PM Local Time (WA).
	and any further period for which the Insurer(s) agrees to provide cover.
DESIGNATED STATE OR TERRITORY	Western Australia
JURISDICTIONAL SCOPE	Australia
GOVERNING LAW OF CONTRACT	Australian
COVERAGE	Coverage is granted to The Member in accordance with the Workers Compensation and Injury Management Act (1981) including unlimited common law cover.
	Journey Accident Cover The Protection cover extends to include accidents that occur whilst a worker is travelling to and from his/her workplace where the Workers Compensation and Injury Management Act (1981) does not provide cover.
	Benefits are as follows:
	Death and Capital Benefits \$100,000
	Weekly Benefits 100% of weekly earnings (as defined) to a maximum of (payable for up to 104 weeks from the date of injury)
	Deductible/Excess The Member shall bear the first \$Nil of each and every loss or series of losses arising out of any one event.



AGGREGATE LIMITS OF LIABILITY	Workers' Compensation		
	 Pooled Cover and Indemnity Cover 1. LGIS WorkCare Scheme Pooled Cover – up to \$50 indexed any one claim/event. 	00,000	
	 Indemnity Cover – Unlimited in excess of \$500,000 one claim /event.) indexed any	
	Journey Accident Cover Aggregate Limit of Liability any one Period of Insurance for all Councils in WA	\$1,000,000	
CONTRIBUTION		* · · · · ·	
CALCULATION	Estimated Wages	\$11,255,105	
	Scheme Rate	1.8%	
PROTECTION WORDING AND CONDITIONS	LGIS WorkCare Membership is confirmed subject to Tr Scheme Rules and the LGIS Workcare Protection Polic June.		
	Journey Accident Cover is Underwritten by Chartis Australia Insurance Ltd Employee Journey Personal Accident Insurance Policy (Employee Journey AH670.2, AH670/2).		
	Endorsements		



Additional Insurances Available

The following types of insurance are available to you; items that are not crossed out have **not** been purchased by you through LGIS. It should be noted that this list does not include all types of policies available in the various insurance markets. Availability of some classes will be subject to prevailing market conditions.

As business is continually changing we recommend these areas be reviewed regularly to ensure that it is still appropriate for the Company to carry the risk.

Please indicate if you would like a quotation for any of these classes of insurance.

Class of Insurance/Risk

- Major Airport Owners and Operators Liability
- Contract Works
- Contingency Event Cancellation
- Contingency Non-appearance & Event Cancellation
- Corporate Practices Protection
- Councillors and Officers Liability
- Employee Income Protection
- Inpatriate Medical (Employees on 457 Visa)
- Journey Injury TopUp Cover
- Pollution Legal Liability
- Marine Cargo
- Marine Hull Commercial
- Motor Vehicle & Plant
- Personal Accident & Travel
- Salary Continuance
- Casual Hirers Liability
- Fidelity Guarantee
- LGIS Bushfire Injury
- LGIS Property
- LGIS Liability
- LGIS WorkCare



Important Information

DUTY OF DISCLOSURE

Before you enter into a contract of general insurance with an insurer, you have a duty under the Insurance Contracts Act 1984, to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms. The same duty arises on renewal, extension, reinstatement - or variation of the policy. The disclosure required is especially important in matters relating to the physical risk, past claims, cancellation of insurance covers, the imposition of increased premiums, insolvency or criminal convictions. Disclosure is not limited to specific questions in a proposal or matters applying to the insured named in the policy but includes other relevant matters including past business or businesses or private insurances. If you breach the duty, even innocently, the insurer may be able to reduce its liability in respect of a claim or may cancel the contract. If the non-disclosure is fraudulent the insurer may also have the option of avoiding the policy from inception.

CHANGE OF RISK OR CIRCUMSTANCES

Please tell us about any changes to your circumstances or business, such as any alteration of risk, location changes, new or changed business activities, as they could affect your insurances.

AVERAGE CLAUSE - UNDER INSURANCE

Home buildings and contents, fire, business interruption, industrial special risks and other policies often contain an average clause. This means that you should insure for full value which may be replacement, indemnity or market value depending on the type of insurance cover arranged. If you are under insured your claim may be reduced in proportion to the amount of under-insurance.

UNREPORTED LOSSES

Please let us know whether there are any losses which have occurred that have not been reported to us/insurers, whether you intend making a claim or not.

NEW CLAIMS

Any quotation we have obtained on your behalf is based on the understanding that there will be no deterioration in the claims experience between the date insurers quoted their terms and the inception date of the cover. If claims do occur during this period, insurers have the right to revise the terms quoted or even withdraw their quotation.

HOLD HARMLESS AGREEMENTS, CONTRACTING OUT, REMOVAL OF SUBROGATION RIGHTS

You may prejudice your rights to a claim if, without prior agreement from your insurer, you make any agreement that could prevent the insurer from recovering the loss from a third party. These "hold harmless" clauses are often found in leases, licences and contracts for maintenance, supply, construction and repair.

WARRANTIES

Where any insurance is subject to a Warranty, there must be strict compliance with the stipulation in the Warranty. Failure to comply with any Warranties may invalidate policy cover and lead to non-payment of claims, even though the breach may not have any bearing on a particular claim.

INSURING THE INTEREST OF OTHER PARTIES

If you require the interest of another party to be covered by the policy, you MUST request this. Most policies will attempt to exclude indemnity to other parties (e.g. mortgagees, lessors, principals etc.) unless their interest is expressly noted on the policy.

SEVERAL LIABILITY

Where your policy cover is provided by more than one insurer it is important to note that each insurer is only responsible to the extent of their individual subscription and there is no obligation for that insurer to make up the shortfall of any other subscribing insurer in a claim or return premium payment.

CONFIRMATION OF TRANSACTION

You may contact us by telephone or in writing to confirm any transaction under your policy, such as renewals and endorsements. If necessary, we will obtain the information for you from the insurer.

COOLING OFF PERIOD FOR RETAIL CLIENTS

If you are a retail client as defined in the Corporations Act 2001 as amended (the 'Act'), you may be entitled to a minimum 14 day cooling-off period during which you may return the insurance policy and receive a refund of the insurance premium paid (less amounts lawfully deducted), subject to the requirements of the Act and the terms and conditions of your policy.

This does not affect any other cancellation rights you may have under your policy.

Please check your policy and schedule upon receipt to be sure you have the cover you require. If the cover does not meet your needs, please contact your JLT Client Risk Adviser for advice as to your rights.

REMUNERATION AND OTHER INCOME

Our principal remuneration for arranging insurance on your behalf is either by way of commission paid by the Insurer and/or a fee including a service fee and an administration fee to be paid by you. In the event of a mid-term broker appointment, JLT reserves the right to retain all commission, fees and charges.

In addition to the above the Jardine Lloyd Thompson Group may receive income from insurers as follows: interest earned on insurance monies passing through our bank accounts; profit commissions or profit shares paid by insurers on specific classes of business; administrative service fees or expense reimbursements for limited specific services we provide to insurers as part of the placing or claims process.

We will disclose any potential conflict of interest not included above which may occur and affect our relationship.

REFUND of PREMIUMS

In the event of any refund premium being allowed for the cancellation or adjustment of this insurance policy, JLT reserves the right to retain all brokerage, fees and charges

RECEIVING INFORMATION ABOUT OTHER PRODUCTS AND SERVICES

JLT may, from time to time, offer you information about products and services which may be of interest to you. Please notify us if you do not wish to receive such additional information.

PRIVACY POLICY

JLT is committed to the protection of your privacy and is bound by the Australian Privacy Principles for the handling of your information.

JLT's Privacy Policy can be examined by accessing our website (<u>http://www.ilta.com.au/</u>) or by obtaining a copy from your JLT Client Risk Adviser or the JLT Privacy Officer (at Jardine Lloyd Thompson Pty Ltd., 66 Clarence Street, Sydney, NSW, 2000: or on telephone number (02) 9290 8000).

SERVICE DIFFICULTIES

We would like to know if you are not satisfied with our services. If you have any difficulties please contact your JLT Client Risk Adviser or our Complaints Manager. JLT subscribes to the Financial Ombudsman Service Limited (1300 780 808), which is a free consumer service, and the General Insurance Broker's Code of Practice. Additional information is available from your local JLT office.

IF THERE IS ANY PART OF THE ABOVE THAT YOU DO NOT UNDERSTAND OR YOU REQUIRE FURTHER EXPLANATION, PLEASE CONTACT US IMMEDIATELY.



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A division of Jardine Lloyd Thompson Pty Ltd In joint venture the Western Australian Local Government ABN 69 009 098 864

Level 3, 170 Railway Pde WEST LEEDERVILLE WA 6007 PO Box 1003 WEST PERTH WA 6872

Tel +61 8 9483 8888 Fax +61 8 9483 8898

www.lgiswa.com.au

A member of the Jardine Lloyd Thompson Group.

David Wood Account Manager Tel (08) 9483 8828 David.Wood@jlta.com.au

Rachel Spence Administration Assistant

Tel +61 8 9483 8838 Rachel.Spence@jlta.com.au

7.4 BDO – INTERNAL AUDIT PLAN

Moved – Councillor James

Seconded – Councillor McManus

That the Recommendation to Committee is adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee notes the Audit plan from BDO.

Background

BDO was appointed as Internal Auditors for a period of three years. An audit plan has been prepared in consultation with Administration and is presented to the Audit and Risk Committee for consideration.

