

# **TOWN OF COTTESLOE**



## **AUDIT COMMITTEE**

# **AGENDA**

**AUDIT COMMITTEE  
TO BE HELD IN THE  
Mayor's Parlour, Cottesloe Civic Centre  
109 Broome Street, Cottesloe  
4:30 PM Wednesday, 13 March 2024**

# Town of Cottesloe

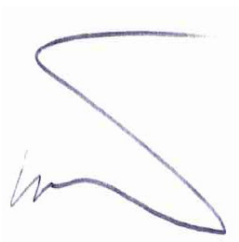
## AUDIT COMMITTEE MEETING

Notice is hereby given that the next Audit Committee Meeting will be held in the Mayor's Parlour, Cottesloe Civic Centre

109 Broome Street, Cottesloe on **13 March 2024** commencing at **4:30 PM**.

The business to be transacted is shown on the Agenda hereunder.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'William Scott', is written over a faint, larger, stylized 'S' shape.

William Matthew Scott  
**Chief Executive Officer**

13 March 2024

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Members of the public should note that no action should be taken on any application or item discussed at a committee or council meeting prior to written advice on the resolution of council being received.

Agenda and minutes are available on the Town's website [www.cottesloe.wa.gov.au](http://www.cottesloe.wa.gov.au)

## **PURPOSE**

The purpose of the Audit Committee is to:

- Guide and assist the local government in carrying out its financial management and audit functions.
- Monitor and advise the Chief Executive Officer in reviews conducted into financial management and audit systems and procedures.
- Oversee the implementation of any resulting Council recommendations so as to support better decision-making, greater accountability to the community and ensure a more efficient and effective Local Government.

## **TERMS OF REFERENCE**

Under section 16 of the *Local Government (Audit) Regulations 1996*, an audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
  - (i) *its functions under Part 6 of the Act; and*
  - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) *to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*
  - (i) *report to the council the results of that review; and*
  - (ii) *give a copy of the CEO's report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
  - (i) *regulation 17(1); and*
  - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
  - (i) *is required to take by section 7.12A(3); and*
  - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
  - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
  - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

Under section 14(3A) of the Regulations, the Audit Committee:

- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*

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**1 DECLARATION OF MEETING OPENING/ANNOUNCEMENT OF VISITORS****1.1 ACKNOWLEDGEMENT OF COUNTRY**

I would like to begin by acknowledging the Whadjuk Nyoongar people, Traditional Custodians of the land on which we meet today, and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

**2 DISCLAIMER**

Refer to the Disclaimer on the inside of the cover page

**3 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

The meeting will be recorded, solely for the purpose of confirming the correctness of the Minutes.

**4 ATTENDANCE****Members**

Mayor Lorraine Young	Elected Member
Cr Helen Sadler	Elected Member
Cr Sonja Heath	Elected Member
Cr Jeffrey Irvine	Elected Member
Mr Andrew Dimsey	Community Representative
Mr Ian McKenzie	Community Representative

**Officers**

Mr Matthew Scott	Chief Executive Officer
Mr Shane Collie	Director Corporate and Community Services
Ms Irene Wai Shan Au-Yeung	Assistant Finance Manager
Ms Sheryl Teoh	Finance Manager

**Visitors****Apologies**

Mr Nathan Hart	Community Representative
Ms Kate Saunders	Executive Services Officer

**5        DECLARATION OF INTERESTS****6        CONFIRMATION OF MINUTES**

That the Minutes of the Audit Committee Meeting held on Monday 11 March 2024 be confirmed as a true and accurate record.

**7        PRESENTATIONS**

**8 REPORTS****8.1 REPORTS OF OFFICERS****8.1.1 ENTERPRISE RESOURCE PLANNING - INSIGHTS FROM SIMILAR COUNCILS**

**Attachments: 8.1.1(a) ERP - Insights from the Town of Mosman Park for the Implementation of Datascape [under separate cover]**

The Administration provides that attached information to share insights into the challenges experienced by the Town of Mosman Park and the Town of Claremont in the implementation of the new ERP system as requested to be explored at the previous meeting. The Town of Claremont's main challenge was staff burnout.

The key issues that have faced the Town of Cottesloe have been the following:

- Staff turnover, particularly in Finance and Human Resources.
- Attraction of backfill staff.
- Buy in from staff and continuing the enthusiasm for the project.
- Availability of key staff.

The Town has not reached the stage yet of some of the operational issues raised by Mosman Park however it is expected that we will experience some similar issues.

This detail is provided for the Audit Committee' information as requested.



**8.1.2 2022/23 AUDIT ADJUSTMENTS**

**Attachments: 8.1.2(a) 2022/23 Audit Adjustments [under separate cover]**

The Audit adjustments from the 2022/23 accounts are provided for the information of the Audit Committee, as requested at the previous meeting.

