



City of Nedlands

Agenda

Audit & Risk Committee Meeting 5 October 2020

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.

A Livestream link for the public is available on the City's website.

The public can continue to participate by submitting questions and addresses via the required online submission forms at:

<http://www.nedlands.wa.gov.au/intention-address-council-or-council-committee-form>

<http://www.nedlands.wa.gov.au/public-question-time>

Mark Goodlet
Chief Executive Officer
30 September 2020

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City of Nedlands

Notice of a meeting of the Audit & Risk Committee to be held on Monday 5 October 2020 at 5.30 pm online via teams. Committee Members and the public are permitted to attend in person in the Council Chamber, at 71 Stirling Highway, Nedlands.

Audit & Risk Committee Agenda

Declaration of Opening

The Presiding Member will declare the meeting open at 5.30 pm and will draw attention to the disclaimer below.

Present and Apologies and Leave of Absence (Previously Approved)

Leave of Absence (Previously Approved) None at distribution of agenda.

Apologies None at distribution of 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 directly afterwards.

2. Questions must relate to a matter contained within the agenda of this meeting. 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 and/or Proximity 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). This association is (nature of the interest).

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 & Risk Committee Meeting 31 August 2020

The minutes of the Audit & Risk Committee held 31 August 2020 are to be confirmed.

7. Matters for Which the Meeting May Be Closed

Council, in accordance with Standing Orders and for the convenience of the public, is to identify any matter which is to be discussed behind closed doors at this meeting, and that matter is to be deferred for consideration as the last item of this meeting.

8. 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.

8.1 Internal Audit Action Log

Committee	5 October 2020
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll – Director Corporate & Strategy
Attachments	1. Internal Audit Actions Log – Archive; and 2. Internal Audit Actions Log - Main
Confidential Attachments	Nil.

Executive Summary

The attached Internal Audit Actions Log contains details of the matters raised by the Auditors during the City’s Internal Audit program. The list apportions information detailing the Log Reference, Dates – Open, Due and Closed, Business, Audit Status, Name and Action, Owner, Original and Revised Due Dates, Action, Owner and Status Comments.

The recently updated internal audit Actions Log is presented to the Audit and Risk Committee for their information.

Recommendation to Committee

The Audit and Risk Committee receives the internal audit actions Log.

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 Log.

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

The recently updated internal audit Actions Log is presented to the Audit and Risk Committee for their information. We have recently updated the log to a more optimise process. All past iteams are under the Archive tab. The log will be managed on one page which is the Main sheet of the register.

Key Relevant Previous Council Decisions:

Nil

Consultation

Nil.

Strategic Implications

As part of our measures identified within the SCP for Great governance and civic leadership, ongoing management of internal audit items assists towards this goal. This register has improved our ability to identification and management of both audit items and potential risk.

Who benefits?

All will benefit from a more streamlined method of capture and simpler method of filtering closed and open items.

Does it involve a tolerable risk?

This reduces our risk exposures as it provides a method of management by measuring our actions and outcomes.

Budget/Financial Implications

Nil.

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

8.2 2020/21 Insurance & Brokerage Services

Committee	5 October 2020
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll – Director Corporate & Strategy
Attachments	1. LGIS Renewal Report
Confidential Attachments	Nil.

Executive Summary

The report is presented to the Audit and Risk Committee to outline the activities undertaken by the City's Management regarding the Insurance Renewal for the 2020/21 year. Further, the objective of the report is to inform the Audit and Risk Committee that the City's Management have successfully renewed the expiring Insurance Program with LGIS who were awarded the service contract as a part of tender process.

Recommendation to Committee

- 1. The Audit and Risk Committee receives the report and notes the information and contents of the report.**
- 2. The Audit and Risk Committee receives the Insurance Renewal report and notes information and contents of the report.**

Discussion/Overview

The provision of Insurance Brokerage and Risk Management Service is a key focus area of the Strategic Plan and provides compliant governance to the Council. Recently, the City conducted a Tender Process for Insurance & Brokerage Services and appointed Local Government Insurance Scheme (LGIS) – an Industry Based Self-Insurance service as the City's insurance broker for the 2020/21 financial year.

Management advice to LGIS was an expectation of reduced costs and broader coverage, following thorough and productive discussions with key LGIS representatives, a renewal strategy has been agreed with the best premiums possible, pleasingly **early indications are of \$90,000 + in savings in comparison to last year**, additionally, the program includes options to improve or broaden coverage.

The deployment of the agreed strategy resulted in the following:

PARTICULARS	2019/20 ACTUAL TOTAL PREMIUM (\$)	2020/21 BUDGETT ED TOTAL PREMIUM (\$)	2020/21 ACTUAL TOTAL PREMIUM (\$)	PRO-RATA TOTAL PREMIUM – 1 OCT 2020 TO 30 JUNE 2020 (\$)	REDUCTION (%) IN 2019/20 ACTUAL PREMIUM T O 2020/21 ACTUAL PREMIUM
Insurance Premiums	595,129.74	634,917.00	505,681.59*	379,260.68*	15%
TOTAL PREMIUM	595,129.74	634,917.00	505,681.59	379,260.68	15%

* **INDICATIVE COST** – The costs are indicative as the Motor Fleet class Insurance will be finalised before 30 September 2020. LGIS have advised that change will be insignificant and won't drastically impact the indicated total premium.

