

AGENDA

Audit & Risk Committee Meeting

Monday, 22 April 2024

Notice of Meeting

To Mayor & Councillors

A Meeting of the Audit & Risk Committee of the City of Nedlands is to be held on Monday, 22 April 2024 in the Council chambers at 71 Stirling Highway Nedlands commencing at 5.30pm.

This meeting will be livestreamed - [Livestreaming Council & Committee Meetings » City of Nedlands](#)



Tony Free | Acting Chief Executive Officer
18 April 2024



Information

Audit & Risk Committee Meetings are run in accordance with the City of Nedlands Standing Orders Local Law. If you have any questions in relation to items on the agenda, procedural matters, public question time, addressing the Committee or attending meetings please contact the Executive Officer on 9273 3500.

Public Question Time

Public question time at an Audit & Risk Committee Meeting is available for members of the public to ask a question about items on the agenda. Questions asked by members of the public are not to be accompanied by any statement reflecting adversely upon any Council Member, Committee Member or Employee.

Questions should be submitted as early as possible via the online form available on the City's website: [Public question time | City of Nedlands](#)

Questions may be taken on notice to allow adequate time to prepare a response and all answers will be published in the minutes of the meeting.

Addresses by Members of the Public

Members of the public wishing to address Council in relation to an item on the agenda must complete the online registration form available on the City's website: [Public Address Registration Form | City of Nedlands](#)

The Presiding Member will determine the order of speakers to address the Council and the number of speakers is to be limited to 2 in support and 2 against any item on an Audit and Risk Committee Meeting Agenda. The Public address session will be restricted to 15 minutes unless the Council, by resolution decides otherwise.

Disclaimer

Members of the public who attend Audit and Risk Committee 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.

Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.



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1. Declaration of Opening

In Accordance with section 5.12 and schedule 2.3 division 1 of the Local Government Act 1995 the Acting Chief Executive Officer will declare the meeting open at 5.30pm and will draw attention to the disclaimer on page 2 and will advise that the meeting is being livestreamed and recorded.

2. Present and Apologies and Leave of Absence (Previously Approved)

**Leave of Absence
(Previously Approved)** Nil.

Apologies None as at distribution of this agenda.

3. Public Question Time

Public questions submitted to be read at this point.

4. Address by Members of the Public

Addresses by members of the public who have completed Public Address Registration Forms to be made at this point.

5. Disclosures of Financial Interest

The Presiding Member to remind Council Members 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.



6. Disclosures of Interest Affecting Impartiality

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

7. Declaration 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.

8. Confirmation of Minutes

8.1. Audit & Risk Committee Meeting Minutes – 8 April 2024

The Minutes of the Audit & Risk Committee Meeting 8 April 2024 are to be accepted as a true and correct record of that meeting.



9. Items for Discussion

9.1. ARC08.04.24 – Update from Independent Consultant – Mr Craig Ross

Meeting & Date	22 April 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Craig Ross – Independent Consultant
Acting CEO	Tony Free
Attachments	1. Progress Report - 2

Purpose

The Independent Consultant will be able to verbally present a report to the Audit and Risk Committee.

Recommendation

That the Audit and Risk Committee received the report from the Independent Consultant.

Voting Requirement

Simple Majority.

Background

Discussion

Consultation

Not applicable.



Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:

Vision **Sustainable and responsible for a bright future**

Pillar **Performance**

Outcome 11. Effective leadership and governance

Budget/Financial Implications

There are no budget or financial implications in this report.

Legislative and Policy Implications

Not applicable.

Decision Implications

The Committee will be presented with a report from Mr. Ross.

Conclusion

Mr Ross will present his report to the Committee.

Further Information

Nil.

To	City of Nedlands Audit & Risk Committee
From	Independent Consultant, Craig Ross
Date	17 April 2024
Subject	Progress Report 2

Background

This progress report summarises the remediation status of external audit findings identified by the Office of the Auditor General (OAG) during the audit of the financial report for the year ended 30 June 2023 of the City of Nedlands.

Other progress comments are also included associated with the audit of the financial report for the year ending 30 June 2024.