**8.1.3 AUDIT COMMITTEE RESOLUTION DATABASE**

**Attachments: 8.1.3(a) Audit Committee Resolution Database - February 2024 [under separate cover]**

The Audit Committee Resolution Database – February 2024 provides an update on Council resolutions put forward by the Audit Committee since the previous meeting. This is provided for information.

**8.1.4 COMPLIANCE AUDIT RETURN 2023**

**Directorate:** Corporate and Community Services  
**Author(s):** Shane Collie, Director Corporate and Community Services  
**Authoriser(s):** William Matthew Scott, Chief Executive Officer  
Shane Collie, Director Corporate and Community Services  
**File Reference:** D24/9369  
**Applicant(s):**  
**Author Disclosure of Interest:** Nil

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**SUMMARY**

With Council's approval, the Mayor and Chief Executive Officer are required to certify the 2023 Audit Compliance Return so that it may be lodged to the Department of Local Government by the due date of 31 March 2024.

**OFFICER RECOMMENDATION IN BRIEF**

That for Audit Committee endorse and recommend that Council adopt the 2023 Compliance Audit Return and authorise the Mayor and Chief Executive Officer to certify the Return so that it may be returned to the Department of Local Government and Communities by the due date of 31 March 2024.

**BACKGROUND**

Each year the Department of Local Government issues a Compliance Audit Return that covers a sample of legislative provisions required under the provisions of the *Local Government Act 1995*, which is required to be completed by staff and endorsed by Council prior to submission.

The Compliance Audit Return (CAR) covers 11 different categories and each category can have anywhere from 3 to 24 questions.

**OFFICER COMMENT**

The Compliance Audit Return for 2023 has been completed and it is recommended to be endorsed by the Audit Committee and for Council to adopt and further, authorise the Mayor and Chief Executive Officer to certify the Return so that it can be forwarded to the Department of Local Government and Communities.

There were no areas of non compliance raised in completing the Compliance Audit Return.

**ATTACHMENTS**

**8.1.4(a) Compliance Audit Return 2023 [under separate cover]**

**CONSULTATION**

Senior Staff.

**STATUTORY IMPLICATIONS***Local Government Act 1995***7.13 Regulations as to Audits**

- (1) (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are –
  - (i) of a financial nature or not; or
  - (ii) under this Act or another written law.
- (2) Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.

*Local Government (Audit) Regulations 1996 - Regulations 14 and 15***14. Compliance audits by local governments**

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be –
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

[Regulation 14 inserted in Gazette 23 Apr 1999 p. 1724-5; amended in Gazette 30 Dec 2011 p. 5580-1.]

**15. Compliance audit return, certified copy of etc. to be given to Executive Director**

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with –
  - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
  - (b) any additional information explaining or qualifying the compliance audit,is to be submitted to the Executive Director by 31 March next following the period to which the return relates.
- (2) In this regulation –  
Certified in relation to a compliance audit return means signed by –
  - (a) the mayor or president; and

(b) the CEO.

Local Government (Audit) Regulations 1996.

### **POLICY IMPLICATIONS**

There are no perceived policy implications arising from the officer's recommendation.

### **STRATEGIC IMPLICATIONS**

This report is consistent with the Town's *Council Plan 2023 – 2033*.

Priority Area 4: Our Leadership and Governance - Strategic leadership providing open and accountable governance.

Major Strategy 4.3: Deliver open, accountable and transparent governance.

### **RESOURCE IMPLICATIONS**

Resource requirements are in accordance with the existing budgetary allocation.

### **ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

There are no perceived sustainability implications arising from the officer's recommendation.

### **VOTING REQUIREMENT**

Simple Majority

### **OFFICER RECOMMENDATION**

**THAT the Audit Committee**

**ENDORSES and RECOMMENDS that Council ADOPT the 2023 Compliance Audit Return and AUTHORISES the Mayor and Chief Executive Officer to certify the Return so that it may be returned to the Department of Local Government and Communities by the due date of 31 March 2024.**

**8.1.5 MID-YEAR BUDGET REVIEW 2023/24**

**Directorate:** Corporate and Community Services  
**Author(s):** Sheryl Teoh, Finance Manager  
**Authoriser(s):** Shane Collie, Director Corporate and Community Services  
William Matthew Scott, Chief Executive Officer  
**File Reference:** D24/9381  
**Applicant(s):**  
**Author Disclosure of Interest:** Nil

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**SUMMARY**

In accordance with statutory requirements, the Audit Committee is presented with the mid-year budget review for the financial year ending 30 June 2024 for its consideration and recommendation on adoption by Council.

**OFFICER RECOMMENDATION IN BRIEF**

It is recommended that the Audit Committee recommend to Council the receipt of the Budget Review for the Financial Year 2023/24 and the adoption of the amendments contained therein.

**BACKGROUND**

Each year Council is presented with a mid-year budget review, prepared using six months of actual financial results compared against the budget predictions for the year to date. This allows performance against the budget to be measured, and if required, amendments to be made.

