

AGENDA

Audit Committee Meeting

Monday 17 June 2024

Notice of Meeting

To Mayor & Councillors

A Meeting of the Audit Committee of the City of Nedlands is to be held on Monday 17th June 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](#)



Keri Shannon | Chief Executive Officer
13 June 2024



Information

Audit 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 Governance Officer on 9273 3500.

Public Question Time

Public question time at an Audit 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 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 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 acting on any matter that they may have before Council.

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1. Declaration of Opening

The Presiding Member will declare the meeting open at 5.30 pm and acknowledge the Whadjuk Nyoongar people, Traditional Custodians of the land on which we meet, and pay respect to Elders past, present and emerging. The Presiding Member will draw attention to the disclaimer on page 2 and advise the meeting is being livestreamed.

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

Leave of Absence Nil
(Previously Approved)

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 will 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 reminded 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).

Consequently, 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 Committee Meeting Minutes – 6 May 2024

The Minutes of the Audit Committee Meeting 6 May 2024 are to be accepted as a true and correct record of that meeting.

8.2. Audit Committee Meeting Minutes – 20 May 2024

The Minutes of the Audit Committee Meeting 20 May 2024 are to be accepted as a true and correct record of that meeting.

8.3. Audit Committee Meeting Minutes – 5 June 2024

The Minutes of the Audit Committee Meeting 5 June 2024 are to be accepted as a true and correct record of that meeting.



9. Items for Discussion

9.1. ARC16.06.24 – Update from Moore

Meeting & Date	Audit Committee - 17 June 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Michael Cole Director Corporate Services
Director	Keri Shannon
Attachments	1. Moore Australia Agenda Paper ARC Meeting 17 June 22024

Purpose

This report is for Moore Australia to present its agenda paper to the Audit Committee.

Recommendation

That the Audit Committee receive the agenda paper from Moore Australia

Voting Requirement

Simple Majority.

Background

Moore Australia has submitted an agenda paper for the discussion at the Committee Meeting.

Discussion

This section should introduce the issues that have been considered and entertained in shaping the recommendation. This section should also introduce the options available to the Council.



Consultation

Nil.

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 financial implications to this report.

There may be budget implications when the report's recommendations are addressed in detail, where operational impacts are estimated and considered by the Administration, and then by Council at the appropriate time. There is no immediate budgetary implication to receiving this report.

Decision Implications

Should the recommendations be endorsed, administration will implement actions as outlined in report.

Conclusion

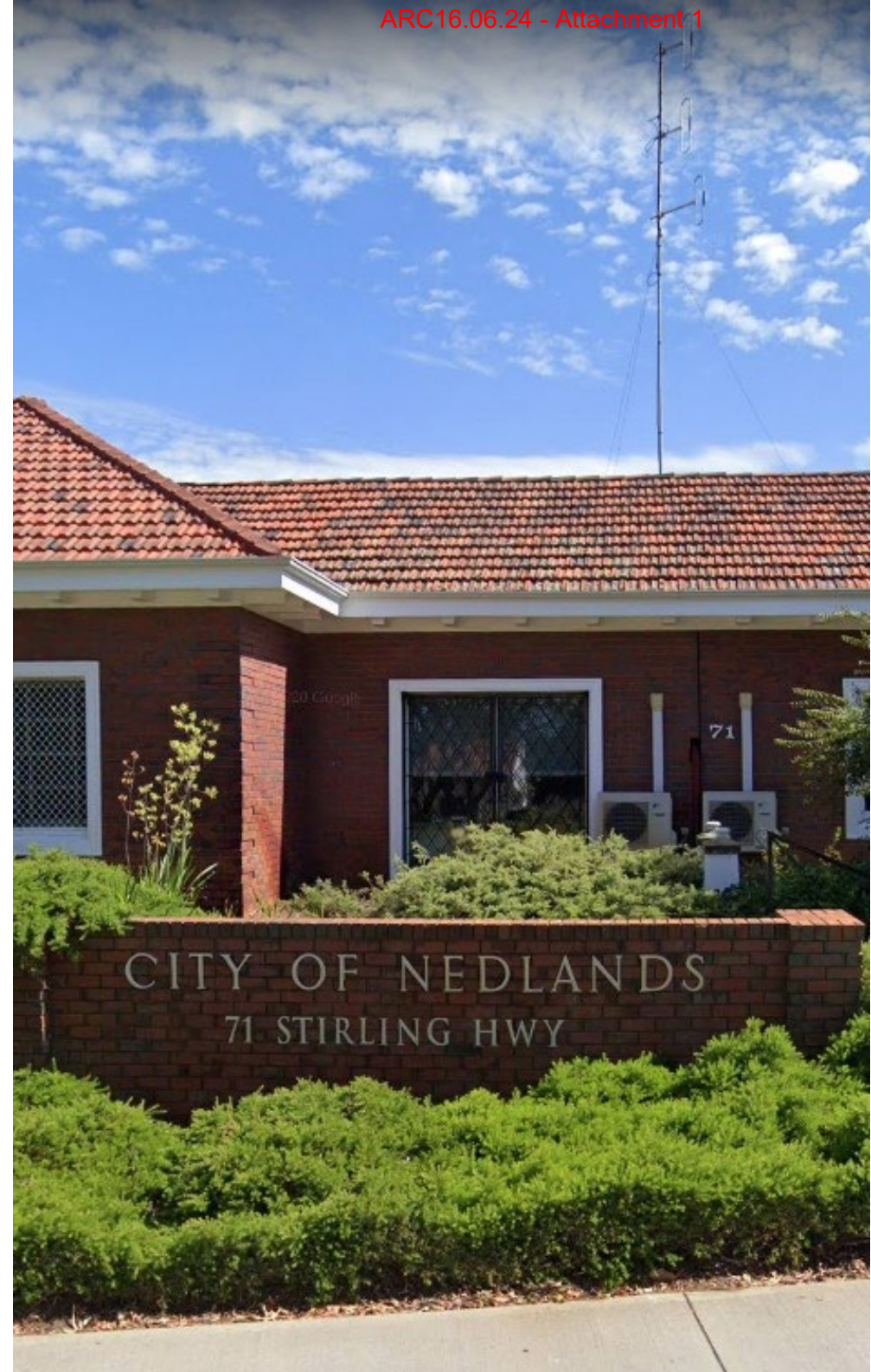
That Audit Committee receives the agenda paper from Moore Australia



AUDIT AND RISK COMMITTEE
MEETING AGENDA PAPER

**CITY OF NEDLANDS
INTERNAL AUDIT**

17 JUNE 2024



Internal Audit Report

1. Recommendation

That the Audit and Risk Committee (“ARC”):

- note the status of the City’s Strategic Internal Audit Plan for FY2024 and FY2025 (Refer to [Section 2](#))
- note the Audit Log information, insights, trends, and recommendations for Management. (Refer to [Section 3](#))
- note the publications which may be of interest to the Audit and Risk Committee (Refer to [Section 4](#))
- note the Office of the Auditor General (OAG) Tabled Reports since the last Audit and Risk Committee meeting. (Refer to [Section 5](#))

2. Strategic Internal Audit Plan for FY2024 and FY2025

Annual Internal Audit Plan – FY2024

Table 1 below presents the status of the City’s Annual Internal Audit Plan for FY2024, including details of finalised, not started, in progress and deferred internal audit engagements, if any.

