



City of Nedlands

Minutes

Audit & Risk Committee Meeting

16 August 2018

ATTENTION

These Minutes are subject to confirmation

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 & Risk Committee held in the Meeting Room at the City of Nedlands on Thursday 16 August 2018 at 5.30 pm.

Audit & Risk Committee Agenda

Declaration of Opening

The Presiding Member declared the meeting open at 5.30 pm and drew attention to the disclaimer below.

(NOTE: Council at its meeting on 24 August 2004 resolved that should the meeting time reach 11.00 p.m. the meeting is to consider an adjournment motion to reconvene the next day).

Present and Apologies and Leave of Absence (Previously Approved)

Councillors	Councillor I S Argyle His Worship the Mayor Councillor G A R Hay Mr R Senathirajah Mr P Setchell Mr K Eastwood	Dalkeith Ward (Presiding Member) R M C Hipkins Melvista Ward Community Member Community Member Community Member
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Staff	Mr G K Trevaskis Mrs L M Driscoll Mrs V Jayaraman Mr A D Melville Mrs S C Gibson	Chief Executive Officer Director Corporate & Strategy Manager Financial Services Manager Health & Compliance PA to Director Corporate & Strategy
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Guests	Mr D Tomasi Mr S Cohen Ms A Cheng Mr T Macri Mr Suren	Moore Stephens, Managing Partner Moore Stephens, Head of I.T. Moore Stephens, Risk & Advisory Macri Partners, Partner Macri
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Public There were no members of the public present.

Press There were no members of the press present.

Leave of Absence	Councillor L J McManus	Coastal Districts Ward
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(Previously Approved)

Absent	Councillor B G Hodsdon	Hollywood Ward
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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

There were no questions from the public.

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

There were no addresses made by 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 affecting impartiality.

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

Nil

6. Confirmation of Minutes

6.1 Audit & Risk Committee Meeting 14 May 2018

Moved – Mr P Setchell
Seconded – Mr R Senathirajah

The minutes of the Audit & Risk Committee held 14 May 2018 be confirmed.

CARRIED UNANIMOUSLY 5/-

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 Draft Internal Audit Plan

Owner	City of Nedlands
Officer	Andrew Melville – Manager Health and Compliance
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	1. Draft City of Nedlands Strategic Internal Audit Plan - Confidential

Moved – Mr P Setchell
 Seconded – Mr K Eastwood

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee notes that the City of Nedlands Chief Executive Officer has endorsed the Moore Stephens (WA) Pty. Ltd. draft audit plan to describe the City’s Internal Audit program for the 2018/19 Financial Year, commencing 1 July 2018.

CARRIED UNANIMOUSLY 5/-

Executive Summary

This report is to advise the Audit and Risk Committee of the Chief Executive Officer’s recent endorsement of the Moore Stephens (WA) Pty. Ltd Draft Audit Plan to describe the City’s Internal Audit program for the 2018/19 Financial Year, commencing 1 July 2018.

Discussion/Overview

Moore Stephens (WA) Pty Ltd have been recently appointed by the Chief Executive Officer to undertake the City of Nedlands’ Internal Audit program for a period of 3 years commencing 1 July 2018.

Moore Stephens (WA) Pty. Ltd. has a 30 year history of providing services to local government in Western Australia. They have completed works of a similar nature previously and their submission provided a good understanding of the methodology required to complete the required works.

Moore Stephens have developed a draft audit plan following discussions with Senior staff which has been designed to:

- Strategically align with existing IT projects
- Support governance focus
- Provide an end to end review providing assurance around compliance, adequacy of controls and efficiency of processes.

The Plan considers areas of priority, such as high risk areas that have been identified through risk management processes, along with identified organisational changes, identified weaknesses and external influences.

The Audits that will be undertaken in this Financial Year will include:

1. Accounts Payable End to End Process Review
2. IT Policy Review
3. Business Continuity Review
4. Authority System Gap Analysis

Key Relevant Previous Council Decisions:

Nil

Consultation

Nil

Budget/Financial Implications

The price quoted was within the City's existing budget parameters for the 2018/19 Financial Year.

7.2 Macri – External Audit Plan for the Year Ending 30 June 2018

Owner	City of Nedlands
Officer	Vanaja Jayaraman – Manager Financial Services
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	1. Fraud & Error Assessment 2. Macri Audit Plan 2018 - Confidential 3. Interim Management Letter – Confidential

Moved – Councillor G A R Hay
Seconded – Mr K Eastwood

Committee Recommendation / Recommendation to Committee

The Audit & Risk Committee receives the Statutory Audit Plan for the Year ended 30 June 2018 and the Interim Audit Management Letter. The Committee also reviews, completes and sign off the Fraud & Error Assessment.