Representatives from BDO will be present at the Committee meeting to answer any questions on the audit plan and consider feedback provided by the Committee.

Attachments

1. BDO – Audit Plan

CITY OF NEDLANDS

Final Annual Internal Audit Plan 2014/15 & Three Year Internal Audit Strategic Plan April 2014



THREE YEAR INTERNAL AUDIT STRATEGIC PLAN Local Government (Audit) Regulations 1996



The Local Government (Audit) Regulation 1996 places specific duties on he CEO of a local government authority with regard to the authority's system and procedures. Details follow.

This document has been prepared in order to set out the internal audit (IA) programme that will be carried out by BDO between April 2014 - March 2017.

Regulation 17 requires the CEO to review certain systems and procedures:

1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to

- a) risk management
- b) internal control
- c) legislative compliance.

2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every two calendar years.

3) The CEO is to report to the audit committee the results of that review.

The definition of internal audit by the Institute of Internal Auditors is 'internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes'. The execution of the internal audits proposed in this Internal Audit Strategic Plan will assist the CEO in fulfilling his/her above obligation.

THREE YEAR INTERNAL AUDIT STRATEGIC PLANBDOApproach: preparation of the IA Strategic Plan and IA Annual Plan

In our tender document we outlined a three year Internal Audit strategic plan. Following our internal audit bid being accepted, we entered into a signed contract for the provision of 250 internal audit hours, commencing 1 April 2014 and finishing 31 March 2017. Since entering into the contract we have met the following members of staff in order to further develop and refine the three year strategic plan:

- Chief Executive Officer
- Director of Corporate Services
- Manager of Corporate Services
- Director of Technical Services
- Director of Planning and Development
- Finance Manager.

At each meeting we aimed to determine what the staff considered to be the key risks of the organisation. In turn we developed the 3 year strategic plan to reflect the outcomes of these meetings. The aim is that we design an internal audit plan that provides adequate assurance over the key risks to staff, the Audit and Risk Committee members, and the CEO.

The process of preparing the three year strategic plan included a review of key documents such as the previous internal audit reports provided to us, and the operational risk registers.

Where audit areas have corresponding risks in the operational risk register, we will consider the mitigation strategies in place when performing our reviews. This is to ensure that the mitigating controls / actions that have been identified by management are in operation and are effective.

The Annual Plan for each year will be revisited prior to the commencement of the new financial year to ensure that it remains up to date and relevant. For the duration of the year it will remain a flexible plan, and should events arise during the year that result in an internal audit needing to take place then this will be agreed between BDO, City of Nedlands staff and the Audit and Risk Committee.

THREE YEAR INTERNAL AUDIT STRATEGIC PLAN The Detailed Proposal



Corporate/Governance/Strategic	'Extreme' or 'High' risks identified in the operational risk in relation to this area	2014-15	2015-16	2016-17	Estimated number of days per year	Estimated hours	Estimated cost of the audit (\$) exc. GST
Corporate Governance Structure*1*2				\checkmark	2	14	1,610
Risk Management Framework*1*2		\checkmark			2	14	1,610
Fraud prevention management (to include anti-bribery and corruption) *1*2				\checkmark	2	14	1,610
Core Assurance							
Core Financial Systems (to be scoped yearly but to include):-3 - Accounts Payable - Accounts Receivable - Budgeting, forecasting and management accounts - Expenses and company credit cards - Capital Expenditure - Income - Payroll - Cash and Bank	Yes	V	V	~	10	70	8,050
Fixed Asset Management (including security arrangements)			\checkmark		5	35	4,025
Follow-up of management actions.4		\checkmark	\checkmark	\checkmark	2	14	1,610
Investments Management				\checkmark	5	35	4,025

Notes:

1 - As part of our induction process, it would be helpful to gain an appreciation of the Risk Management framework in place at the City of Nedlands in order to understand the City of Nedlands governance structure, its risk exposures, its risk appetite, and the mechanisms in place to manage organisational risk.

2 - We would next wish to conduct a high level diagnostic review of corporate governance, risk management procedures, and fraud prevention measures to identify any deficiencies in these areas, and to give us a high level overview of these key facets of the City of Nedands operating environment.

3 - We propose conducting Core Financial Systems audits each year. The timing and sequence of these audits will be determined with management at the beginning of each year.

4 - Each year we will conduct a follow-up review to ensure that the recommendations raised in previous years have been implemented by management.

THREE YEAR INTERNAL AUDIT STRATEGIC PLAN The Detailed Proposal



Operational/Emerging Risks/Support	'Extreme' or 'High' risks identified in the operational risk in relation to this area	2014-15	2015-16	2016-17	Estimated number of days per year	Estimated hours	Estimated cost of the audit (\$) exc. GST
Capital Works		\checkmark			7	49	5,635
Project Management		\checkmark			6	42	4,830
Planning Services	Yes		\checkmark		8	56	6,440
Procurement and Contract Management	Yes	\checkmark			7	49	5,635
Waste Services	Yes			\checkmark	4	28	3,220
Fleet Management			\checkmark		4	28	3,220
HR	Yes			\checkmark	5	35	4,025
IT, Specialist and Advisory Audits							
Information Technology Controls	Yes		\checkmark		6	45	4,830*5
Business Continuity Management (including Disaster Recovery)	Yes	\checkmark			4	28	3,220
Data Security/Information Security	Yes			\checkmark	5	35	4,025

Notes:

5 - BDO will not charge a different rate for the IT internal audit assignments.

THREE YEAR INTERNAL AUDIT STRATEGIC PLAN The Detailed Proposal



Management Activities	'Extreme' or 'High' risks identified in the operational risk in relation to this area	2014-15	2015-16	2016-17	Estimated number of days per year	Estimated hours	Estimated cost of the audit (\$) exc. GST
Audit Committee - Preparation, attendance and follow-up		\checkmark	\checkmark	\checkmark	½ day	4	
General liaison (including meetings)		\checkmark	\checkmark	\checkmark	2	14	NO CHARGE
Annual planning		\checkmark	\checkmark	\checkmark	1	7	
TOTAL FIRST YEAR FEE					38	266	30,590
TOTAL SECOND YEAR FEE					35	245	28,175
TOTAL THIRD YEAR FEE					35	245	28,175

2014/15 INTERNAL AUDIT ANNUAL PLAN Detailed Breakdown For Current Year



Following on from the 3 year strategic internal audit plan detailed on the previous pages, a detailed annual internal audit plan for 2014/15 has been developed and is set out below. The annual internal audit plan details the scope of each review, the manager(s) responsible for each audited area, and the Audit Committee meeting dates where we intend to present the final report for each audit. Note, the outline scope may change as a result of the detailed audit planning process.

Please note that the dates captured in the plan are provisional and have yet to receive final agreement from management.

Final reports will be presented to the Executive Team prior to being presented to the Audit Committee.

The fieldwork will be scheduled to ensure the Annual Plan for 2015/16is delivered by 31 March 2015.

Audit area	Days	Outline audit details	Scheduled Start Date	Potential Audit Committee Date	Management Lead
Corporate/Governance/Strategic					
Risk Management Framework	2	 The objective of the audit is to ensure that a suitable Risk Management framework has been established within the organisation. In particular the audit will ensure that the framework is in line with recognised good practice. For instance we will look at the following procedures in place: Risk identification Risk assessment Risk mitigation strategies Risk monitoring and reporting Risk education and communications throughout the organisation. 		July 2014	Michael Cole
Project Management	7	 The objective of the audit is to ensure that appropriate project management control procedures are in place. In particular we will review the: Project management methodology in place, its appropriateness, completeness and availability Project governance and reporting procedures, including project supervisory roles and reporting / monitoring of the project plan Project roles and responsibilities Project planning and budgeting Stakeholder management Risk and change management. 		October 2014	Mark Goodlet

2014/15 INTERNAL AUDIT ANNUAL PLAN Detailed Breakdown For Current Year



Audit area	Days	Outline audit details	Scheduled Start Date	Potential Audit Committee Date	Management Lead
Core Assurance					
Cash and Bank	5	 Scope to include a review of the controls around: Receipt, recording and banking of income Security of cash and cheques Bank reconciliation process Bank mandates Transfer of money between bank accounts, including transfers made by telephone and via electronic transfer of funds Authorisation of payments There are some 'high' cash handling risks detailed in the operational risk register that will be addressed as part of the scope for this audit. 		July 2014	Rajah Senathirajah
Expenses and Company Credit Cards	5	We will aim to provide assurance over the design and effectiveness of the key controls operating over expenses incurred via the staff reimbursement route and through the use of corporate credit cards, fuel cards and purchasing cards. In particular we will ensure that staff are complying with the established policies regarding expense reimbursement. This audit will include use of data analytics in order to assist with testing.	4 August 2014	October 2014	Rajah Senathirajah
Procurement & Contract Management	7	We will aim to provide assurance over the controls that are in place that effectively manage procurement and contract risks at the City of Nedlands. We will consider how contracts are awarded, how they are managed, and how they are monitored, particularly from a performance perspective.	17 November	February 2015	Rajah Senathirajah
Follow Up of Management Actions	2	Each year we will determine, with Management, which previous recommendations need to be followed up independently by Internal Audit.	23 February 2015	June 2015	Rajah Senathirajah
IT and Specialist					
Business Continuity Management (including Disaster Recovery)	4	A review of the newly revised disaster recovery plans will be undertaken to ensure that they are fit-for-purpose. 'Extreme' rated disaster recovery and business continuity risks appear on the existing operational risk register a number of times and they will be incorporated into the scope of the review.	9 February	June 2015	Mike Fletcher

2014/15 INTERNAL AUDIT ANNUAL PLAN Detailed Breakdown For Current Year



Audit area	Days	Outline audit details	Scheduled Start Date	Potential Audit Committee Date	Management Lead
Operational					
Capital Works	7	 A review of the capital works programme will be undertaken to ensure that: Appropriate works identification and prioritisation procedures are in place. Approvals for the capital works are obtained from the right personnel. There are sufficient oversight procedures in place during the capital works processes. 	12 January 2015	February / June 2015	Mark Goodlet
Management Activities					
Audit Committee - preparation, attendance and follow-up	1				
General liaison (including meetings)	2				
Annual planning	1				

7.5 BDO – INTERNAL AUDIT REPORTS

Moved – Mayor M Hipkins Seconded – Councillor James

That the Recommendation to Committee is adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee receives the Internal Audit Report and notes the actions by Management to improve the controls already in place.