No	Audit Topic	Financial Year	Status Update	Status
1	Procurement	2024	The draft report was sent for management comment on 27 March 2024 and the final report is expected to be tabled at the next Audit and Risk Committee meeting.	Pending Management. Comments
2	Cybersecurity	2024	The final report was issued to Management on 20 May 2024 and can be found in Appendix 2 .	Complete
3	Delegation of Authority	2024	The final report was tabled at the 20 May 2024 Audit and Risk Committee meeting.	Complete
4	Waste Management	2024	The final report was tabled at the February 2024 Audit and Risk Committee meeting.	Complete

Table 1: Status of FY2024 Internal Audit Engagements at 17 June 2024

2. Strategic Internal Audit Plan for FY24 and FY25 (cont.)

A) Annual Internal Audit Plan – FY2025

Table 2 below presents the status of the City's Annual Internal Audit Plan for FY2025, including details of finalised, not started, in progress and deferred internal audit engagements.

No	Audit Topic	Financial Year	Status Update	Status
1	Emergency Management	2025	The Statement of Scope was sent to the City on 10 April 2024. This engagement has been planned and has been paused as advised by the Audit and Risk Committee	Not Started
2	Fraud and Corruption (including Public Interest Disclosures)	2025	The Statement of Scope was sent to the City on 10 April 2024. This engagement has been planned and has been paused as advised by the Audit and Risk Committee	Not Started
3	Complaints Management	2025	This engagement has been brought forward into the current FY. The draft report was sent for management comment on 30 May 2024 and the final report is expected to be tabled at the next Audit and Risk Committee meeting.	Pending Management. Comments
4	Policy Framework	2025	The Statement of Scope was sent to the City on 10 April 2024. This engagement has been planned and has been paused as advised by the Audit and Risk Committee	Not Started
5	Community Engagement and Development	2025	The Statement of Scope was sent to the City on 10 April 2024. This engagement has been planned and has been paused as advised by the Audit and Risk Committee	Not Started
6	Infrastructure Management	2025	The Statement of Scope was sent to the City on 10 April 2024. This engagement has been planned and has been paused as advised by the Audit and Risk Committee	Not Started

Table 2: Status of FY2025 Internal Audit Engagements at 17 June 2024

3. Audit Log

Moore Australia WA have been validating the implementation of the internal audit recommendations since our appointment. Within this report we have provided the following for your information:

- a) Composition of the Audit Log – Audit Type
- b) Status of the Audit Log - Progress
- c) Recommendations Status – Audit Topic
- d) Recommendations Status – Responsible Officer
- e) Open Recommendations – Risk-Rating
- f) Details of Open Recommendations – High Risk Ratings



4. Audit Log (cont.)

a) Composition of the Audit Log- Audit Type

As of the 17th of June 2024, the City’s Audit Log contains three-hundred-twenty (320) recommendations through audit activities.

Those 320 recommendations are sourced from internal audits (248), OAG performance audits (22), and OAG financial audits (50).

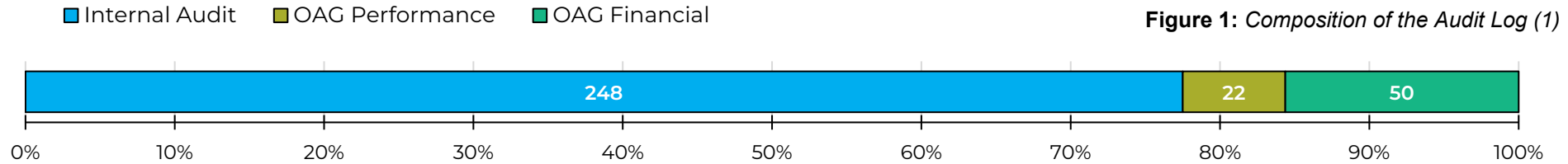


Figure 1: Composition of the Audit Log (1)

Of the total 320 recommendations, 169 (53%) of those have been validated as complete by Moore Australia – with the remaining 151 (47%) recommendations still open.

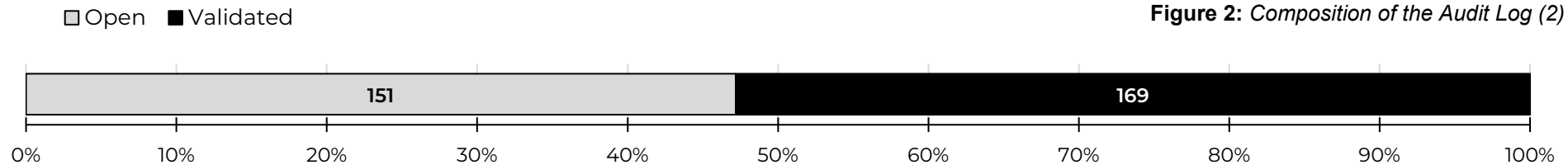


Figure 2: Composition of the Audit Log (2)

Of the 169 validated recommendations, one (1) of those were done since the prior reporting to the Audit and Risk Committee on the 5th of June 2024.

Figure 3 below shows the number of recommendations validated per quarter by their risk-rating.