The clear direction provided by the City and the successful implementation of the agreed strategy by LGIS, resulted in the significant reduction of premiums compared to last year. Further, the City managed to obtain an optimum program providing far better overall coverage and reduced claims deductibles compared to the current insurance program. This represents a very positive outcome for the City particularly in the prevailing insurance environment.

Key Relevant Previous Council Decisions:

Ordinary Meeting of Council 25 August 2020, Item 12.4 Report No. CPS17.20

“Council:

1. ***accepts the City's recommendation to award the contract for RFT 2020-21.01 - Brokerage, Management and Consultancy Services to LGIS for the initial term of 24 months with the option of a further 12 months to be awarded at the sole discretion of the City; and***
2. ***authorises the CEO to enter into a contract with the accepted tenderer.***

Consultation

Nil.

Strategic Implications

How well does it fit with our strategic direction?

The provision of Insurance Brokerage and Risk Management Service is a key focus area of the Strategic Plan and assists Council to be compliant with good governance and risk management requirements.

Who benefits?

The City and wider community will benefit from implementing an enhanced insurance program to manage the operational, strategic and financial risks faced by the City in the challenging times.

Does it involve a tolerable risk?

As a part of insurance program renewal strategy, the City conducted thorough evaluation process for the Insurance Program. Accordingly, the City has identified an optimum program to replace the existing insurance program and thus reducing inherent risk. Further, management will liaise with LGIS to manage and mitigate residual risk associated with each insurance coverage.

Do we have the information we need?

Yes.

Budget/Financial Implications

Can we afford it?

The cost of insurance premiums and brokerage fees are within the City's existing monetary budget limits for the 2020/21 Financial Year.

How does the option impact upon rates?

The implemented insurance program has resulted in significant savings to the City and has an overall positive impact on the City's financial performance. Accordingly, the new insurance program will not result in the increment of rates levied to the ratepayers.

8.3 Internal Auditor Status Update

Committee	5 October 2020
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	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).
Director	Lorraine Driscoll – Director Corporate & Strategy
Attachments	1. Audit & Risk Committee Agenda Paper – Memorandum from Moore Australia; 2. Request for Quotation Review of Risk, Internal Control Systems and Legislative Compliance; and 3. Transparency Report: Current Status of WA Health's Covid-19 Response Preparedness.
Confidential Attachments	Nil.

Executive Summary

The objective of this report is to deliver the Risk and Audit Committee with background information on the updated status from the firm who carries out our internal audits, Moore Australia.

Recommendation to Committee

The Audit & Risk Committee Notes:

1. the status update of Moore Australia detailed below ;
2. quote for the Review of Risk, Internal Control systems and Legislative Compliance (attachment 1); and
3. the transparency Report: Current Status of WA Health's Covid-19 Response Preparedness (attachment 2).

Discussion/Overview

Moore Australia are the City's Internal Auditors, whose role is to better prepare the City and address issues as they are identified.

Draft Payroll Report

The draft Internal Audit Report Payroll Report was provided to Management on 25 August 2020. We are awaiting comments to be provided to finalise this report. It is planned to present it at the next Audit and Risk Committee meeting after the report has been finalised.

Strategic Internal Audit Plan

A draft Strategic Internal Audit Plan is being prepared for the years ending 30 June 2021 to 2023. The audit topic of revenue has been agreed with Management. Moore Australia are currently liaising with Management to determine additional proposed audit topics.

Regulation 17 Proposal

Moore Australia has prepared a revised Regulation 17 proposal for the City of Nedlands. Moore Australia are committed to the same fee that was proposed to the City of Nedlands in September 2019. Please refer to Appendix 1.

Internal Audit Team

Anne Cheng has resigned from Moore Australia. Michelle Shafizadeh and Duy Vo will be the main contact for the internal audit for the City of Nedlands.

Internal Audit Recommendations

Further internal audit recommendations have not been verified since our last Audit and Risk Committee attendance. These will be performed in October 2020.

Strategic Implications

How well does it fit with our strategic direction?

This course of action will keep the city in the best position regarding our readiness for any audits.

Who benefits?

This service has enabled to the City to provide a better outcome to the city and the community, providing continuing audit support and services.

Does it involve a tolerable risk?

All services have a level of risk due to change. To mitigate that risk the city engaged Moore Australia to carry out internal audits in preparation of external audits. This engagement strategy has been put in place to maximize the service and to keep abreast with our position to all our audits.

Do we have the information we need?

Yes, we have regular meeting at which we plan on going areas of concern regarding audit issues as they arise.

Budget/Financial Implications

Can we afford it?

Yes, we can afford the services as this is a budgeted item.

How does the option impact upon rates?

Nil.

8.4 2019/20 Year end Results

Committee	5 October 2020
Owner	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll – Director Corporate & Strategy
Attachments	Nil.
Confidential Attachments	Nil.

A verbal update will be provided during the meeting.

9. Urgent Business Approved By the Presiding Member or By Decision

Any urgent business to be considered at this point.

10. Confidential Items

10.1 Business Platform (Finance) and Outsourced Payroll Services

Report circulated to Committee Members prior to the meeting.

11. Date of next meeting

The next meeting of the Audit & Risk Committee will be held on 9 November 2020 at 5.30 pm.

Declaration of Closure

There being no further business, the Presiding Member will declare the meeting closed.