Background

In accordance with the 2014/15 Internal Audit Plan, BDO undertook an internal audit of the Cash and Bank processes as operated by the City of Nedlands in May 2014.

The overall rating for the review is "Satisfactory" – defined by the Auditor as "Overall a control framework is in place. Some improvements would improve the control environment."

The findings and recommendations are in the Internal Audit Report, together with Management's comments. The report also gives a time-frame for the implementation of the accepted recommendations.

Attachments

1. City of Nedlands – Cash and Bank Review



July 2014







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1. EXECUTIVE SUMMARY

1.1 Context

In accordance with the 2014/15 Internal Audit Annual Plan, we have undertaken an internal audit of the Cash and Bank systems and processes as operated by the City of Nedlands ("the City"). A summary of the component elements of the City's Cash and Bank systems and processes follows.

The City of Nedlands has three main bank accounts with the National Australia Bank ("NAB"). These are (1) a main current (Municipal) account, used for day-to-day transactions; (2) a savings account, used to keep monies that are not expected to be needed in the immediate future; and (3) a trust account which is used solely for bonds received from customers. The City also holds a "nominal" account. This is administered and managed internally by NAB and is used as a temporary repository for deposits received. All such receipts are automatically transferred by NAB into the main current account within 24 hours of receipt.

Investment accounts are also held with each of the 'big four' banks (NAB, Westpac, ANZ and Commonwealth). However, for the purposes of this review these accounts are excluded from the scope.

The Council Policy Manual has a section named "Operation of Council Bank Accounts", which identifies those members of staff who are authorised to act on behalf of the organisation with regard to banking transactions. There are 6 delegated authorities in total. The policy states that 'any two (can) authorise withdrawals from or payments into any of the City's accounts'.

There are 9 petty cash tins held by the City; one is kept in the Administration Office and the remaining 8 are held at the Out Stations. There is also one cash float kept in the Administration Office and 5 held at the Out Stations. The cashier floats range from \$15 at Mount Claremont Library, to \$200 at the Administration office. Similarly the petty cash floats vary from \$150 to \$500. As at May 2014, we were informed that in total the float amount for all petty cash and cashier tins was \$3,515.

Cash receipts are received at both the Administration Office and at the Out Stations to cater for a number of business activities. A courier collects the monies received in the Administration Office on a daily basis; and takes the monies to the bank on their behalf however, this practice is not replicated at the Out Stations. The Out Stations send monies to the Administration office (instead of using a courier).

Printed cheques are issued out of the Administration Office, mainly for deposit refunds to customers and for some third party supplier payments for whom The City do not have the bank details, particularly with regard to rates. Approximately 20 cheques are issued a week, and the City is currently attempting to reduce the number of cheques issued.

An internal audit review was undertaken by a third party provider to the City during June / July 2013, and this included a review of bank reconciliations and receipts. We note that there were no findings arising as a result of this report with regard to the scope of work that we were engaged to perform; therefore there were no previous findings to follow up as part of our fieldwork.

1.2 Conclusion

The overall rating for this review is "*Satisfactory*". We use a four scale rating conclusion, with the "Good" conclusion being the most favourable rating, to "Satisfactory", then "Marginal", and a "Weak" conclusion being the least favourable. We have given this assignment a "Satisfactory" conclusion as whilst we note a control framework is in place there are specific improvements that can be made to this.

We noted several controls in place surrounding the receipting of monies received at the Administration Office. The City also has a receipting process that provides control over the accounting for cash, cheque and electronic payments and specifically that they are accounted for in a timely manner, with cash and



cheque receipts being stored securely. In particular, the Administration Office has a safe which is contained in a secure cupboard which is further secured by an iron door.

We physically observed detailed procedures surrounding areas such as petty cash which are formally documented in a policy document. The Petty Cash Policy details:

- The restriction to there being only one custodian for each petty cash float at each location
- Claim limits and an exclusion list of items that cannot be purchased using the petty cash float.

Additionally we noted that bank reconciliations are completed on a daily basis by the Finance Officer - Revenue, with these subject to independent review by the Finance Manager.

Whilst the aforementioned are examples of good practice that we observed, we did identify some control weaknesses, for example with regards to the security measures in place at the Out Stations for the safeguarding of cash held onsite. A summary of our findings is detailed below.

1.3 Summary of key findings

We identified one 'High' risk-rated findings and one 'Medium' risk-rated finding. These are summarised in Table 1 below. We have also identified five 'Low' risk-rated findings and made two observations. The findings and observations are further explained in Section 3 of this report. The definitions of individual ratings are provided at Section 6 of this report.

Table 1: Sum	mary of 'High' and 'Medium' risk-rated findings
Reference	Findings
High rated	
3.1.1	 NAB Connect user accounts There is one member of staff that has two NAB Connect user accounts, allowing the user to both post and authorise banking transactions. This set up is not in line with good practice.
Medium rated	
3.2.1	 Insufficient cash security measures - Administration office and Nedlands Library The cash drawer in the Cashier's office (located in the Administration office) which contains the cash float and the petty cash tin are not locked when unattended during office hours. In addition, the Cashier's office door remains open to the back office during office hours; hence anyone could enter the Cashier's office and, if the office is unattended, the petty cash would be unguarded and accessible to individuals. Furthermore during the fieldwork the office side door remained open, thus increasing the risk of unauthorised persons entering the Administration Office area and having access to the Cashier's Office. We were able to walk from the side door, through the office and to the Cashiers office. During our site visit, the cash float and petty cash tin held at Nedlands Library were left unlocked at the front desk; however two members of staff were within close vicinity.

1.4 Acknowledgement

We thank the staff at the City of Nedlands for their support and assistance to us in executing this review.



2. AUDIT APPROACH

2.1 Objectives of Review

The objective of this review was to provide a report detailing the observations and recommendations resulting from consideration and testing of the design and operational effectiveness of key process controls over the scope areas covered by this review including:

- Bank accounts are set up and administered appropriately
- Receipting procedures are robust and efficient, including the related accounting procedures
- Appropriate segregations of duties are in place in relation to banking and receipting
- The online banking arrangements reflect the delegated authorities and the bank mandate arrangements in place
- Blank cheques and other bank documents are held securely and issued appropriately
- Accounting records are accurate and complete with regard to banking transactions
- Petty cash is administered appropriately to ensure that cash is available for low value transactions and that these are recorded accurately.

2.2 Scope of Review

The following areas were covered as part of the review:

- Bank mandates, including the review and amendments process
- The opening and closing of bank accounts
- Receipting, recording, banking and accounting for income. This includes cash, cheques, and EFTPOS receipts
- Security of cash and cheques (held at the Administration Office and the Out Stations)
- Bank reconciliation process
- Petty cash
- Authorisation of banking transactions
- Direct debits and standing orders
- Transfer of monies between the main bank accounts, including transfers made by telephone and via electronic means.

2.3 Approach

In executing this review, we:

Obtained an understanding of individual systems and processes, and their relationships with the wider internal control environment

• We held discussions with staff in order to gain an understanding of the key cash and bank practices, receipting processes, and staff roles and responsibilities.

Identified and prioritised risks and controls

• We identified and prioritised the key risks that are inherent within The City's cash and bank management practices and processes. Thereafter, we identified the key controls that management has developed and implemented to manage these risks.

Performed walkthrough and substantive tests



• We carried out a combination of walkthrough and substantive testing procedures to observe and validate the controls described to us by staff. These procedures took the form of discussions, observation, and sample testing.

Reported our findings and associated recommendations

- Upon conclusion of the fieldwork activities, we conducted a closeout meeting with management to discuss the results of the fieldwork activities.
- We then prepared a draft report (this report) highlighting key findings from our fieldwork and recommendations to address the identified control weaknesses. Thereafter, we issued the draft report to management for them to validate the accuracy of the findings and to ensure that all recommendations are practical in nature and appropriate in purpose.
- Upon receipt of the management comments in relation to our findings, we finalised our report for distribution.

