



City of Nedlands

Agenda

Audit and Risk Committee Meeting

7 April 2016

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.

Greg Trevaskis
Chief Executive Officer
30 March 2016

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City of Nedlands

Notice of a meeting of the Audit and Risk Committee to be held in the Council Meeting Room at 71 Stirling Hwy, Nedlands on 7 April 2016 at 6pm.

Council Committee Agenda

Declaration of Opening

The Presiding Member will declare the meeting open at 6pm and will draw attention to the disclaimer below.

Present and Apologies and Leave Of Absence (Previously Approved)

Leave of Absence (Previously Approved) None.

Apologies None as at distribution of this agenda.

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.

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

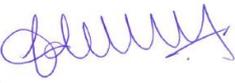
6.1 Audit and Risk Committee Meeting 3 March 2016

The minutes of the Audit and Risk Committee held 3 March 2016 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

Applicant	City of Nedlands
Owner	City of Nedlands
Officer	Kim Chua – Manager Finance
Director	Andrew Melville – Acting Director Corporate & Strategy
Director Signature	
File ref.	FIN/008-24
Previous Item No's	Nil

Purpose

The purpose of this report is for the Audit & Risk Committee to make a recommendation to Council for the reappointment of the City's Auditor for an interim period of 1 financial year ending 30 June 2016, to align with proposed changes to the Local Government Act.

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.

Macri Partners, the City auditor's initial appointment expired with the completion of the audit of the 2011/12 Annual Financial Statements and related acquittals. Macri Partners was re-appointed for a further 3 years on 21 February 2013 on the recommendation of the Audit and Risk Committee until 30 June 2015 and has on 16 February 2016 submitted a quotation for the services for the next 1 year ending 30 June 2016.

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 12 month transitional period.

In consultation with the Department of Local Government and Communities it was suggested that an extension of 1 year to the current auditor would be the most appropriate course of action.

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 2015/16 financial year.

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.

The Audit & Risk Committee, at its meeting on 21 February 2013, noted that Macri Partners has been the City's auditor since 2004, thereafter again since 2011 and had a proven record in local government auditing, with 17 current local government clients.

The Council, at its meeting on 26 March 2013 accepted the recommendations of the Audit & Risk Committee and appointed Macri Partners as the City's auditor for a term of 3 years.

On 2 March 2016, the CEO received a notification from the Director General of the Department of Local Government and Communities that there are impending proposed changes to the Local government Act under which the Auditor General may contract out some of the financial audits, but all audits will be done under the supervision of the Auditor General and the Office of the Auditor General.

Discussion

Macri Partners is agreeable to continue as the City's auditor, and has submitted a quotation for the services for the financial years 2015/16 to 2017/18. The quoted price for the audit services for 2015/16 is \$18,500 and is considered to be reasonable. This is only \$1,500 more than for 2014/15. The price quoted compared very favorably with some of our neighbouring Councils. Please refer to attachment 1.

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

Although Local Government Audit Reform is imminent, Macri Partners has in the meantime carried out the independent audits of the City's financial statements in a professional manner in the past plus the reasonable quote for the services for the next three years, it is recommended that Macri Partners be appointed as the City's independent auditor for the 2015/16 financial year.

Proposal Detail

It is proposed to appoint Macri Partners as the City's auditor for a further 1 year, ending 2015/16.

Consultation

Required by legislation:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Required by City of Nedlands policy:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Not applicable		

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.

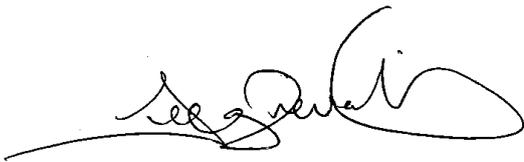
8. General Business

9. Date of next meeting

To be advised.

10. 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