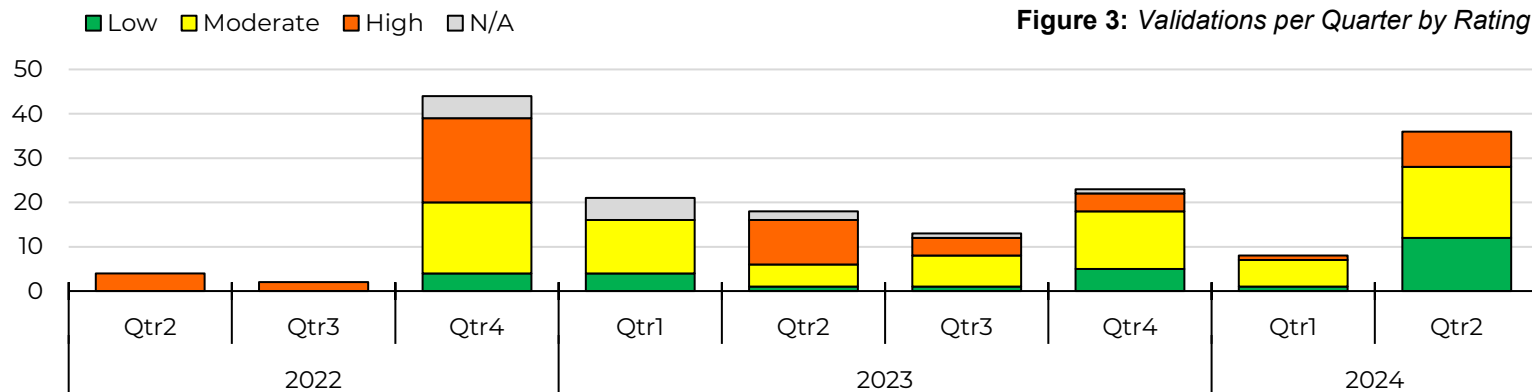


Figure 3: Validations per Quarter by Rating



4. Audit Log (cont.)

b) Status of the Audit Log

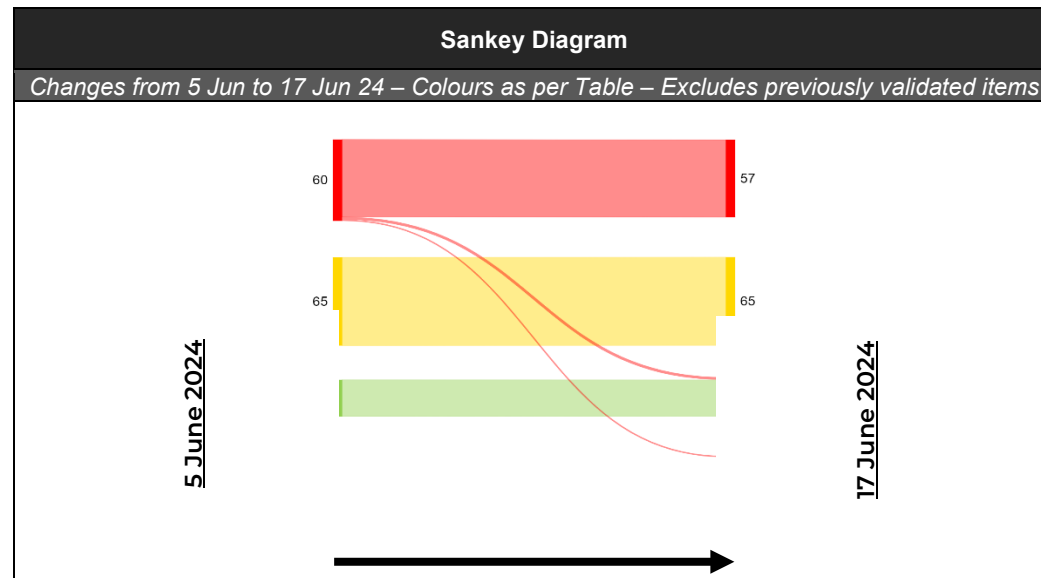
As of the 17th of June 2024, the City had 320 recommendations through audit activities. They are summarised in **Table 3**.

Since the last report presented to the Audit and Risk Committee on the 5th of June 2024:

- One (1) recommendation has been validated by Moore Australia as complete and recommended for closure.

Status	5 June 2024		17 June 2024	
	#	%	#	%
New (Not in Period)	-	-	-	-
Not Started	60	19%	57	18%
In Progress	65	20%	65	20%
Pending Evidence	27	8%	29	9%
Sub-Total (Open)	152	48%	151	48%
Validated / Closed	168	53%	169	53%
<u>Total (*Excluding New)</u>	<u>320</u>	<u>100%</u>	<u>320</u>	<u>100%</u>

Table 3: Status of Audit Log at 17 June 2024

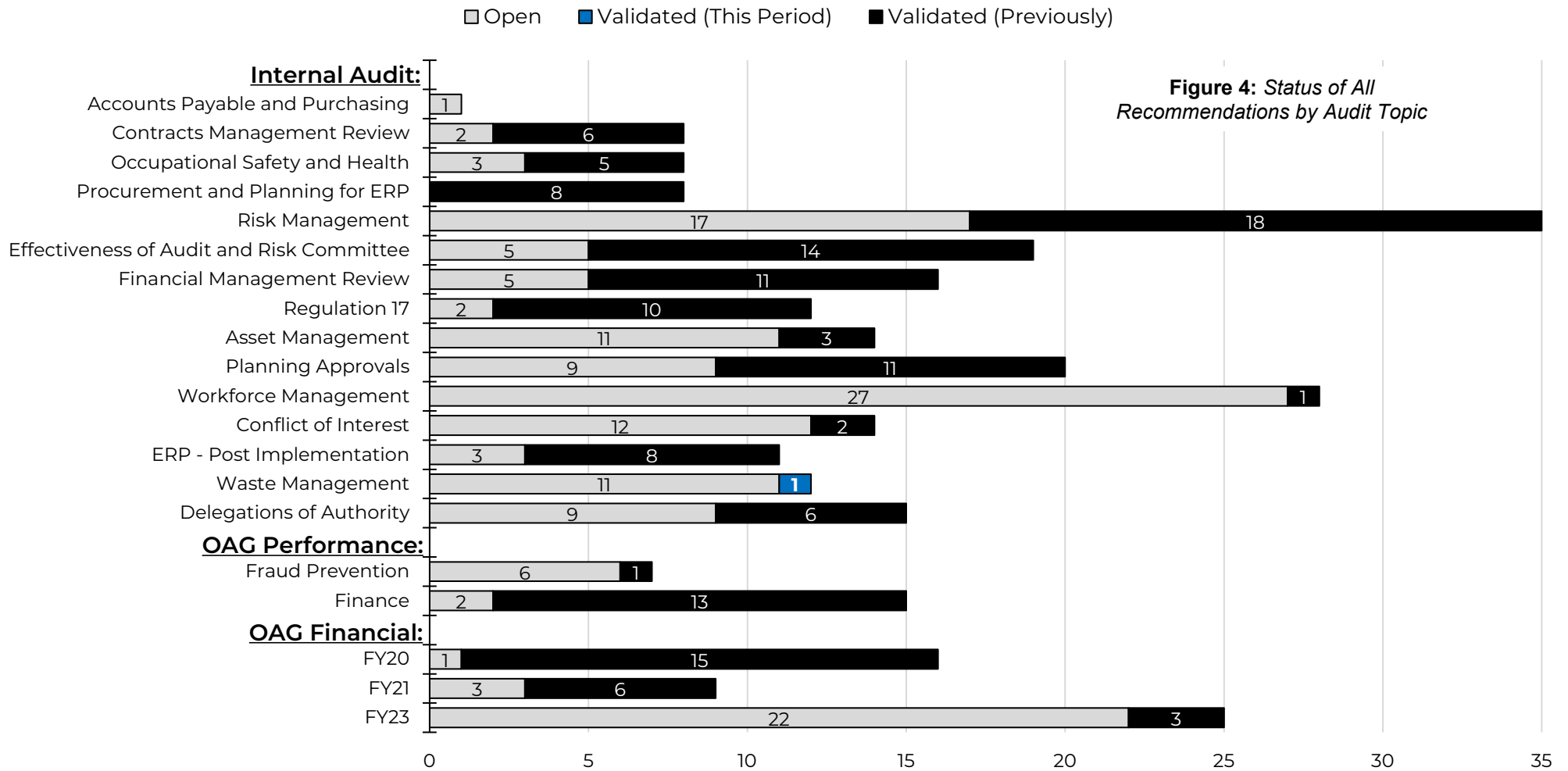




4. Audit Log (cont.)

c) Recommendations Status – Audit Topic

Figure 4 provides a breakdown of the status of all three-hundred-twenty (320) recommendations per audit topic† – including the one (1) item closed this period.