3. DETAILED FINDINGS

3.1 High Risk-Rated Findings

Finding	Risk	Recommendation	Management Comment
3.1.1 NAB Connect user accounts			
Out of the 10 NAB Connect user accounts in existence, there is one user that has 2 accounts. The user has an account permitting the uploading of transactions into the system. The other account held by the same member of staff allows for transactions to be authorized in the banking system. This means that they are able to approve/post a transaction within the general bank account and subsequently authorize it for payment out of the City's bank account by using their authorizing account. There is also one user that has two accounts; however one of the accounts is "provisioned" (i.e. not activated). The existence of two user accounts has occurred because the Finance Manager was on leave for more than five days earlier this year; the additional user accounts were activated in order to expedite the payments process but for one of the users, have not subsequently been deactivated.	 Authorisation levels set within the mandates are inappropriate and/or too many members of staff can authorise banking transactions resulting in a lack of control over banking transactions. Banking arrangements are not fit for purpose resulting in inappropriate persons authorising banking transactions. 	 Management should conduct a regular review of the NAB Connect user accounts. Inactive users or users that have more than one user account (e.g. one for approval purposes and one for authorisation purposes) should be removed or deactivated. Temporary authorisation rights in NAB Connect that are given to other members of the finance team must be deactivated immediately after the primary authority returns to work. 	Management Action: Of the 10 accounts on the list, only 7 showed "active" status. Two were suspended and one was "provisioned" (ie. not activated). Of these 7, only one person (Nana) had two accounts. This came about when she married and opted to set-up a new account under her married name. It is shown (in the same listing) that the last time she assessed NAB Connect with the account in her maiden name was on 17/6/2013. Since the setting up of the new account she has not used the old account. Admittedly it was an oversight on Management's part not to have cancelled the account in her maiden name. Management accepts the recommendation for a regular review, with immediate implementation. The Manager Financial Services is responsible for the implementation. The account in the maiden name has been deleted, as have the accounts with "suspended" and "provisioned"

status.

3.1 High Risk-Rated Findings

Finding	Risk	Recommendation	Management Comment
			As a rule NAB Connect transactions are authorised by only the Director (M Cole) and the Finance Manager (V Senathirajah). The two co-ordinators (Vanaja and Nana) were given authorising rights to use only when they are acting for the Finance Manager in his absence on leave. These two users use the authorising rights only when they are acting for the Finance Manager, with Management approval. As such, there is bestowed delegated authority that goes with the acting role. The recommendation to deactivate the authorising rights when the two are not in an acting role is accepted. The Manager Finance is responsible for implementation, and the recommendation has been implemented.
			Responsible Official: Manager - Finance
			Implementation Date: As required

3.2 Medium Risk-Rated Findings

Finding	Risk	Recommendation	Management Comment
3.2.1 Cash Security - Administration Office and Nedlands Lib	orary Out Station		
We observed the security measures surrounding cash held at the Administration office and two Out Stations and identified the following findings: <u>1. Admin Office:</u> During our site inspection of the Administration Office, we noted that the Cashier's office remains open to the back office during office hours (there is no lock on the door and it is not kept closed). The cash drawer located in the Cashier's office contains the cash float and the petty cash tin; the drawer remains unlocked during office hours. In addition, we observed that the side door entrance at the Administration Office was left unlocked; this may lead to unauthorized access into the premises. We were able to walk from the side door, through the office and to the Cashiers office. <u>2. Out Station - Nedlands Library:</u> We noted that the cash float was left unlocked and unattended at the front desk; however, it was out of sight, and we observed staff close to the front desk; it nevertheless presented a risk of theft. We observed that the cash float is split into two, with \$50 kept at the front desk with the remaining \$450 being left in their back office where access is restricted. Therefore the degree of risk of financial loss associated with this finding is	 Misappropriation of assets where receipts are not logged, or monies are lost or stolen (including petty cash and cheques). 	Management should issue an instruction to the cashiers requiring all cash drawers to be locked when they are not in use. Similarly, it is recommended that the Cashier's office door is kept closed at all times, with appropriate locks to prevent unauthorised access. Access to the Administration building should be restricted; the side door should be kept locked and visitors should be ushered by the City of Nedlands staff through the main entrance in order to maintain appropriate security over the people entering the back office areas. Management should remind staff at the Out Stations to implement appropriate security arrangements in relation to the storage of cash. This should include the requirement that cash tins should never be left	Management Action: The cashier's office door is left open whenever the cashier's office is manned but closed when no one is present. As the cashier's office has a spare workstation, it is used by Customer Services Bookings Officer. With the door shut the air in the room becomes very hot and stuffy. Leaving the door open assists with airflow. Management accepts the risks identified. The side door leading to the Council Chambers was left open at the time of the Auditor's visit to facilitate the trainers and participant's entry to a training session in the Council Chambers planned for that morning. Management accepts the recommendation to have this door closed at all times, with entry restricted to those with card keys (swipe cards). Nedlands Library: The practice is to keep the small float (\$50) in a drawer on the front desk. As noted it is out of sight. As a rule there is an officer at the front desk at all times. At the end of each day the float is taken to the more secure back

3.2 Medium Risk-Rated Findings

		Management Comment
reduced.	unattended.	office.
	lockable drawer at the front	Management is confident that the probability of theft from the drawer during the opening hours is low, as is the impact of such a theft. Responsible Official: Director - Corporate and Strategy Implementation Date: 15 July 2014

Finding	Risk	Recommendation	Management Comment				
3.3.1 No Formalized Procedure for Opening and Closing Bank Accounts - Investment Accounts							
During our review, the Finance Manager confirmed that there have been no bank accounts opened or closed within the last 12 months. To open a bank account, approval from the Council must be obtained. Once the request has been approved, a form is sent from the bank and it is signed off by the City of Nedlands signatories.	 Banks accounts are opened or closed without appropriate authority. 	The Council Policy Manual - Operation of Council Bank Accounts section should be amended to include the procedures taken in regards to opening and closing fixed term investment or deposit accounts	Management Action: Term deposit accounts are non-transactional. Funds for establishing term deposits are transferred from the City's main operating account with NAB, and on maturity all redeemed funds are transferred back to the same operating account with NAB.				
The Finance Manager stated that every time investment monies are removed from one investment account to another, a new bank account is opened; however, this does not require Council approval (which is a requirement when opening a non-investment account. The bank account form is prepared by one of the Finance officer's and approved by the Finance Manager. Similarly, when an investment account is closed, the form is prepared		with any of the City's bankers. In particular, the policy should document who is authorised to approve the opening and closing of the accounts, and it should address how segregation of duties will be enforced (because Council approval is not obtained).	Council resolved in 2012 that all Term Deposits will be placed with one of the "four big banks" - CBA, ANZ, NAB or Westpac. This is taken as generic approval to open accounts with these four institutions for purposes of establishing Term Deposits and their subsequent redemption in accordance with the City's policy on Investment of Surplus funds.				
by the Finance Manager and approved by the Director - Corporate and Strategy. Thus there is segregation of duties. We noted that there are no procedural notes regarding the opening of new bank accounts or the closure of investment bank accounts. Review of the investment accounts was out-of-scope and		The policy should be reviewed and approved by the Council and re-issued to all staff.	Some of the banks treat each Term Deposit as a separate account, while the others treat all the term deposits in their bank as part of one account. Two authorised signatures are required for placement of new funds				

Review of the investment accounts was out-of-scope and therefore no further work was performed in relation to this subject.

The policy will be reviewed and presented to the Audit and Risk

signature is sufficient for "roll-over"

of a term deposit (and accrued interest) within the same institution.

Finding		Risk	Recommendation	Management Comment
				Committee in the first instance for approval.
				Responsible Official: Director - Corporate and Strategy
				Implementation Date: July 2014
3.3.2 Cash Receipting - Nedlands Libr	rary			
During our site inspection at Nedlar staff to perform a count of the ca reconcile the float with the receipts and recorded. It was identified that greater than the receipts issued out, a Cash Float Count: Current Float Amount: Total Receipts (both receipt books): Difference	sh float level and to that they had issued t the cash float was	 Misappropriation of assets where receipts are not logged, or monies are lost or stolen (including petty cash and cheques). 	Management should investigate the \$6.20 anomaly identified in order to determine how it arose. Measures should be put in place to prevent the issue arising again in the future. Float counts (which are evidenced) should continue to be performed at the Library; these should be performed on a sporadic basis.	ManagementAction:Managementaccepts the recommendations.ResponsibleOfficial:Manager -FinanceandManager -CommunityServiceCentres.ImplementationImplementationDate:1July 2014
Initially, the difference between the amounts recorded in the receipt boo this was brought down to \$6.20 beca money was stored in a separate sec photocopying receipts were held in flo no minimum float amount for the co between locations. Management could not explain the re \$6.20. We were informed that petty co performed by staff at the Out Station of	ause the photocopying cure location, but the bat. Note that there is ashier tins; they vary emaining difference of cash reconciliations are		Petty cash anomalies should be reported to the Finance team. Management should work towards improving the receipting system implemented at Nedlands Library and investigate the receipting practices at the other Out	

Finding	Risk	Recommendation	Management Comment
		Stations to ensure that the issue we identified is not occurring at other Out Stations.	

