



City of Nedlands

Minutes

Audit and Risk Committee Meeting

21 February 2013

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 21 February 2013 at 6.00 pm.

Declaration of Opening

The Presiding Member declared the meeting open at 6.00 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 Members	Councillor I S Argyle His Worship the Mayor Councillor L J McManus Councillor B G Hodsdon (from 6.02pm) Mr Ken Eastwood	(Presiding Member) R M Hipkins Coastal Districts Ward Hollywood Ward
Staff	Mr G Trevaskis Mr M Cole Mr R Senathirajah	Chief Executive Officer Director Corporate & Strategy Manager Finance
Press	Nil.	
Leave of Absence (Previously Approved)	Nil.	
Apologies	Councillor S J Porter Councillor T James	Dalkeith Ward Melvista Ward
Absent	Nil.	

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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.

It was noted that the summary of investments had not been circulated with the agenda. A hard copy was circulated at the meeting by the Director and will be provided with the agenda for all future meetings.

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 public addresses.

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 interests affecting impartiality

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

There were no declarations by members that they have not given due consideration to papers.

6. Confirmation of Minutes

6.1 Audit and Risk Committee Meeting 11 October 2012

Moved – Councillor McManus
Seconded – Mayor Hipkins

The minutes of the Audit and Risk Committee held 11 October 2012 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.

Prior to considering item 7.1, Councillor McManus sought clarification of purpose of Committee other than reports presented by Administration.

The Chief Executive Officer outlined the audits in place, internal audit and external audit, and that findings from these audits are brought to the committee for consideration.

After general discussion, it was agreed that in addition to audit reports, future agenda would include the terms of reference of the Committee, plus pertinent risk information regarding insurance claims, insurance coverage, legal claims and worker compensation.

7.1 Appointment of Auditor

Applicant	City of Nedlands
Owner	City of Nedlands
Officer	Rajah Senathirajah – Manager Finance
Director	Michael Cole – Director Corporate & Strategy
File ref.	FIN/008-24
Previous Item No's	Nil

Regulation 11(da) – N/A – recommendation adopted.

Moved – Mayor 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

Council in accordance with the provisions of Section 7.3 of the *Local Government Act 1995*, appoints Macri Partners as the City's independent auditor for the years 2012/13 to 2014/15.

Purpose

The purpose of this report is for the Audit & Risk Committee to make a recommendation to Council for the appointment of the City's Auditor for the years 2012/13 to 2014/15.

Executive Summary

The Local Government Act 1995 Section 7.3 requires every local government to appoint a suitably qualified person, on the recommendation of its audit committee, to be its auditor. An auditor is eligible for re-appointment at the end of his term.

The term of the City's auditor expired with the completion of the audit of the 2011/12 Annual Financial Statements and related acquittals. The auditor, Macri Partners, is willing to be re-appointed for a further 3 years and has submitted a quotation for the services.

Macri Partners is one of the audit firms in WALGA's Preferred Supplier Panel for audit services. The City is thus not required to obtain other quotes if it is to appoint Macri Partners as its auditor for the years 2012/13 to 2014/15.

Background

The Local Government Act 1995 Section 7.3 requires every local government to appoint a suitably qualified person, on the recommendation of its audit committee, to be its auditor. Section 7.6 of the same act states that the term of office of a local government auditor is not to exceed 5 financial years, but an auditor is eligible for re-appointment.

To be appointed as a local government auditor, a person has to be a registered company auditor.

In 2009 the City of Nedlands joined with all other WESROC Councils in a joint tender exercise for audit services for the financial years 2009/10 to 2011/12. The tender responses were to be for each individual local government.

Macri Partners participated in the tender exercise. While it's overall score was not the highest, the price submitted for the City was lower than that quoted by the firm with the highest score.

The Audit & Risk Committee, at its meeting on 9 November 2009, noted that Macri Partners has been the City's auditor since 2004 and had a proven record in local government auditing, with some 20 local government clients.

The Council, at its meeting on 15 December 2009, accepted the recommendations of the Audit & Risk Committee and appointed Macri Partners as the City's auditor for a term of 3 years. The term has now expired.

Discussion

Macri Partners is agreeable to continue as the City's auditor, and has submitted a quotation for the services for the financial years 2012/13 to 2014/15. The quoted price for the audit services for 2012/13 is \$17,000 and is considered to be reasonable. This is only \$1,200 more than for 2011/12. Macri Partners has stated that it is able to maintain the prices at very competitive levels due to their very good understanding of local government systems in general and specifically the City's operations and accounting structure.

The Local Government (Function and General) Regulations 1996 state that a local government is exempt from the need to tender for services and goods if these are obtained through WALGA purchasing services.

Macri Partners is one of WALGA's preferred suppliers for the provision of audit services. The City is thus not required to obtain other quotations if it re-appoints Macri Partners.

Strategic Plan

KFA 5: Governance

- 5.4 Monitor and review business processes, systems, structure and policies to ensure effective service delivery and organisational performance.
- 5.9 Identify, manage and seek to minimise risk.

Conclusion

In view of the professional manner in which Macri Partners has carried out the independent audits of the City's financial statements in the past, the knowledge of the City's systems and processes possessed by the senior staff of the firm, and the reasonable quote for the services, it is recommended that Macri Partners be appointed as the City's independent auditor for the 2012/13 to 2014/15 financial years.

Proposal Detail

It is proposed to appoint Macri Partners as the City's auditor for a further 3 years, ending 2014/15.

Consultation

Required by legislation: Yes No

Required by City of Nedlands policy: Yes No

Not applicable.

Legislation

Sections 7.2-7.8 of the Local Government Act 1995 deal with the appointment of auditors by local governments.

Section 3.57 of the Local Government Act 1995 and section 11 of the Local Government (Functions and General) Regulations deal with the need for tenders when procuring services or goods.

Budget/Financial Implications

Funding for the audit is included in the annual budget.

Attachments

Nil.

8. 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 6.21 pm.