† Excludes previously fully closed audits:

Internal Audits: IT Policy Review (2), Business Continuity Review (7), Records Management (9), Payroll (9).



4. Audit Log (cont.)

d) Recommendations Status – Responsible Officer

Figure 5 below provides a breakdown of the status of the one-hundred-fifty-one (151) open recommendations per Responsible Officer.

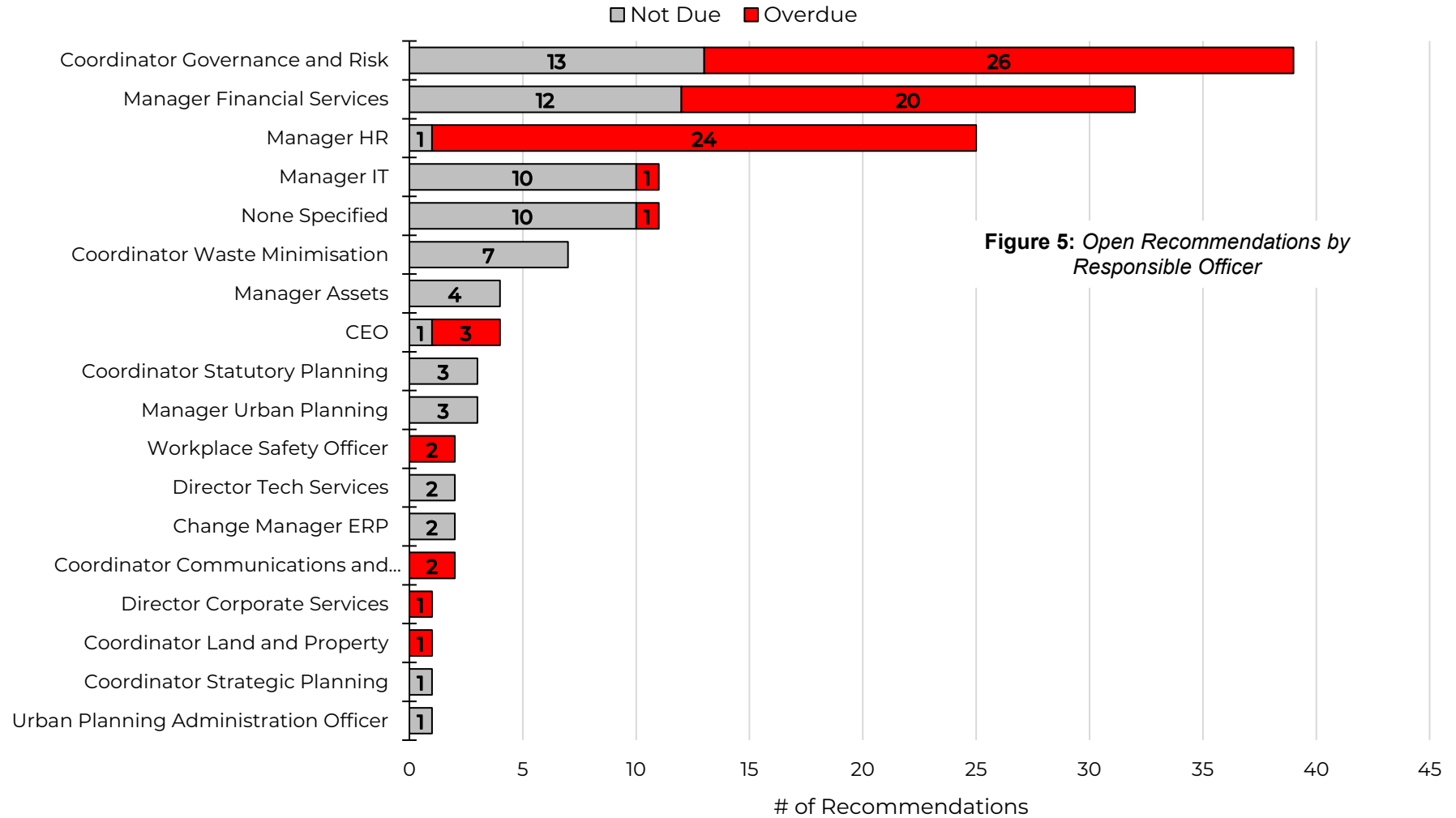


Figure 5: Open Recommendations by Responsible Officer

4. Audit Log (cont.)

e) Open Recommendations – Risk Rating

The diagrams below provide a breakdown of open recommendations per **Risk Rating**. We have used the City’s new risk rating scale in the Risk Management Framework which is provided in [Appendix 1](#) for ease of access.

N.B. – OAG Performance Audit Recommendations are not included as they did not include Risk Ratings.

Specifically for the internal audit items: we note the majority of open recommendations, fifty-six (56) (48%), have a Moderate rating, followed by forty-three (43) (37%) as Low, followed by eighteen (18) (15%) with a High-Risk Rating.

We recommend that significant time and resources (recognising budget constraints) should be given to the High-Risk rated recommendations and to close these out as a matter of priority, followed by Moderate and Low risk items.

Figure 6: Open Internal Audit Recommendations by Risk Rating

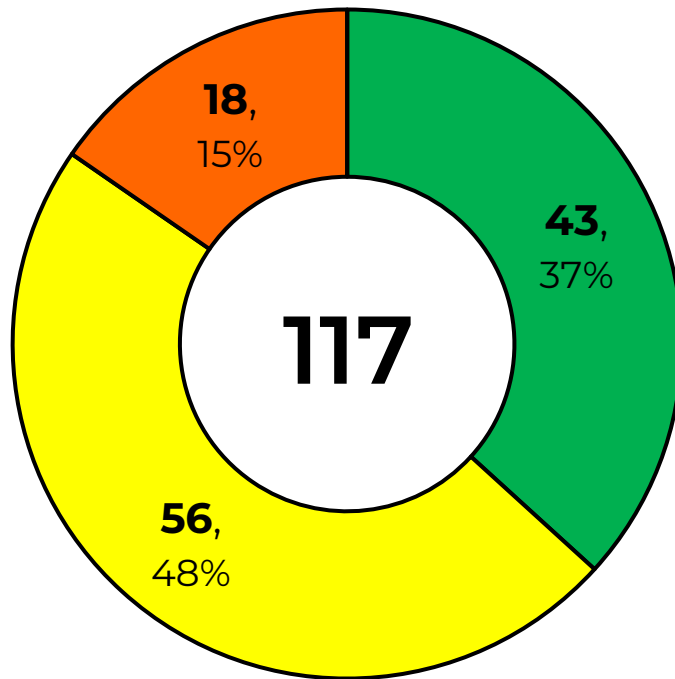
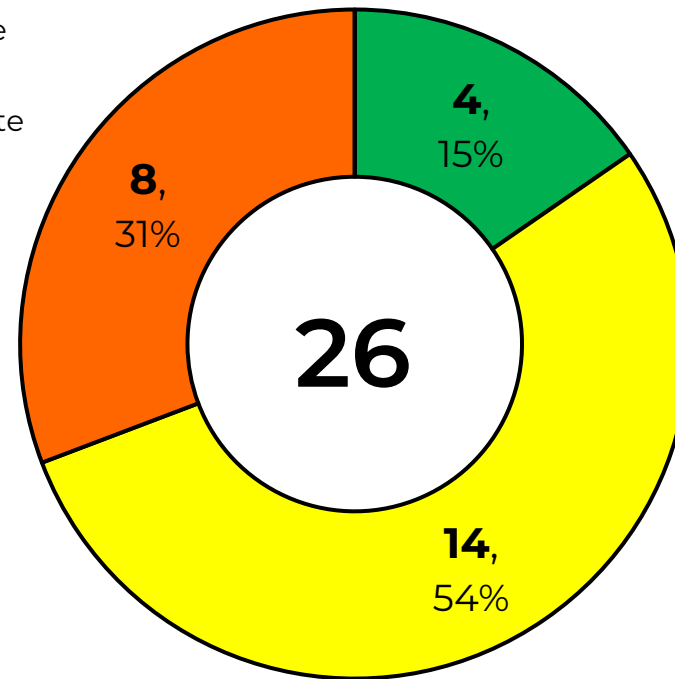