3.3.3 Authorised Signatories - Bank Records

 The Council Policy Manual - Operation of Council Bank Accounts, details the staff members who are authorising signatories for the City's bank accounts. Upon further inspection of this document, we noted the following: <u>No financial thresholds set:</u> There are no set dollar authorisation limits for those with the authority to approve banking transactions. <u>No formal documented bank confirmation / bank certificate:</u> There is no formal bank confirmation / bank certificate held which has been sent from NAB when there are changes to the bank signatories. Currently, the City keeps a copy of the 'Authorisation Form' that is required to be completed when there are changes to the individuals authorised to execute bank transactions. The 'Authorisation Form' details the current members of staff with delegated authorities. However, it should be noted that the internal document the "Operation of Council Bank Accounts" identifies those members of staff who are authorised to act on behalf of the organisation with regard to banking transactions. There are 6 	 authorised signatories are out of date or incomplete (for example specimen signatures have not been provided) resulting in the potential for inappropriate or external persons approving banking transactions Authorisation levels set within the bank records are 	bank forms sent in by the City for each of the main bank accounts held when there is a change to the account signatories. The acknowledgement should be stored securely. A reconciliation between the latest bank 'Authorisation Form' and the "Operation of Council Bank Accounts" to ensure that the signatories	 Management Action: The bank, NAB, has a current Authorisation Form which identifies who are the officers authorised to act on behalf of the City, and their specimen signatures. Management accepts the recommendation to request formal bank confirmations acknowledging receipt of the bank forms sent in by the City. The recommendation to conduct a reconciliation between the signatories in the current Bank Authorisation Form and the "Operation of Council Bank Accounts" Policy is accepted. Responsible Official: Director - Corporate and Strategy Implementation Date: 15 July 2014 Financial expenditure thresholds are in existence for officers who can approve expenditure, and these are strictly adhered to.
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Finding	Risk	Recommendation	Management Comment
delegated authorities in total.		seniority and financial responsibility attached to each individual's role within the organisation. These should also be documented in the Council Policy Manual.	The officers authorising payment only do so when the expenditure has been duly approved by an officer with the appropriate expenditure threshold. The City does not see the need for the officers authorising payments to have a second set of financial thresholds. Management accepts the recommendation to have the financial expenditure thresholds documented in the Council Policy Manual. Responsible Officer: Director - Corporate & Strategy Implementation date: When the relevant Policy is next reviewed.
3.3.4 Breach of Term Deposit Thresholds			
Term deposit accounts are held by the City for the safekeeping and earning of interest on bond payments received from customers. The City operate a policy whereby once a term deposit reaches maturity, it is moved to another bank as a term deposit or rolled over to a new term deposit with the existing bank (in most cases). It is Council policy for	 Threshold policies do not reflect accurately the current activities of the business. 	Management should review the current deposit thresholds and discuss whether they are still applicable and appropriate. If the policy needs to be formally updated and documented, the	ManagementAction:TherecommendationswillbeimplementedwhentheInvestmentPolicy is next reviewed inSeptember2014.

Finding	Risk	Recommendation	Management Comment
the term deposit to be with any of the 'big four' banks (Westpac, NAB, CBA and ANZ) and each single deposit must not exceed more than 30% of the total investment monies value.		amendment should be approved by the Council and re-issued to staff.	Responsible Official: Director - Corporate and Strategy Implementation Date: September
During our review, we noted that there were several instances where the threshold amount had been breached. We were informed that the current limit of a 30% maximum for a single deposit in each of the 'big four' banks is being breached frequently, and this has been communicated to the Council who have approved the occurrences.			2014
We did not investigate this finding other than through discussion because it is out of scope as documented in our Terms of Reference.			
3.3.5 Petty Cash Practices			
We noted that there are disparate petty cash practices being used between the Administration Office, Nedlands Library, and the Tresillian Child Care centre. We noted the following:	Misuse of petty cash.Receipts and payments are incorrectly accounted for,	Staff should be reminded of the need to comply with the practices detailed in the Petty	Management Action: Recommendations are agreed to.
1. <u>No minimum float level maintained:</u>	for instance if petty cash is used incorrectly for	Cash Procedures document. Alternatively the requirement	Responsible Official: Manager - Finance
We were informed that there is no minimum petty cash float level for the different Out Stations; the Out Stations will send a request for a petty cash recoup when they determine that their current balance is 'low'.	transactions that should go through the accounts payable function.	should be removed from the Procedures document if this is an obsolete practice.	Implementation Date: July 2014
2. Disparate use of Petty Cash Vouchers:		Petty cash float amounts should be introduced, so that when the	
We noted that petty cash vouchers are not consistently used; the Petty Cash Procedures state that a 'petty cash docket'		float amount falls below a certain amount a	

Finding	Risk	Recommendation	Management Comment
must be used for all petty cash reimbursement claims.		reimbursement request is sent	
During our site visit to the Tresillian Out Station we noted		to the Administration office.	
that they do not utilize this form for their petty cash			
reimbursements.			

4. OBSERVATIONS

Observations

4.1 No independent Review of Cashier's Summary

There is currently a lack of segregation of duties around the end of day close procedures performed by the Cashier. The Cashier is responsible for receiving monies from customers, recording transactions in the finance system, and completing the reconciliation and close-off at end of the day; there is no independent review of the cashing up procedures completed at the end of each day. We understand that this is not possible as the City do not have the resources to have an independent member of staff involved in the end of day procedures. However, the bank reconciliations are performed by Finance personnel, thus creating some degree of segregation of duties.



5. KEY ENGAGEMENT DETAILS & TIMINGS

Key engagement details

Date Final Report Issued	12 June 2014 (draft), 8 July 2014 (final)
Review Period Covered	1 July 2013 - 13 May 2014
BDO Engagement Director	James Manning
Draft Report to be issued to Client Sponsor	Rajah Senathirajah

Key engagement timings

Key Events	Expected Date	Actual Date	Comments on Variations
Planning Meeting	9/05/2014	7/05/2014	
Fieldwork commencement	14/05/2014	14/05/2014	
Fieldwork completion	19/05/2014	22/05/2014	
Close out meeting	19/05/2014	22/05/2014	
Draft report sent	09/06/2014	12/06/2014	
Management Comments Received	16/06/2014	20/06/2014	
Final report issued	23/06/2014	08/07/2014	



Engagement participants

Name	Title		
City of Nedlands			
Rajah Senathirajah	Manager - Finance		
Vanaja Jayaraman	Coordinator - Financial Accounting		
Nana McIntosh	Coordinator - Management Accountant		
Hassan Shiblee	Finance Officer - Revenue		
Shin Lim	Finance Officer - Accounts Payable		
BDO			
James Manning	Associate Director		
Victoria Yale	Internal Audit Manager		
Jordan Chang	Consultant		



6. **RISK RATINGS**

Overall report rating

Ratings awarded represent the conclusion of our audit based on the results of the audit of a process or audit area. The control environment has been rated using the following criteria.

Rating	Definition
Weak	No control framework in place. Significant control weaknesses were noted which have or may resulted in a material exposure. No compensating controls in place to mitigate the identified risks.
Marginal	Limited control framework in place. Significant control weaknesses were noted which have or may result in a material exposure.
Satisfactory	Overall a control framework is in place. Some improvements identified which would improve the control environment.
Good	Control environment in place with no improvements noted.

Rating individual findings

The following framework for audit ratings has been developed in order to prioritise the internal audit findings according to their relative significance, depending on their impact on a process. The individual audit findings contained in this report have been discussed and rated with management.

Rating	Definition
High	Issue represents a control weakness which could have or is having a major adverse effect on the ability to achieve process objectives.
Medium	Issue represents a control weakness which could have or is having a significant adverse effect on the ability to achieve process objectives.
Low	Issue represents a minor control weakness with minimal but reportable impact on the ability to achieve process objectives.
Observations	Issue represents an opportunity for management to consider in order to improve the effectiveness of the control environment.



7. INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure, it is possible that fraud, error or noncompliance with laws and regulations may occur and not be detected. Further, the internal control structure within which the control procedures that are subject to internal audit operate is not reviewed in its entirety and, therefore, no opinion or view is expressed as to the effectiveness of the greater internal control structure. An internal audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are done on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, City of Nedlands management and personnel. We have indicated within this internal audit report the sources of the information provided. We have not sought to verify those sources independently unless otherwise noted within the internal audit report. We are under no obligation in any circumstance to update this internal audit report, in either oral or written form, for events occurring after the internal audit report has been issued in final form unless specifically agreed with management. The findings in this report have been formed on the above basis.

8. **RESTRICTION OF USE**

This report is solely for the purposes as set out in the Objectives of Review section of this report and is for the information of the City of Nedlands Council and management and is not to be used for any other purpose or distributed to any third party without BDO's prior written consent. BDO nor any member or employee of BDO undertakes responsibility arising from reliance placed by a third party on this report and any reliance placed is at that party's sole responsibility.

7.6 MACRI PARTNERS – EXTERNAL AUDIT PLAN

Moved – Councillor McManus Seconded – Mayor M Hipkins

That the Recommendation to Committee is adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee notes the External Audit Plan

Background

Macri Partners are the City's appointed External Auditors.

An Audit Plan has been submitted to inform the Audit and Risk Committee of the Auditors responsibilities and how they plan to discharge them.

The Audit Plan sets out:

- a. Scope of Audit
- b. Financial Reporting Responsibilities
- c. Audit Approach
- d. Impact of Fraud on the Financial Report
- e. Inquiries related to Risks of Fraud
- f. Highlights for 2013/14
- g. Materiality
- h. Audit Engagement Team
- i. Communications Plan and Timetable
- j. Independence
- k. Disclaimer

Representatives from Macri Partners will be present at the Committee meeting to answer any questions on the External Audit Plan and consider feedback provided by the Committee.

