



City of Nedlands

# ***Agenda***

## ***Audit and Risk Committee Meeting***

***21 February 2013***

### **ATTENTION**

This Agenda has yet to be dealt with by the Committee.

The Administration Recommendations, shown at the beginning of each item, have yet to be considered by the Committee and are not to be interpreted as being the position of either the Committee or Council.

The Minutes of the meeting held to discuss this Agenda should be read to ascertain the decision of the Committee.

Before acting on any recommendation of the Committee a check must also be made in the Ordinary Council Minutes following the Committee Meeting to ensure that Council did not make a decision at variance to the Committee Recommendation.

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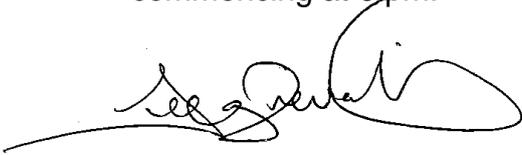
## City of Nedlands

**Notice of a meeting of the Audit and Risk Committee to be held in the Council Chamber at 71 Stirling Hwy, Nedlands on Thursday 21 February 2013 at 6.00 pm.**

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Dear Committee member

The next meeting of the Audit and Risk Committee will be held on Thursday 21 February 2013 in the Council Chambers at 71 Stirling Highway, Nedlands commencing at 6 pm.



Greg Trevaskis  
Chief Executive Officer  
14 February 2013

### **Council Committee Agenda**

#### **Declaration of Opening**

The Presiding Member will declare the meeting open at 6.00 pm and will draw 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)**

**Leave of Absence**                      None.  
**(Previously Approved)**

**Apologies**                      None as at distribution of this agenda.

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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.

### **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.

**3. Disclosures of Financial Interest**

The Presiding Member to remind 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.

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

However, other members may allow participation of the declarant if the member further discloses the extent of the interest. Any such declarant who wishes to participate in the meeting on the matter, shall leave the meeting, after making their declaration and request to participate, while other members consider and decide upon whether the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

**4. Disclosures of Interests Affecting Impartiality**

The Presiding Member to remind Councillors and Staff of the requirements of Council's Code of Conduct in accordance with Section 5.103 of the *Local Government Act*.

Councillors and staff are required, in addition to declaring any financial interests to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making procedure.

The following pro forma declaration is provided to assist in making the disclosure.

"With regard to ..... the matter in item x..... I disclose that I have an association with the applicant (or person seeking a decision). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly."

The member or employee is encouraged to disclose the nature of the association.

**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 11 October 2012**

The minutes of the Audit and Risk Committee held 11 October 2012 are to be confirmed.

**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 Appointment of Auditor

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

### 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.

### 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.**

## **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 will declare the meeting closed.

A handwritten signature in black ink, appearing to read 'Greg Trevaskis', with a long horizontal flourish extending to the left.

Greg Trevaskis  
Chief Executive Officer