Figure 7: Open OAG Financial Audit Recommendations by Risk Rating

- Extreme
- High
- Moderate
- Low



5. Audit Log (cont.)

f) Details of Open Recommendations – High Risk Ratings

Below is a list of the twenty-six (26) open **High-Risk** recommendations (previously twenty-six (26)) were reported to the Audit and Risk Committee on the 5th of June 2024) per audit topic and status of each recommendation:

ID	Audit Topic	Recommendation	Rec Owner	Due Date	Days Overdue	Status
47	Occupational Safety and Health	The City should: 1) clearly document the key roles including competency and key training requirements; 2) investigate the training status and competency of staff in key OSH related positions; 3) recruit and have acting people in these roles only when they meet these key competencies and training requirements 4) update relevant staff training and certification on MYOSH (i.e. the City's system for OSH) 5) establish a City central register for each site on the OSH related training. For example first aid certifications, fire warden training and other related certifications); and 6) monitor expiry dates and ensure that qualifications are renewed and refresher training on a regular basis or when legislative requirements change.	Manager HR	30-Apr-22	779	In Progress
49	Occupational Safety and Health	The City should: 1) develop KPI's for monitoring OSH outcomes; 2) ensure KPI's are approved by the EMT; 3) determine the frequency and method of monitoring its progress against the stated objectives; and 4) regularly monitor; and report to the EMT and the Audit and Risk Committee the achievement of the OSH outcomes	Workplace Safety Officer	30-Apr-22	779	In Progress
29	Contracts Management Review	Regular Executive Reporting to Executive and the Audit and Risk Committee should take place.	Manager Financial Services	31-Aug-22	656	In Progress
30	Contracts Management Review	A Risk register should be developed	Manager Financial Services	31-Aug-22	656	In Progress
208	Conflict of Interest	Consider developing and implementing a formal budget dedicated to funding risk management and COI-related practices.	Coordinator Governance and Risk	30-Jun-23	353	Pending Evidence
213	Conflict of Interest	Develop and implement a Secondary Employment Register.	Manager HR	30-Jun-23	353	Not Started

ID	Audit Topic	Recommendation	Rec Owner	Due Date	Days Overdue	Status
217	Conflict of Interest	Develop and implement a COI training program for Council, Management, employees, contractors and volunteers which is supplemented by assessment components and scheduled refresher training. This should be underpinned by a COI training program for risk and COI related activities. Training materials and attendance should records be maintained.	Coordinator Governance and Risk	31-Oct-23	230	Not Started
218	Conflict of Interest	Employees should be requested to declare any actual, potential, or perceived conflicts of interest upon hire, confirm their existence or absence once a year and be familiarised with the processes in which they can submit COI declarations at any given point in time. All conflicts should be recorded in the Conflicts of Interest Register and be managed in accordance with the policy and procedure already in place.	Coordinator Governance and Risk	31-Oct-23	230	Not Started
219	Conflict of Interest	Consider conducting background and due diligence checks on potential staff, suppliers, contractors and business partners, particularly in circumstances that involve elevated risk.	Manager HR	31-Oct-23	230	Not Started
220	Conflict of Interest	Consider performing data analytics to identify undeclared conflicts of interest. This may include but is not limited to implementing periodic comparison of vendor information with current employees' information such as addresses and telephone numbers.	Manager Financial Services	31-Oct-23	230	In Progress
221	Conflict of Interest	Consider a review of the policy and procedure already adopted by the City to ensure that it meets the required objectives. Partner this with recommendation 5, in developing and implementing a training program for the City to ensure that all stakeholders are aware of the requirements of the policy and procedure to adopt them effectively.	Coordinator Governance and Risk	31-Oct-23	230	In Progress
84	Risk Management	Develop, approve, monitor and report on a Risk Appetite, Risk Tolerance within the City and then consider these in relation to the Residual Risk rating and whether the City are within the Risk Appetite and Risk Tolerance.	Coordinator Governance and Risk	31-Mar-24	78	In Progress
89	Risk Management	Development and approve a comprehensive Fraud and Corruption Control Framework, Fraud and Corruption Control Policy, Fraud and Corruption Control Procedure Fraud Risk Assessment, Fraud Risk Register, Fraud Incident Register which aligns to the Fraud and Corruption Control Standard.	Manager Financial Services	31-Mar-24	78	In Progress
OAG-31	FY23	We recommend that the project on transition of the accounting system should be properly managed and implemented only upon a successful migration of the data. We also recommend for management to engage TechOne's service support to ensure all reports can be extracted and reconciled, with variances from the migration process investigated and resolved.	Director Corporate Services	31-Mar-24	78	In Progress
OAG-26	FY23	It is recommended that management review the completeness of their asset listings within their fixed asset register against the valuer's report to ensure that all items are revalued. In addition, management establish an understanding behind the valuer's calculations, and challenge the assumptions used to justify the report.	Manager Financial Services	30-Jun-24	Not Due	In Progress