CARRIED UNANIMOUSLY 5/-

Executive Summary

This report is to present the Statutory Audit Plan for the Year ended 30 June 2018 issued by Macri Partners and the Interim Audit Management Letter to the Audit & Risk Committee. The Fraud & Error Assessment is also presented to the Committee for review, completion and sign off by the Chairman.

Discussion/Overview

Macri Partners are the City's appointed Auditors in relation to the statutory audit for the year ending 30 June 2018.

Macri Audit Plan 2018

As part of the statutory audit, Macri Partners have provided an External Audit Plan. The plan has been prepared to inform the officers and the Audit and Risk Committee of the City of Nedlands about Macri Partners responsibilities as external auditors and how Macri Partners plan to discharge them.

The plan focuses on:

- Documenting the audit approach, including:
 - Audit process
 - Materiality;
 - Approach to auditing key financial statement risk issues; and
 - Completion;
- Presenting the audit engagement team
- Highlighting relevant independence and governance matters; and
- Providing a preliminary assessment of timing.

The external audit plan is presented to the Audit and Risk Committee for their information.

Interim Management Letter

As part of the statutory audit, Macri Partners have carried out an interim audit of the City for the year ended 30 June 2018 which covered a review of the accounting and internal control procedures in operation, as well as testing of transactions in numerous areas as outlined in the interim management letter.

Based on the results of their interim audit, Macri Partners have issued an interim management letter detailing their findings, the rating and their recommendation. Management has made comments providing further explanations and implementation of the audit recommendations where applicable.

The interim management letter is presented to the Audit and Risk Committee for their information.

Fraud & Error Assessment

The purpose of this form is to contribute towards the effective two-way communication between auditors and the Audit & Risk Committee. The form covers some important areas of the auditor risk assessment where the auditors are required to make enquiries of the Audit & Risk Committee under auditing standards.

Management has completed the relevant sections for submission to the Audit & Risk Committee.

The Fraud & Error Assessment is presented to the Audit & Risk Committee for completion of the relevant section and sign-off.

7.3 Internal Audit Actions List Update

Owner	City of Nedlands
Officer	Andrew Melville – Manager Health & Compliance
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	1. Internal Audit Actions List

Moved – Mr P Setchell
 Seconded – Mr K Eastwood

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee receives the Internal Audit Actions List.

CARRIED UNANIMOUSLY 5/-

Executive Summary

The attached Internal Audit Actions List contains details of the matters raised by the auditors throughout the City’s Internal Audit program. The list allocates the Action, Action Owner, its Status and Outcome.

The recently updated Internal Audit Actions List is presented to the Audit and Risk Committee for their information.

Discussion/Overview

An Audit is a process through which internal control effectiveness is examined and assessed. The objective is to provide an Audit for compliance with relevant management policies and procedures. Each internal audit undertaken results in Actions being recommended to the City’s Administration. These actions are monitored for completion using the Internal Audit Actions List.

The attached list contains details of the Actions raised and outcome.

The recently updated Internal Audit Actions List is presented to the Audit and Risk Committee for their information.

Key Relevant Previous Council Decisions:

Nil

Consultation

Nil

Budget/Financial Implications

Nil.

Any actions requiring expenditure that is not allocated to an existing budget will be considered by Council during budget deliberations.

8 Confidential Items

8.1 Insurance Review

Owner	City of Nedlands
Officer	Vanaja Jayaraman – Manager Financial Services
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	Motor Fleet Risk Review

Moved – Mr R Senathirajah
 Seconded – Mayor Hipkins

Committee Recommendation / Recommendation to Committee

Council receives the Insurance Review.

CARRIED UNANIMOUSLY 5/-

8.2 I.T. Policies

Owner	City of Nedlands
Officer	Ernie Prandl – Manager Information Systems
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	<ol style="list-style-type: none"> 1. Security Policy – Acceptable use of electronic equipment, security and Media 2. Business Continuity Policy – Backups 3. Infrastructure & Technology Policy – iPad and iPhones use, security & backup 4. Business Systems & Applications Policy – ICT Service Level Agreement (SLA) 5. Business Systems & Applications Policy – Integration 6. Business Systems & Applications Policy – System / Application Change Control

Moved – Councillor G A R Hay
 Seconded – Mayor Hipkins

Committee Recommendation / Recommendation to Committee

The Audit & Risk Committee receives the I.T. Policies.

CARRIED UNANIMOUSLY 5/-

8.3 System Update

Owner	City of Nedlands
Officer	Ernie Prandl – Manager Information Systems
Director	Lorraine Driscoll – Director Corporate & Strategy
Disclosure of Interest	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
Attachments	1. Appendix “A” – Authority Helpdesk Procedure

Moved – Mr K Eastwood
 Seconded – Mayor Hipkins

Committee Recommendation / Recommendation to Committee

The Audit & Risk Committee notes this report.

CARRIED UNANIMOUSLY 5/-

9 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 6.27 pm.