Attachments

1. Macri Partners – External Audit Plan



PARTNERS

PARTNERS Anthony Macri FCPA Domenic Macri CPA

Connie De Felice CA

Certified Practising Accountants

16 June 2014

Chief Executive Officer City of Nedlands P O Box 9 NEDLANDS WA 6909

Dear Sir

RE: INTERIM AUDIT VISIT FOR THE YEAR ENDING 30 JUNE 2014

We carried out an interim audit of the Council for the year ending 30 June 2014. Our interim audit covered a review of the accounting and internal control procedures in operation, as well as testing of transactions, in the following areas:

- Bank Reconciliations
- Investment of Surplus Funds
- Purchases
- Payments and Creditors
- □ Rate Receipts and Rate Debtors
- Receipts and Sundry Debtors
- Payroll
- Stores and Depot
- General Accounting (Journals, etc.)
- □ IT Controls
- Property, Plant & Equipment and Infrastructure
- □ Registers (Tenders Register, etc.)
- Minutes Review

Our review also covered an examination of some compliance matters, which are required under the Local Government Act 1995 (as amended) and Financial Management Regulations 1996.

Please note that our examination of internal controls was carried out for audit purposes designed primarily for the purpose of expressing an opinion on the financial statements of the City of Nedlands.

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

It should be appreciated that the matters noted came to our attention during the course of our normal audit examination and as a result do not necessarily include all those matters which a more extensive or special examination might identify.

Accordingly, our comments in this management letter are not intended to cover all aspects of the City's internal controls and accounting systems and are limited to those matters that arose from our normal audit procedures.

The following matters were noted and are brought to your attention.

BANK RECONCILIATIONS

During our review of the bank reconciliation for the month of January 2014 for the municipal and trust bank accounts, we noted that the unpresented cheque listing included a number of old cheques which were more than 15 months old. These stale cheques may no longer be presented at the bank and should therefore be written back.

We recommend that the unpresented cheque listing be reviewed on a regular basis to ensure that there are no old outstanding cheques in the list. Any long outstanding cheques should be investigated and cleared from the system, as appropriate.

Management Comment:

Currently there are about a dozen cheques which are more than 15 months old. These are being investigated, and where it is not possible to contact the recipients the cheques will be written back before the end of this financial year.

INVESTMENT OF FUNDS

We conducted a review of the investment of funds by the City of Nedlands at the time of our audit visit.

An investment policy exists, which provides general guidelines as to the levels of risk and exposure for the various types of investments that can be placed. Our review of the Council's policy indicates that the policy has been prepared to ensure that all investments are made in accordance with:

- Local Government Act 1995 Section 6.14;
- The Trustees Act 1962 Part III Investments;
- Local Government (Financial Management) Regulations 1996 Regulation 19, 28 and 49
- Australian Accounting Standards.

The Council manages its own investments. All investments placed appear to be appropriately documented, authorized and correctly recorded in the Council's Investment Register.

However, the following matters were noted and are brought to your attention:

- (i) Our review of the Council's Investment Policy indicates that it does not contain some key elements stipulated in the Department of Local Government Guideline 19 for investments, namely:
 - Anticipate returns for the investment portfolio;
 - Prohibit the purchase of speculative financial instruments;
 - Prohibit the use of the investment portfolio for speculation;
 - Require investments of the Council to be regularly re-valued to reflect prevailing market prices;
 - Prohibit the use of leveraging of an investment portfolio; and
 - Require investments that are downgraded to below an acceptable rating benchmark to be liquidated.

We recommend that the Council's Investment Policy be updated in line with the Department of Local Government's guideline. This will provide guidance on various matters to be considered when investing surplus monies.

Management Comment:

Council's Policy on Investment of Council Funds stipulates that investments are limited to three product types, viz;

- Interest bearing deposits
- Bank accepted / endorsed bank bills
- Managed Funds

This limitation either incorporates the essence of key elements identified above, or makes those elements redundant.

The general practice has been to refer to the DLG Guidelines where a principle is not spelt out in detail in the Policy.

(ii) At the time of the audit we noted that for several months of 2014 financial year the portion of funds invested in one institution exceeded 30%. Section 3 of the Council's Investment Policy states that amounts invested in any one institution is not to exceed 30% of the average annual funds invested. We recommend this policy be adhered to or reviewed, keeping in mind councils preference for investments only to be made with the 'big four' banks.

Management Comment:

At the time of placement of funds Management ensures that the amount with any one of the four institutions does not exceed 30% of total invested funds. However, it is not practical to ensure the 30% limit when deposits are drawn down for use, and there are occasions when the percentage with one institution is more for a period of time (until the next deposit matures). Council is fully aware when these situations arise as investment reports are considered by Council each month.

The 30 % limit was adopted when the only restriction on the institutions with whom funds could be placed were their respective credit ratings. In view of the subsequent restriction in 2012 to the "big four banks", a more workable limit will be 40% with any one institution and this will be discussed with the Audit and Risk Committee when the policy is next reviewed.

(iii) We refer to Regulation 19C of the Local Government (Financial Management) Regulations 1996 which was introduced in April 2012. It stipulates among other things, when investing money, a Council is not to place a deposit for a fixed term of more than 12 months or to invest in bonds with a term to maturity of more than 3 years.

We noted that Section 6 of the Council's Investment Policy allows investments, including term deposits to be placed for longer than 12 months if approved by Council. In view of this, we recommend that the policy be amended to comply with the Regulation 19C of the Local Government (Financial Management) Regulations 1996

Management Comment:

The recommendation will be incorporated in the next revision of the Policy.

CREDITORS

(i) During our audit, we noted that new suppliers are set up by the Accounts Payable Officer after receiving a standard "Request for New Creditor Form". Details obtained include Australian Business Numbers (ABNs), bank account details, etc. The Accounts Payable Officer also performs the data entry of supplier's invoices into the system. A risk associated with a user having access to both functions would be the entry of a fictitious supplier and an associated invoice.

Further, we noted that changes to the supplier master file (e.g. bank account details, addresses etc.) can be made by the Accounts Payable Officer without any approval.

The Authority system can produce an "Audit Trail Report" which shows supplier master file changes. We noted that whilst this report is available, it is not utilised for reviewing any new additions or changes to supplier details.

We recommend that:

- a) as a preventative control, the functions of setting up suppliers and data entry of supplier invoices be segregated to address this risk or any new suppliers and changes in suppliers' details be approved by senior management before being processed into the system, or
- b) alternatively, a monitoring control be implemented which involves generating the "Audit Trail Report" on a periodic basis for review by an independent senior officer to ensure that updates to the creditors system only contain valid and authorised creditors and existing creditor details are not amended without the knowledge of management.

Management Comment:

The entry of a fictitious supplier would require the collusion with one of the persons authorised to sign off invoices for payment, as all invoices for payment have to be authorised for payment and this is reviewed by the Finance Manager and the Director of Corporate and Strategy.

The risk of bank account details being changed is real, and for that reason Management prefers the alternate recommendation (b).

 During our audit, we noted that new suppliers are set up by the Accounts Payable Officer after receiving a completed "Request for New Creditor Form". Details obtained include Australian Business Numbers (ABNs), bank account details, etc.

We observed that there were no background checks (e.g. company extracts obtained to view shareholders' and directors' details, etc.) performed on new suppliers before entry into the system. Such checks serve as an anti-fraud control and can assist to identify current or past Council employees, elected members, etc.

We recommend that background checks be performed as an anti-fraud control on new suppliers before entry into the Authority system. Such checks should be attached to support the completed "Request for New Creditor Form" and stored for record-keeping purposes.

Management Comment:

Agree with the rationale, but this exercise can be costly in terms of time and money. Perhaps this recommendation be applied to creditors to whom cumulative payments are expected to be more than a minimum amount, say \$3,000 per annum.

<u>RATES</u>

The Council's rating procedures were reviewed to ensure that they were in compliance with statutory requirements and that rates have been imposed correctly. This also included a review of the rate notices issued and the process of reconciliation of the Valuer General's reports to the Rates Ledger.

We checked a limited number of property assessments from the Rates Ledger to ensure that the rates calculations, raising and postings to the Rates and General Ledger were correctly performed.

The following matter was noted and is brought to your attention:

We noted instances where updates carried out in the general rates register, were not correspondingly performed in the emergency services levy (ESL) register, thus resulting in emergency services levies being incorrectly imposed.

We recommend that exception reports be generated and matched to ensure that properties are correctly classified as residential or non-residential in the general rates and emergency services levy registers.

Management Comment:

Agree with the recommendation, and this will be implemented as from 1 July 2014.

PAYROLL

Our audit examined the Council's payroll system in the following areas:

- Reviewing the policies and procedures at the Council in relation to the Payroll system
- Staff additions and terminations
- Changes to employees pay, including variations to pay
- Authorisation and monitoring of leave taken by employees
- Processing of payroll
- Segregation of duties

The following matters were noted and are brought to your attention:

(i) We obtained a listing of the Employee Annual Leave Entitlement Balances as at 19 March 2014. The listing contained 12 staff with outstanding annual leave entitlements in excess of 8 weeks to a maximum of 28 weeks.

Excess leave entitlements can have adverse affects on the City including an ever increasing liability as salary rates increase over time and may affect the cash flow position of the City when those employees leave.