ID	Audit Topic	Recommendation	Rec Owner	Due Date	Days Overdue	Status
OAG-27	FY23	It is recommended that management implement the correct controls as well as safeguarding behind Property, Plant and Equipment and Infrastructure assets, given the significant of the balance in the City's financial statements.	Manager Financial Services	30-Jun-24	Not Due	In Progress
OAG-32	FY23	We recommend that management perform a reconciliation of all accounts and transactions to correctly determine all section balances as at year end. We also recommend that management update its accruals and prepayment balances to ensure that all transactions are accounted for within the correct accounting period.	Manager Financial Services	30-Jun-24	Not Due	In Progress
OAG-41	FY23	The City should: Ensure users with privileged access have a separate non-privileged account to perform normal work activities. Utilise uniquely identifiable privileged accounts for an accurate audit trail of privileged actions. Develop and configure a new password standard for privileged users that is more complex than the generic password standard for all users. Ensure all privileged accounts belong to authorised users and are removed when no longer required.	Manager IT	30-Jun-24	Not Due	Not Started
OAG-42	FY23	The City should: Configure an additional authentication method to provide a second layer of defence when accessing a user's virtual desktop. Enable MFA for active Authority user accounts. Prevent the use of shared user accounts and ensure passwords are changed appropriately. Align the current password history configuration to the documented password policy. Set the minimum password age to at least one day or more. Update the documented password policy to reflect the current session lockout configuration.	Manager IT	30-Jun-24	Not Due	Not Started
OAG-43	FY23	The City should: Disable generic accounts that do not serve a business function. Define and endorse a formalised approach to review user access which aims to appropriately restrict user permissions based on job function, prevent segregation of duty conflicts, and disable accounts that no longer have a purpose or function while maintaining a documented and auditable evidence trail of the reviews performed. Regularly perform segregation of duty reviews for the TechOne financial application. Disable accounts of terminated personnel in a timely manner. Disable accounts that do not belong to authorised personnel.	Manager IT	30-Jun-24	Not Due	In Progress
OAG-44	FY23	The City should: Ensure active accounts belong to currently employed staff only. Define and endorse a formalised approach to review user access which aims to appropriately restrict user permissions based on job function, prevent segregation of duty conflicts, and disable accounts that no longer have a purpose or function while maintaining a documented and auditable evidence trail of the reviews performed. Disable accounts of terminated personnel in a timely manner. Disable accounts that do not belong to authorised personnel.	Manager IT	30-Jun-24	Not Due	Not Started
209	Conflict of Interest	Consider appointing a resource to perform risk management including COI practices within the City. A Senior Governance Officer position is referred to in the City's Policy documents. We understand that the position of "Coordinator Governance and Risk" is currently being recruited at the City.	None Specified	N/A	No Due Date	Pending Evidence

ID	Audit Topic	Recommendation	Rec Owner	Due Date	Days Overdue	Status
211	Conflict of Interest	Ensure that the City's Register of Financial Interest is updated to include all required information, including all Primary and Annual Declarations in the form prescribed by legislation.	None Specified	N/A	No Due Date	Pending Evidence
212	Conflict of Interest	Ensure that the City's website is updated to include all information disclosures as per legislative requirements.	None Specified	N/A	No Due Date	Pending Evidence
214	Conflict of Interest	Consider adding an additional column to the electronic gifts register to distinguish between the date of the declaration and the date of the record to evidence compliance with the 10 day rule.	None Specified	N/A	No Due Date	Pending Evidence
216	Conflict of Interest	Implement control procedures to ensure that an up-to-date version of the register is uploaded to the City's website in accordance with legislation.	None Specified	N/A	No Due Date	Pending Evidence

Table 4: List of Open Recommendations – High Risk

4. Publications

Moore Australia has identified the following reports which may be of interest to Management. This is presented in **Table 5** below.

Organisation and Report	Details	Issue Date
PSC Public interest disclosure officer contact directory (www.wa.gov.au)	Contact details for PID officers across all public authorities.	5 June 2024
DLGSC Local Government Long Service Leave (dlgsc.wa.gov.au)	Guidance on the Local Government (Long Service Leave) Regulations 2024 and leave entitlements of local government employees.	30 April 2024

Table 5: Publications which may be of interest.

5. Office of the Auditor General

A role of internal audit is to help Management to identify where risks are and to identify the controls and treatment actions in place to mitigate those risks, or to report the lack of these controls and treatment actions. A risk for all State and Local Government entities is the risk the Auditor General will perform a performance audit and report the results to Parliament which depending on the results, may identify significant un-identified risks and affect the credibility with Parliament, the community, and other stakeholders. Moore Australia WA assist our clients to be “audit ready” to reduce their credibility risk.

7.1 Tabled Reports

Tabled Auditor General reports can provide an opportunity for State and Local Government entities to assess their policy framework and practice and to identify areas where improvements can be made. It can also identify internal audit topics which may be useful to include in the Strategic Internal Audit Plan. Set out below in **Table 6** are the Auditor General recently tabled reports. This excludes Section 82 Financial Management Act Ministerial Notifications Reports. These reports may be of interest to Management.

Tabled Reports	Date
Local Government Management of Purchasing Cards - Office of the Auditor General	12 June 2024
Local Government 2022-23 – Financial Audit Results - Office of the Auditor General	6 June 2024
Local Government IT Disaster Recovery Planning - Office of the Auditor General	31 May 2024

Table 6: Reports Recently Tabled by the Auditor General.

7. Office of the Auditor General (cont.)

7.2 Performance Audit Program

The OAG's forward performance audit topics can also be used to perform a self-assessment, to identify where there may be gaps within City of Nedlands, and where work needs to be performed to reduce your risks, including credibility risk. Set out below are the commenced audits with the anticipated tabling dates.

We provide here the link [Office of the Auditor General website](#) which identifies the audits that have commenced and their expected tabling date. The titles and anticipated tabling dates are detailed in **Table 7** below:

Performance Audit Title	Anticipated Tabling
Implementation of the Earlier Intervention and Family Support Strategy (State)	Q2 2024
Effectiveness of the Aboriginal Procurement Policy (State)	Q2 2024
Utilising Emergency Department Data (State)	Q2 2024
Management of staff exit controls in local government entities	Q2 2024
Local government physical security of server room assets (Local)	Q2 2024
Administration of state agreements (State)	Q2 2024
Release of restricted funds from special purpose accounts (State)	Q2 2024
Information Systems audit – Application reviews	Q3 2024

Table 7: Audit Reports included in the OAG Forward Audit Program.

6. Feedback

Moore Australia are happy to receive any feedback on the performance of the internal audit engagements. We can consider this feedback in the planning, execution, and reporting of future internal audits engagements.

7. Appreciation

We extend our appreciation to the Management and staff for their assistance provided to Moore Australia WA.:

8. Questions

Michelle Shafizadeh is attending the meeting to present the report and answer any questions the Audit and Risk Committee may have.

Appendix 1: Risk Ratings, Guidance and Action Required

Measures of Consequence									
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment	Project TIME	Project COST
Insignificant (1)	Near miss. Minor first aid injuries	Less than \$20,000	No material service interruption	No noticeable regulatory or statutory impact Threat of litigation No effect on contract performance	Unsubstantiated, low impact, no media involvement	Inconsequential or no damage.	Contained, reversible impact managed by on site response	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
Minor (2)	Medical type injuries / Lost time injury <30 days	\$20,001 - \$100,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances Single minor litigation	Substantiated, low impact, low news profile	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
Moderate (3)	Lost time injury >30 days	\$100,001 - \$500,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with no significant regulatory requirements imposed Single moderate litigation or numerous minor litigations	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
Major (4)	Long-term disability/multiple injuries	\$500,001 - \$1,000,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties Single major litigation	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
Catastrophic (5)	Fatality, permanent disability	More than \$1,000,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

Appendix 1: Risk Ratings, Guidance and Action Required (cont.)