Progress work (6 April to 17 April 2024)

1. Introductory and preliminary audit planning meeting held on 10 April 2024 to discuss broad expectations and fieldwork timetable for the audit of the financial report for the year ending 30 June 2024. Attendees were representatives of the OAG, RSM, Director Corporate Services, Manager Financial Services and Craig Ross.
2. Matters discussed on 10 April 2024
 - Audit fieldwork to commence after 30 September 2024
 - 30 September 2024 the draft financial report for the year ending 30 June 2024 prepared together with complete and accurate underlying supporting accounting records and reconciliations
 - Audit findings identified by the OAG during the year ended 30 June 2023 to be addressed particularly findings with a pervasive impact, restatement of 30 June 2023 material line items and other comparative information disclosures
 - Remediation progress of audit findings to be provided regularly by the City of Nedlands to RSM and OAG
3. The status of “Significant” rated audit findings identified by the OAG for the year ended 30 June 2023 is summarised in the attached Appendix.
4. Continuing compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting accounting records and balance sheet reconciliations from OneCouncil, SharePoint directories, RSM audit repository portal and other email correspondence.

5. Within Technical Services a previously long-standing vacant Assets Officer operational role was filled on 8 April 2024 after not being able to attract a suitable candidate. Substantively the role is focused on the day-to-day management of asset data which is currently shared amongst the wider asset management team. Before taking on the substantive duties of the role, the Assets Officer will be assisting the OneCouncil team in the infrastructure fixed asset module implementation, reviewing the 30 June 2023 infrastructure revaluation report and methodology, and liaison role with Financial Services for alignment with the accounting fixed asset register.
6. Manager ITC position is currently open. Once the position is filled the remediation status of ITC significant findings for the year ended 30 June 2023 is to be discussed with the new Manager ICT and comments included in subsequent progress updates.
7. The remediation status of “Moderate” and “Minor” rated findings for the year ended 30 June 2023 is to be included in subsequent progress updates.

APPENDIX (17 April 2024 - Progress Report 2)

Summarised significant findings identified by the OAG during the audit of the financial report for the year ended 30 June 2023

Index of findings	Summarised significant findings (30 June 2023)	Summarised progress comments (17 April 2024)	Status
1. Review of external valuations	Multiple fixed assets registers. Infrastructure fixed asset register assessed for external valuation incomplete. Significant variances exist between the valuer's listing and the accounting fixed asset register.	1. Within Technical Services a previously long-standing vacant permanent Assets Officer operational role was filled on 8 April 2024. 2. The role to assist the OneCouncil team in the infrastructure fixed assets module implementation. 3. The role to review the 30 June 2023 infrastructure revaluation report and methodology, check completeness of infrastructure asset register, useful lives, and liaison role with Financial Services for alignment with the accounting asset register.	Open
2. Controls regarding Property, Plant & Equipment and Infrastructure process	Lack of reconciliations of the accounting fixed asset register and the infrastructure asset register. Lack of controls around postings to the general ledger for depreciation, additions, and capitalisation of capital work-in-progress.	Remains significant volume of work required to: 1. Prepare reconciliations of the fixed asset register and infrastructure asset register from 30 June 2022 through to present. 2. Review revaluation movements, componentisation, depreciation calculations, process additions and analyse capital work-in-progress. 3. Short term Assets Officer financial accounting role within Financial Services to be resourced.	Open
3. Supporting documentation to general journals	Manual journals posted without supporting documentation attached.	Controls introduced March 2024 with all manual journals going forward prepared and reviewed with underlying supporting documentation attached in OneCouncil.	Remediated
4. Bank signatories	Former City employees not removed on a timely basis as authorised signatories.	Bank authorising signature list updated by management for bank actioning, and currently awaiting update confirmation from the bank.	Partially remediated
5. Balance sheet reconciliations across material account balances	Lack of end-of-month balance sheet reconciliations between detailed listings and sub-ledgers to the general ledger, and clearing of suspense accounts.	1. Manager Financial Services commenced 25 March 2024 and has introduced a structured end-of-month balance sheet reconciliation and review process. 2. Process to be further formalised and embedded in future month ends. 3. Continuing compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting records and balance sheet reconciliations including journal and suspense account analysis.	Partially remediated
6. Understanding new accounting software (TechOne)	Shortcomings in software understanding and implementation progress alongside reporting deficiencies, created internal inefficiencies in analysing and reporting underlying financial accounting information.	Manager Financial Services has extensive OneCouncil operational and implementation experience and able to readily extract underlying financial accounting information and instruct as required the Finance Services team.	Remediated
7. Completeness and accuracy of transactions	Failure to properly update accruals and prepayment balances and account for transactions within the correct accounting period.	1. Structured end-of-month balance sheet reconciliation and review processes established in April 2024 includes accruals and prepayments across material account balances. 2. Process to be further formalised and embedded in future month ends.	Partially remediated



10. Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting is to be confirmed.

11. Declaration of Closure

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