We recommend that management regularly review the leave entitlements report and take appropriate action.

Management Comment:

Managers are provided with leave reports of staff in their departments at regular intervals. Human Resources officers review the outstanding leave of all staff once a quarter and a report is presented to the Executive of staff who have in excess of 8 weeks annual leave. However, the nature of work and staff resource constraints sometimes make it difficult to quickly bring down the entitlements without affecting service levels.

(ii) During our review of the payroll procedures we examined the IT access controls surrounding the payroll module and noted that a number of staff members from other departments (non- Payroll / Human) have been granted access to this module.

We recommend that management review the existing access given to staff members and consider reducing the number of staff who are able to access this module.

Management Comment:

Management will act on the recommendation immediately

(iii) We were informed that the payroll reports are not being circularised to the various departmental managers for their review and approval prior to finalisation of the payroll. This procedure, in our opinion, will provide assurance as to the existence of employees on the payroll and that they are being paid for correct hours worked.

We recommend that the payroll reports for each individual business division are being reviewed and authorised by relevant officers before payments to ensure that payments to employees are valid.

Management Comment:

Currently the payroll report for the City is reviewed and approved by the Finance Manager or the Director of Corporate & Strategy before finalisation of the payroll. The report highlights variance from the "standard pay" for each employee, and the review officer does check with the appropriate Manager where clarification is required for the variance. The reports to individual departmental managers are not sent out before the finalisation of the payroll as it will delay the payroll process – some of the managers are based outside the admin building and others may be out in the field.

Management is satisfied that there are sufficient controls in place regarding individuals on the payroll, namely the employment of all employees paid through payroll have been approved by the CEO, supported with the appropriate paperwork, tax file declarations, copies of signed contracts/letters of offer and bank account details etc.

(iv) As part of our audit process, we noted that amendments to the payroll master file are not reviewed by an independent senior officer. Lack of such control may provide opportunities for inappropriate amendments to remain undetected.

We recommend that a report containing amendments to the payroll master file be produced and reviewed by an independent senior officer in order to reduce the risk of inappropriate amendments.

Management Comment:

The City will request Civica to develop a report that will provide a full audit trail of amendments to the payroll master file. This will be reviewed by the Finance Manager each month to reduce the risk of inappropriate amendments.

JOURNAL ENTRIES

Australian Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* states that there is a risk in all entities that management may be in a position to override the financial controls to perpetrate fraud. The standard requires that auditors perform audit procedures to address this risk in the areas including journal entries.

As part of our audit, we performed procedures and reviewed internal controls over journal entries recorded in the general ledger.

To test this, we reviewed the entire population of journals as at our audit visit date to identify those which would be regarded as unusual or higher risk. All higher risk journals were tested to ensure they were appropriate and supported by a clear business rationale.

The following matter was noted and is brought to your attention:

We noted that there is no documented policy regarding the use, authorisation and control over journal entries.

We recommend that a documented policy be created which addresses the use of standard entries, non-routine entries (corrections and adjustments) and unusual or management-requested entries. This includes details on sequential numbering, the requirement for journals to be adequately explained or supported by appropriate documentation and the approved officers who can raise or authorise journal entries.

Management Comment:

The City has agreed procedures on the use, authorisation and control over journal entries. However these have not been adequately documented. The Auditor's recommendation will be implemented before the final audit in August 2014.

We thank your staff for the assistance provided during the audit. Should you have any queries with respect to the above or any other matters please do not hesitate to contact our office.

Yours faithfully

ANTHONY MACRI MACRI PARTNERS



Certified Practising Accountants



City of Nedlands

External Audit Plan For the Year Ending 30 June 2014

May 2014

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1. Purpose of the Audit

The purpose of this audit plan is to summarise our external audit approach in relation to the statutory audit of the City of Nedlands for the financial year ending 30 June 2014.

Our Audit Plan has been prepared to inform the officers and the Audit Committee of City of Nedlands about our responsibilities as your external auditors and how we plan to discharge them.

The plan focuses on:

- Documenting our audit approach, including:
 - audit process;
 - materiality;
 - approach to auditing key financial statement risk issues; and
 - completion;
- Presenting our audit engagement team;
- Highlighting relevant independence and governance matters;
- Providing a preliminary assessment of timing;

Our audit approach is focused on assessing and responding to the risk of misstatement in the financial statements.

We are committed to audit quality and the requirements of independence based on Macri Partners' and the accounting profession's strict rules and policies. We have made our initial assessment of potential threats to independence and have adopted appropriately robust safeguards to address those risks and protect independence.

2. Scope of the Audit

We will conduct an independent audit of the financial statements in order to express an opinion on it to the ratepayers of the City of Nedlands.

Our audit will be conducted in accordance with Australian Auditing Standards with the objective of reducing the level of material misstatement in the financial statements to an acceptably low level. These standards have been fully updated and revised to improve their clarity and in some cases this is accompanied by additional audit requirements. We are required to comply with them for the audit of your 2013/14 accounts.

We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

3. Financial Reporting Responsibilities

Management

- Prepare financial statements and notes in accordance with Australian Accounting Standards, Local Government Act 1995 (as amended) and Regulations under the Act
- Design, implement and maintain effective internal control over financial reporting processes
- Risk management
- Exercise sound judgement in selecting and applying critical accounting policies
- Safeguard assets
- Prevent, detect and correct errors
- Prevent and detect fraud
- Provide representations to external auditors
- Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements
- Confirm the effective operations of financial reporting controls and disclosures in the annual financial statements

External Audit

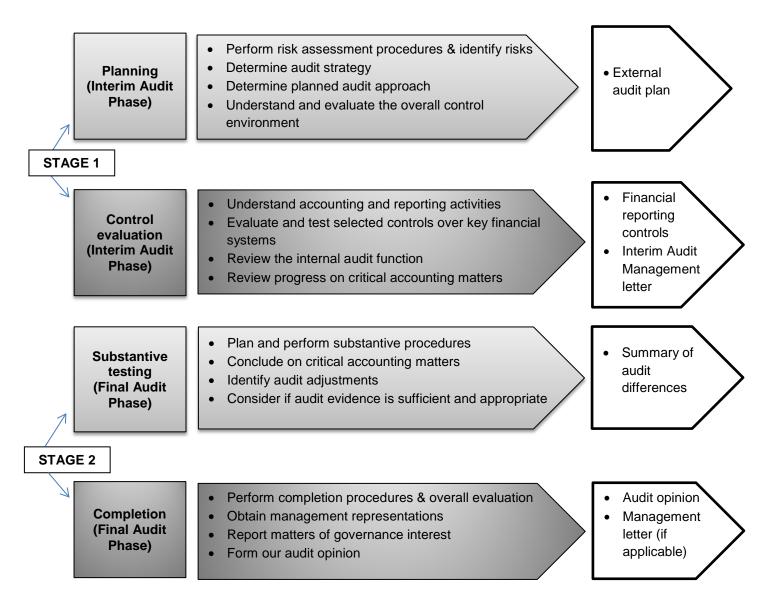
- Conduct audit in accordance with professional standards and applicable financial reporting framework (i.e. Auditing Standards and Australian Accounting Standards)
- Express an opinion on whether the financial statements present a true and fair view in accordance with Australian Accounting Standards, Local Government Act 1995 (as amended) and Regulations under the Act
- Plan and perform the audit to obtain reasonable assurance (not absolute assurance) as to whether the accounts are free of material misstatements, whether caused by error or fraud
- Maintain audit independence

Audit Committee

- Create a culture of honesty and ethical behaviour; set the proper tone and emphasise fraud prevention
- Oversee management, including ensuring that management establishes and maintains internal control to provide reasonable assurance regarding integrity and reliability of financial reporting
- Oversee management activities which ensure appropriate risk management and controls are in place for monitoring risk and compliance with policies, procedures and laws
- Review the Council's performance
- Liaise with the external auditors to facilitate external audit
- Review annual financial statements and recommend approval to the Council

4. Audit Approach

Our objective is to provide an independent auditor's opinion on the financial report of the City of Nedlands for the year ending 30 June 2014. Our audit methodology is split into two stages and is applied uniquely to your circumstances. It involves the following activities.



Our audit approach is also based on understanding and evaluating your internal control environment and where appropriate validating these controls, if we wish to place reliance on them. This work is supplemented with substantive audit procedures, which include detailed testing of transactions and balances and suitable analytical procedures.

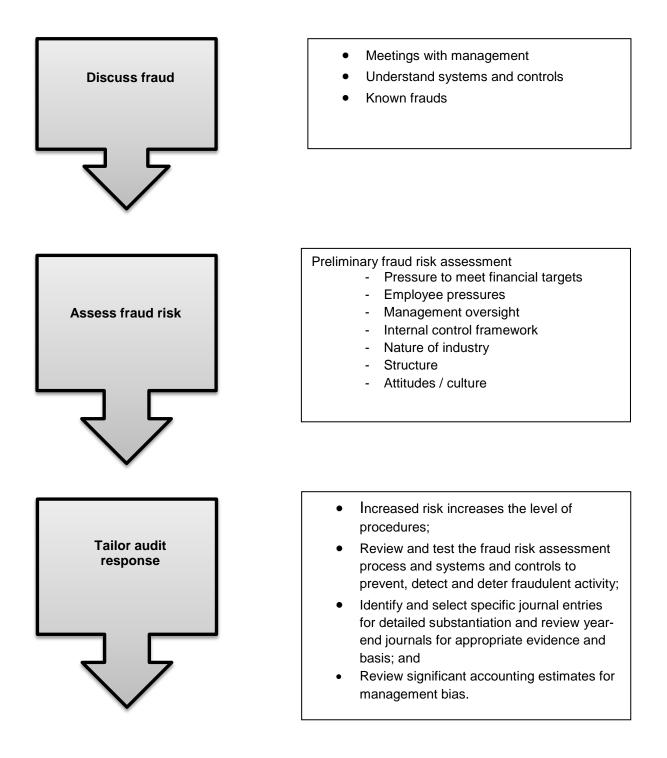
Our audit procedures will focus on those areas of the City of Nedlands' activities that are considered to represent the key audit risks identified in our planning memorandum and through discussions with management and the Audit Committee during the course of our audit.