Measures of Likelihood		
Level	Rating	Frequency
5	Almost Certain	More than once per year
4	Likely	At least once per year
3	Possible	At least once in 3 years
2	Unlikely	At least once in 10 years
1	Rare	Less than once in 15 years

Risk Ratings						
Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Appendix 1: Risk Ratings, Guidance and Action Required (cont.)

Risk Acceptance Criteria			
Risk	Description	Criteria	Responsibility
LOW (1-4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Coordinators / Operational Managers
MODERATE (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Managers
HIGH (10-16)	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management and subject to monthly monitoring	CEO / Executive
EXTREME (20-25)	Unacceptable	Risk only acceptable with effective controls, all treatment plans in place, managed by CEO and subject to continuous monitoring	CEO & Council

City of Nedlands Existing Controls Rating		
Rating	Foreseeable	Description
Effective	There is little scope for improvement.	Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
Adequate	There is some scope for improvement.	Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
Inadequate	A need for corrective and / or improvement actions exist.	Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.



Appendix 2: Cybersecurity Internal Audit Report

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9.2. ARC17.06.24 – Internal Audit Report Cyber Security

Meeting & Date	Audit Committee - 17 June 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Michael Cole Director Corporate Services
Director	Keri Shannon
Attachments	1. CONFIDENTIAL Internal Audit Cyber Security Report

Purpose

This report is for Moore Australia to present its agenda paper to the Audit Committee.

Recommendation

That the Audit Committee receive the agenda paper from Moore Australia

Voting Requirement

Simple Majority.

Background

Moore Australia has submitted an agenda paper for the discussion at the Committee Meeting.

Discussion

This section should introduce the issues that have been considered and entertained in shaping the recommendation. This section should also introduce the options available to the Council.

Consultation

Nil.



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 financial implications to this report.

There may be budget implications when the report's recommendations are addressed in detail, where operational impacts are estimated and considered by the Administration, and then by Council at the appropriate time. There is no immediate budgetary implication to receiving this report.

Decision Implications

Should the recommendations be endorsed, administration will implement actions as outlined in report.

Conclusion

That Audit Committee receives the agenda paper from Moore Australia



9.3. ARC18.06.24 - Update from Independent Consultant Report 6

Meeting & Date	Audit Committee Meeting – 17 June 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Craig Ross – Independent Consultant
CEO	Keri Shannon
Attachments	1. Progress Report - 6 2. Report 6 Appendix

Purpose

The Independent Consultant will verbally present a report to the Audit Committee.

Recommendation

That the Audit Committee receives the report from the Independent Consultant.

Voting Requirement

Simple Majority.

Background

N/A

Discussion

N/A

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 Committee
From	Independent Consultant, Craig Ross
Date	13 June 2024
Subject	Progress Report 6

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 (1 to 13 June 2024)

1. Continuing compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting accounting records and balance sheet reconciliations.
2. Substantial progress has been made with the compilation and review of the 30 June 2023 infrastructure Asset Masterfile by the Technical Services and Financial Services team. Adjustments and reconciliation processes for revaluation, asset additions/disposals, capital work in progress, and depreciation are underway.
3. Preliminary summarised comments on the remediation status of the four 'Significant' rated ICT audit findings for the year ended 30 June 2023 have been obtained from the Acting Manager ICT and Senior Information Technology Officer. These high level preliminary comments have been included in the attached Appendix, however are subject to the commencement of the Manager ICT on 17 June 2024.
4. Preparatory work for the 30 June 2024 end-of-year closing process and financial reporting action points is continuing by the Financial Services team.
5. Liaison with the auditor is ongoing who are currently drafting the Audit Planning Memorandum for the year ending 30 June 2024. The plan will include audit approach, key areas of audit focus, significant risks, critical areas in the financial report, and timetable milestones. Enquiries have already been made regarding physical asset count requirements as at year end.
6. The current remediation status of audit findings identified by the OAG for the year ended 30 June 2023 is summarised in the attached Appendix.

Any information provided is for the City of Nedlands sole use and any assumption of responsibility to any persons or users is disclaimed other than to the City of Nedlands.

APPENDIX (13 June 2024 - Progress Report 6)