The mid-year review process also allows for factors that were not known at the time of forming the budget to be incorporated into the budget. This may be a change in the operating environment of the Council, funding opportunities not previously known or projects that were not included in original 2023/24 budget.

**OFFICER COMMENT**

The 2023/24 Budget was adopted by Council on 24 August 2023 with a balanced cash surplus. At Council's meeting held on 24 October 2023, Council adopted budget amendments for various engineering projects. These amendments did not impact the overall surplus position due to grant funding and reserve transfers balancing the associated expenditure (refer to Attachment page 8).

At Council's meeting on 12 December 2023, Council adopted the Audit Committee meeting minutes, which contained Council's final audited position for 2022/23, increasing the surplus brought forward into 2023/24 by \$322,920.

The present Budget Review proposes a net Budget Amendment of (\$108,895), refer to Attachment page 9 for details. The estimated end of year surplus for 2023/24, after this proposed Budget Amendment is \$214,025.

In general these adjustments are relatively small across a total Budget of over \$20 million and no further action is recommended. The Budget is tracking relatively close to that predicted.

Other key points noted are as follows:

- GL Account 10054.287.12 Parking Fines had an original budget of \$1,400,000 however due to a decrease in infringements issued this is revised down by \$60,000 giving a revised budget of \$1,340,000. With the busy Autumn period and Sculpture by Sea still to be included the revenue to make the original Budget still may be achievable.
- GL Account 57.9000.928 Other Operational Projects Cottesloe Village Centre Precinct Plan Town Planning & Regional Development \$324,373. This will not be completed this year and remaining funds will carry over to 2024/25. This does not impact the Budget Review figure.
- Enterprise Resource Planning IT System. Similar to the Cottesloe Village Precinct Plan noted above expenditure is still expected to occur however just at a later time. This project is running under Budget due to the difficulty in securing backfill finance staff which is also a factor in the delayed start.
- New Projects:  
Renewal of Irrigation at Jasper Green Park (\$10,500).  
Replacement of three Lighting Towers at the Civic Centre (\$15,000).

These two relatively minor projects have become necessary due to deterioration in the existing assets not known at the start of the year. For example one of the light towers in the Civic Centre ground fell some months ago prompting the inspection of others which has led to the required replacement due to safety concerns.

### **ATTACHMENTS**

**8.1.5(a) Budget Review Report [under separate cover]**

**8.1.5(b) Budget Review - Detailed Listing of Predicted Variances [under separate cover]**

### **CONSULTATION**

As a part of the preparation of the Budget Review senior staff have been consulted.

### **STATUTORY IMPLICATIONS**

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

#### **Regulation 33A. Review of Budget**

- (1) Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.

- (2A) The review of an annual budget for a financial year must-
- (a) Consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
  - (b) Consider the local government's financial position as at the date of the review; and
  - (c) Review the outcomes for the end of that financial year that are forecast in the budget.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the Council.
- (3) A Council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or recommendations made in the review.
- \*Absolute majority required
- (4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department of Local Government, Sport and Cultural Industries.

**POLICY IMPLICATIONS**

There are no perceived policy implications arising from the officer's recommendation.

**STRATEGIC IMPLICATIONS**

This report is consistent with the Town's *Council Plan 2023 – 2033*.

Priority Area 4: Our Leadership and Governance - Strategic leadership providing open and accountable governance.

Major Strategy 4.3: Deliver open, accountable and transparent governance.

**RESOURCE IMPLICATIONS**

The Budget Review has been conducted in house from existing resources.

**ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

There are no perceived sustainability implications arising from the officer's recommendation.

**VOTING REQUIREMENT**

Absolute Majority



**OFFICER RECOMMENDATION**

**THAT the Audit Committee by absolute majority**

- 1. RECEIVES the Budget Review for the Financial Year 2023/24;**
- 2. ADOPTS the amendments contained within the attached Budget Review document including the following new projects:**
  - (a) Renewal of Irrigation at Jasper Green Park (\$10,500)**
  - (b) Replacement of three Lighting Towers at the Civic Centre (\$15,000)**
- 3. Notes the estimated cash surplus at 30 June 2024 of \$214,025.**

**8.2 ITEMS FOR DISCUSSION****8.2.1 COMPLIANCE CALENDAR**

**Attachments: 8.2.1(a) 2024 Compliance Calendar - February 2024 [under separate cover]**

The Compliance Calendar has been adapted specifically for the Town of Cottesloe from the WALGA model to govern best practices across the calendar year.

The Compliance Calendar – February is provided for the information of the Audit Committee.

**9 GENERAL BUSINESS**

**9.1 COMMITTEE MEMBERS**

**9.2 OFFICERS**

**10 MEETING CLOSED TO PUBLIC**

**10.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

**11 NEXT MEETING**

**12 MEETING CLOSURE**