Focus Area	Financial Statement Impact	Planned Audit Approach
Revenue	Completeness and accuracy of Rates and service charges, Grant income, Fees and charges and Other revenue	 Control testing on rates revenue, fees and charges and selected other revenue Test a sample of revenue transactions to supporting documentation Substantive analytical procedures
Expenses	Completeness of operating expenses	 Review of expenditure incurring and approval processes Analytical review of operating expenditure
Payroll	Completeness of payroll expenses	 Review and assess controls over the payroll process Analytical review of employee expenditure
Cash and Cash Equivalents, Investments	Existence, completeness and accuracy of cash and investment balances held with financial institutions	 Obtain external confirmations from the relevant financial institutions
Trade and Other Receivables	Existence, completeness and accuracy of receivables	 Vouching subsequent receipts for material balances Assess adequacy of provision for bad and doubtful debts

Focus Area	Financial Statement Impact	Planned Audit Approach
Property Plant and Equipment, Infrastructure	 Impairment of property, plant and equipment, Infrastructure Appropriateness of useful lives Accuracy of depreciation charge Overhead allocation to capital assets Appropriateness of asset capitalisation policies Land and Buildings to be reported at fair value (to comply with Reg 17) 	 Review of the reconciliation between asset register and general ledger Sample testing of acquisitions, disposals and write-offs Review of depreciation/amortisation charge for reasonableness Review fair value methodology documentation prepared by management and valuation reports for any independent valuations being undertaken Checking how management has internally reviewed (documentation of the process and results) the City's land and building assets and other assets on fair value for accuracy, reasonableness, quality and consistency with the Council's understanding of the classes of assets.
Trade and Other Payables	 Completeness and accuracy of Sundry Creditors and Accrued Expenses 	 Perform search for unrecorded liabilities Review of trade payables and accrued expenses Vouching significant balances
Borrowings	Existence, completeness and accuracy of borrowings with the Western Australian Treasury Corporation (WATC)	 Obtain external confirmations from the WATC
Provisions for Annual and Long Service Leave	Completeness, Accuracy and Valuation of Annual and Long Service Leave provisions	Review calculation of annual leave and long service leave provisions

5. Impact of Fraud on the Financial Report

In accordance with Auditing Standard ASA 240 "The Auditor's responsibility to consider fraud in an Audit of a Financial Report", we will undertake specific procedures and report findings to the Council in respect of financial reporting fraud. The following diagram highlights the phases of our work on fraud.



6. Our Inquiries related to Risks of Fraud

Auditing Standard ASA 240 "The Auditor's responsibility to consider fraud in an Audit of a Financial Report" requires that during the planning of our audit we obtain your views on the risk of fraud. We make similar inquiries to management as part of our planning process; responses to these questions will assist us in planning our overall audit strategy and audit approach accordingly.

• Are you aware of, or have you identified any instances of, actual, suspected, possible, or alleged non-compliance of laws and regulations or fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets?

If so, have the instances been appropriately addressed and how have they been addressed?

- What are your views about fraud risks in the City of Nedlands?
- How do you provide effective oversight of programs and controls to prevent, detect and deter fraud, including oversight over internal controls management has established to mitigate fraud risks?

7. Highlights – 2013/14 Financial Year

(a) Regulatory Environment

The first phase of fair value implementation was undertaken in the 2013 financial year with respect to Furniture, Plant and Equipment.

Following the timetable set in the Regulation 17A of the Local Government (Financial Management) Regulations 1996 and our discussion with management, the next class of assets to be revalued by the City are as follows:

Financial Year	Asset Group - Resources
2013/14	Land and Buildings (including specialised and non-specialised buildings valued at component level)
2014/15	Infrastructure - given that Roads and Drainage are already reported at management valuation, the only remaining asset classes within infrastructure to be brought at fair value are Footpaths, Parks, Reticulation and Street Furniture. All other assets (including intangible, historical and cultural assets, library books, art collections, etc.)

(b) Accounting Standards

There are a large number of new and revised Australian accounting requirements that apply mandatorily for the first time to the reporting period ending 30 June 2014. The key applicable ones, at this time, are summarised below:

AASB 13 Fair Value Measurement (New Standard)

Highlights

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities.

Implications

The new standard does not affect which items are required to be 'fair-valued', but specifies and clarifies how an entity should measure fair value and disclose fair value information.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

AASB 119 Employee Benefits (Revised Standard)

Highlights

A revised standard on Employee Benefits has been issued establishing targeted improvements throughout the Standard.

Implications

Employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.

8. Materiality

Materiality drives the scope of our audit and is determined in accordance with the auditing standard requirements. We plan and perform our audit to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

Type of Materiality	What is it used for?	Amount for 2014 Year
Overall materiality	Our overall materiality for the Council is calculated as a percentage of gross operating expenditure; this represents the level at which we would consider qualifying our audit opinion and is consistent with the prior year.	\$500,000 2% of Total Expenditure (2013 year) \$27.10 M
Performance materiality	We determine performance materiality (from overall materiality) in order to assess risks of material misstatement and to determine the nature, timing and extent of audit procedures. This is the level to which we plan our audit work and identify significant accounts.	\$375,000 which has been set at 75% of Overall Materiality
Trivial error threshold	Auditing Standard ASA 450 Evaluation of Misstatements Identified during the Audit requires that we record all misstatements identified except those which are "clearly trivial". Matters which are clearly trivial are those which we expect not to have a material effect on the financial statements even if accumulated. When there is any uncertainty about whether one or more items are clearly trivial, the matter is considered not to be clearly trivial. We determine a trivial error threshold (from materiality) in order to accumulate misstatements identified during the audit. We will not report misstatements below the threshold level unless we believe that the nature of the misstatement should be of concern. We will include a summary of any uncorrected misstatements identified during our audit in our year-end Report to the Audit Committee.	\$25,000 which has been set at 5% of overall materiality

We will reassess materiality based on year-end results or new information to confirm whether it remains appropriate for evaluating the effects of uncorrected misstatements on the financial statements.

9. Audit Engagement Team

The audit team consists of the key members listed below:

Engagement Role	Name	Responsibilities
Audit Partner	Anthony Macri	 Responsible for the audit, including: agreeing the audit plan reporting to the audit committee management letters issued the quality of outputs signing of opinions and conclusions liaison with the Chief Executive Officer and audit committee members
Audit Manager	Terry Tan	 Responsible for: overall control of the audit engagement ensuring delivery to timetable delivery and management of targeted work overall review of audit outputs

10. Communications Plan and Timetable

Auditing Standard **ASA 260 'Communication of audit matters with those charged with governance'** requires auditors to plan with those charged with governance the form and timing of communications with them. We have assumed that 'those charged with governance' are the Audit Committee.

Output	Timing
Interim Audit Field Work	March 2014 (Confirmed with Management)
Provide Interim Management Letter	On completion of interim audit and management responses received
Final Audit Field Work	25 August 2014 – 27 August 2014 (Confirmed with Management)
Present the Audit Findings Report to the Audit Committee	October 2014 (Management to confirm)
Provide Audit Opinion on Financial Statements	On completion of the final audit

11. Independence

Independence and Objectivity Confirmation

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the Audit Engagement Partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, this is the Audit Committee.

Confirmation Statement

We confirm that as of May 2014 in our professional judgement, Macri Partners is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Engagement Partner and audit staff is not impaired.

12. Disclaimer

This audit plan has been prepared for the Audit Committee and management of the City of Nedlands only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than the City of Nedlands.

7.7 EXTERNAL AUDITOR'S INTERIM AUDIT REPORT

Moved – Councillor McManus Seconded – Mayor M Hipkins

That the Recommendation to Committee is adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee notes the interim audit report.

Background

The City's External Auditors Macri Partners, carried out an interim audit during May 2014 and covered a review of accounting and internal control procedures in operation.

In addition, the interim audit also tested transactions in the following areas:

- a. Bank reconciliations
- b. Investment of Surplus Funds
- c. Purchases
- d. Payment and Creditors
- e. Rate Receipts and Rate Debtors
- f. Receipts and Sundry Debtors
- g. Stores and Depot
- h. General Accounting (Journal etc)
- i. IT Controls
- j. Property, Plant and Equipment
- k. Registers (Tenders Register etc)
- I. Minutes Review

The interim audit report identified a number of recommendations and management has commented. All matters raised in the report have been addressed and will be attended to prior to the completion of the final audit.

Attachments

1. Macri Partner – Interim Audit Report

Date of next meeting

The date of the next meeting of this Committee is to be advised.

Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 6.58pm.