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

Index of findings	Potential impact on audit opinion	Rating			Summarised findings (30 June 2023)	Summarised proposed action/progress comments (13 June 2024)	Status (13 June 2024)	Person responsible	Completion date
		Significant	Moderate	Minor					
FINANCIAL ACCOUNTING FINDINGS									
1. Review of external valuations	Yes	✓			Infrastructure assets listings assessed for valuation incomplete with significant variances compared to the accounting fixed asset register. Multiple fixed assets registers.	1. Assets Officer recruited and taskforce working group established with Financial Services.	Complete	Manager Assets & Manager Financial Services	
						2. Review of 30 June 2023 infrastructure assets revaluation methodology and key assumptions.	Complete	Manager Assets	
						3. Review and adjustment of missing asset items and variances between AssetFinda, valuer's listing and the accounting fixed asset register.	Ongoing	Manager Assets & Manager Financial Services	30-Jun-24
						4a. Review of 30 June 2023 infrastructure assets listing - Completeness and mathematical accuracy.	Complete	Manager Assets & Manager Financial Services	
						4b. Review of 30 June 2023 infrastructure assets listing - Asset classification and component grouping.	Complete	Manager Assets & Manager Financial Services	
						4c. Review of 30 June 2023 infrastructure assets listing - Useful lives and depreciation recomputation and adjustment.	Ongoing	Manager Assets & Manager Financial Services	30-Jun-24
						4d. Review of 30 June 2023 infrastructure assets listing - Asset Masterfile reconciliation to financial report and note disclosure	Complete	Manager Financial Services	
						4e. Preparation of infrastructure Asset Masterfile for financial reporting and audit purposes - Alignment of Asset Master file for revaluation and depreciation adjustments and reconciliation to OneCouncil financial accounting records.	Ongoing	Manager Assets & Manager Financial Services	30-Jun-24
						5a. Compilation of infrastructure Asset Masterfile.	Complete	Manager Assets	
5b. Preparation of Asset Masterfile for OneCouncil implementation purposes - Detailed compilation of technical and maintenance, and accounting data fields and reconciliation.	Substantially Open	Manager Assets & Manager Financial Services	31-Dec-24						
2. Controls regarding the Property, Plant & Equipment and Infrastructure process	Yes	✓			Reconciliations of the fixed assets register and the infrastructure asset register not undertaken. Regular depreciation posting to the general ledger, additions and capitalisation of capital works in progress not processed.	1. Accounting Services Coordinator recruited. Position responsible for day-to-day financial accounting processes, monthly reporting including fixed asset reconciliations.	Complete	Manager Financial Services	
						2. Finance Officer (Assets and Grants) recruited. Position responsible for the maintenance of the asset accounting procedures and fixed asset registers.	Complete	Manager Financial Services	
						3. Analyse capital work-in-progress expenditure and cost allocations, process additions, review depreciation calculations from 30 June 2022 to present.	Ongoing	Manager Financial Services	30-Jun-24
						4. Prepare movement schedules and reconciliations of Property, Plant & Equipment and Infrastructure to the underlying registers from 30 June 2022 to present.	Ongoing	Manager Financial Services	31-Jul-24
3. Supporting documentation for general journals	Yes	✓			Selected manual journals lacked proper explanation and supporting evidence.	Controls introduced March 2024 for manual journals to be appropriately prepared and reviewed with supporting documentation attached.	Complete	Manager Financial Services	
4. Bank signatories	Yes	✓			Former City employees not removed as signatories on a timely basis.	Bank authorising signatures list reviewed and sent to the bank for actioning.	Complete	Manager Financial Services	
5. Balance sheet reconciliations	Yes	✓			Lack of month end balance sheet reconciliations between detailed listings and sub-ledgers to the general ledger, and clearing of suspense accounts.	1. End-of-month balance sheet reconciliation process has been introduced and to be further formalised and embedded in future month ends.	Ongoing	Manager Financial Services	30-Jun-24
						2. Accounting Services Coordinator recruited. Position responsible for day-to-day financial accounting processes including balance sheet reconciliations.	Complete	Manager Financial Services	
						3. Management Accountant recruited. Responsible for monthly management accounting reporting, budget and variance analysis.	Complete	Manager Financial Services	
						4. Continuing compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting records and balance sheet reconciliations including suspense account analysis.	Ongoing	Manager Financial Services	31-Jul-24
6. Understanding TechOne accounting software	Yes	✓			Lack of software understanding, alongside reporting deficiencies, created internal inefficiencies in analysing and reporting financial information.	Manager Financial Services has extensive OneCouncil operational and implementation experience.	Complete	Manager Financial Services	
7. Completeness and accuracy of transactions	Yes	✓			Failure to properly update accruals and prepayment balances and account for transactions within the correct accounting period.	Structured end-of-month balance sheet reconciliation processes established includes accruals and prepayments to be further formalised and embedded in future month ends.	Ongoing	Manager Financial Services	30-Jun-24
8. Matching of debtors against the respective debtor invoices				✓	No invoice and receipts matching within the debtors module. Inaccurate debtors ageing listing.	Debtor invoice/receipts matching and ageing reports within the debtors module are scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Authority is being replaced by TechOne and currently resources are not allocated to updating procedures specific to Authority.	To be addressed in OneCouncil Phase 3 Revenue (Debtors)	Manager Financial Services	1-Jul-25
9. Ageing of infringement debtors				✓	Lack of aged listing for infringement debtors.	System produced infringement debtors ageing reports are scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Manual review of infringement debtors ageing and collectability is currently underway.	Ongoing	Manager Financial Services	30-Jun-24

10. Capitalisation of infrastructure assets			✓	Capitalisation of new infrastructure assets is undertaken at year end and not being depreciated from the point ready and available for use.	Analysis of capital work-in-progress expenditure, cost allocations, processing additions and reviewing depreciation calculations.	Ongoing	Manager Financial Services	30-Jun-24	
11. Useful life of depreciating assets			✓	Depreciation on the City's property, plant and equipment and infrastructure assets not in line with the City's accounting policy for asset useful lives.	1. Comprehensive review of the fixed asset policy required to accurately reflect the useful lives of all depreciable assets.	Ongoing	Manager Assets & Manager Financial Services	31-Jul-24	
					2. Compilation of infrastructure Asset Masterfile.	Complete	Manager Financial Services	31-Jul-24	
					3. Adjustments to Asset Masterfile to reflect the appropriate useful lives and depreciation rate.	Ongoing	Manager Financial Services	31-Jul-24	
12. Contract variations			✓	Lack of segregation of duties for contract variations and invoice approval.	Policy updates including a separate approval process with different authorising officers be established based on the variation amount and invoice approval process.	Ongoing	Manager Financial Services	31-Jul-24	
13. Underground power receivables			✓	The basis of accounting treatment for the underground power receivables and associated revenue is unclear.	Accounting treatment for underground power levies based on accounting standards and LGA Section 6.38 and remaining receivable balances clarified.	Complete	Manager Financial Services		
14. Manual input of fees and charges for invoicing				✓	The council approved schedule of fees and charges are not locked in the system and are manually input when invoicing.	Locking in approved fees within the debtors module is scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Authority is being replaced by TechOne and currently resources are not allocated to updating procedures specific to Authority.	To be addressed in OneCouncil Phase 3 Revenue (Debtors)	Manager Financial Services	1-Jul-25
15. Record of verbal quotations				✓	For purchases <\$5,000 no record of verbal quotes kept on file.	Procurement policy to be updated and refresher training provided.	Ongoing	Manager Financial Services	31-Jul-24

ICT FINDINGS

16. Privileged Access	Yes	✓			Risk of inappropriate or unauthorised access.	Movement of all privileged accounts in Azure to be using 'admin' accounts	Complete	Manager ICT	
						Separate password policy applied (Fine grained password policy)	Complete	Manager ICT	
						Removal of ICT officers as global admin on primary account		Manager ICT	
17. Authentication	Yes	✓			Deficiencies in multi-factor authentication and managing passwords.	Roll out of entire laptop fleet	Ongoing	Manager ICT	31-Aug-24
						OneCouncil project completion	Ongoing	Manager ICT	Jul-Aug 2025
						Intramaps moved to cloud		Manager ICT	
						Print services transitioned off premises		Manager ICT	
18. TechOne Access	Yes	✓			Lack of periodic TechOne user access reviews for appropriateness.	Access Management Policy reviewed and updated	Complete	Manager ICT	
						Creation of automated report (script) to identify stale user accounts and trigger deactivation	Complete	Manager ICT	
						Integrate segregation of approval and financial duties within TechOne	Ongoing	Manager ICT & Manager Financial Services	31-Jul-24
19. Authority Access	Yes	✓			Lack of periodic Authority user access reviews for appropriateness.	Create procedure for review of AD accounts and Authority accounts	Complete	Manager ICT	
						Improve account management procedures		Manager ICT	
20. Disaster Recovery			✓		DRP not reviewed and tested since 2020.	To discuss with new Manager ICT		Manager ICT	
21. Network Access			✓		Deficiencies in user access management controls for the network.	To discuss with new Manager ICT		Manager ICT	
22. Network Security			✓		Deficiencies in network security management.	To discuss with new Manager ICT		Manager ICT	
23. Security Incident Monitoring			✓		Deficiencies in management of security incidents.	To discuss with new Manager ICT		Manager ICT	
24. Change Management			✓		Change tickets do not clearly state the type of change.	To discuss with new Manager ICT		Manager ICT	
25. IT governance				✓	IT governance documents to be updated.	To discuss with new Manager ICT		Manager ICT	



10. Date of Next Meeting

The date of the next meeting of the Audit Committee Meeting is to be 1 July 2024.

11. Declaration of Closure

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