

**AGENDA**

**Audit Committee Meeting**

**Monday 22 July 2024**

**Notice of Meeting**

**To Mayor & Councillors**

A Meeting of the Audit Committee of the City of Nedlands is to be held on Monday 22nd July 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](https://www.nedlands.wa.gov.au/council/council-meetings/livestreaming-council-committee-meetings.aspx)

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Description automatically generated

**Keri Shannon | Chief Executive Officer**

**19 July 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](https://www.nedlands.wa.gov.au/public-question-time)

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](https://www.nedlands.wa.gov.au/public-address-registration-form)

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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# 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.

# Present and Apologies and Leave of Absence (Previously Approved)

**Leave of Absence** Nil

**(Previously Approved)**

**Apologies** None as at distribution of this agenda.

# Public Question Time

Public questions submitted to be read at this point.

# 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.

# 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.

# 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.

# 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.

# Confirmation of Minutes

## Audit Committee Meeting Minutes – 1 July 2024

The Minutes of the Audit Committee Meeting 1 July 2024 are to be accepted as a true and correct record of that meeting.

# Finance

## ARC22.07.24 Annual External Audit – Key Correspondence

|  |  |
| --- | --- |
| **Meeting & Date** | Council Meeting – 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | L. Fitzgerald – Acting Director Corporate Services |
| **CEO** | K. Shannon |
| **Attachments** | 1. OAG - City of Nedlands - Director Corporate Services  2. RSM - City of Nedlands - Confirmation on Audi Entrance Meeting and ITGC Audit  3. RSM - Interim Audit in September |

**Purpose**

This report is for the Audit Committee to consider the key correspondence relating to the annual external audit.

**Recommendation**

**That the Audit Committee receives the report**

**Voting Requirement**

Simple majority

**Background**

The City administration has been in contact with the OAG and their contract auditors, RSM to advise of the departure of Michael Cole from the Director Corporate Services position at the City and that Lauren Fitzgerald would be acting until a permanent appointment is made, confirmed external auditor attendance to ARC meeting in September for entrance meeting, and we are anticipating receiving the APM for comments in mid-August.

There is also the potential to commence the controls testing and review of 2023 restated balances in mid-September as a small interim audit so the final audit in October can be to focus on the 2024 annual financial statements. Dates to be confirmed.

**Discussion**

Nil

**Decision Implications**

Nil

**Conclusion**

The discussion will be noted.

## ARC23.07.24 Annual External Audit – Preperation

|  |  |
| --- | --- |
| **Meeting & Date** | Council Meeting – 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | L. Fitzgerald – Acting Director Corporate Services |
| **CEO** | K. Shannon |
| **Attachments** | 1. Summarised Finance findings identified by the OAG |

**Purpose**

Audit Committee has requested that the table be maintained to track progress towards upcoming annual external audit.

**Recommendation**

**That the Audit Committee receives the report**

**Voting Requirement**

Simple majority

**Background**

The City of Nedlands received a Disclaimer of Opinion for the 2022-23 Annual Financial Statements. The City has been progressing through addressing the audit findings and preparing for the 2023-24 Annual Financial Statements and final audit.

**Discussion**

Item 1.3 has been completed. No other statuses have changed since the last meeting, through progress is being made.

Asset revaluation is ready from the Asset Management side of the process.

Controls within the OneCouncil system does not allow for revaluations to be reversed. Finance team is testing alternative solution to restate the asset values in the Test Environment of OneCouncil before processing in the Live Environment. Test environment is being updated on 17 July and will be ready for use by the finance team on 18 July. Pending a successful test process, actions will be replicated in the live environment on 19 July. Once this is done, significant progress can be made on the remaining audit findings in relation the assets (items 1.4F, 2.3, 2.4, 10, and 11.1).

Completion of other remaining 2023 balance sheet reconciliation anticipated to be completed by the end of the month, which will then allow the finance team to move onto the 2024 accounts and complete points 5.1 and 7 for monthly reconciliation throughout the year for audit evidence.

Coordinator Procurement and Contracts position being actively recruited. Once appointed, their focus will be reviewing the City’s Procurement Policy which will complete findings 12 and 14.

**Decision Implications**

Nil.

**Conclusion**

The discussion will be noted.

## Compliance - s.7.12A LG Act and LG. Regulation 17

This Item is in development and scheduled for the August Audit Committee Meeting

## ARC24.07.24 Financials - Monthly Account vs Budget

|  |  |
| --- | --- |
| **Meeting & Date** | Council Meeting – 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | B. Durham – Acting Manager Financial Services |
| **Director** | L. Fitzgerald – Acting Director Corporate Services |
| **Attachments** | 1. Statement of Financial Activity – 30 June 2024 2. Statement of Net Current Assets – 30 June 2024 3. Statement of Comprehensive Income – 30 June 2024 4. Statement of Financial Position – 30 June 2024 5. Reserve Movements – 30 June 2024 6. Borrowings – 30 June 2024 7. Capital Works Program – 30 June 2024 |

**Purpose**

Administration is required to provide the Audit Committee with a monthly financial report tracking spend against budget. The monthly financial variance from the budget of each business unit is reviewed with the respective manager and the Executive to identify the need for any remedial action. Material variances are highlighted to Council in the attached Monthly Financial Report.

**Recommendation**

**That the Audit Committee receives the Monthly Financial Report for 30 June 2024.**

**Voting Requirement**

Simple majority

**Background**

Nil

**Discussion**

The attached report shows the month end position as at the end of June 2024. Please note that the closing position is a preliminary result for the year ended 30 June 2024 as the Financial Statements for 2023-24 are still being finalised and as a result will be subject to change and that due to the Disclaimer of Opinion issued for the 2022-23 Annual Financial Statements, the opening position is subject to change as restatements of the prior financial year are completed. The municipal closing surplus as of 30 June 2024 is $3,255,263 which is a $3,255,263 favourable variance, compared to a budgeted surplus for the same period of $0.

The operating revenue at the end of June 2024 was $11,492,540 which represents a $487,415 favourable variance compared to the year-to-date budget of $11,005,125 primarily in Operating Grants which is offset by Other Revenue.

The operating expense at the end of June 2024 was $41,215,264 which represents a ($949,422) unfavourable variance compared to the year-to-date budget of $40,265,842 primarily in Depreciation.

As depreciation is a non-cash item, it is then removed from the surplus calculation, which results in a favourable variance of $1,360,474 for total operating activities.

The attached Statement of Financial Activity compares Actuals with Amended Budget by Nature or Type as per regulation 34 (3) of the Local Government Financial Management Regulations 1996. Material variances, as defined by a previous decision of Council, from the budget of revenue and expenditure are detailed below.

**Operating Activities**

**Operating grants, subsidies, and contributions -** Favourable variance of $856,233 primary due to advanced payment of 2024-25 Financial Assistance Grant.

**Fees and charges -** No variance analysis required as variance to budget is less than 10%.

**Service charges -** No variance analysis required as variance to budget is less than $20,000.

**Interest earnings -** No variance analysis required as variance to budget is less than 10%.

**Other revenue -** Unfavourable variance of $322,156 primarily due to lower than budget other sundry revenue received across the organisation.

**Profit on disposal of assets -** Unfavourable variance of $73,761 due to pending disposal of assets to be processed in the asset accounting book. To be completed as part of year end processing, once asset balances are restated for the 2022-23 financial year.

**Employee costs -** No variance analysis required as variance to budget is less than 10%.

**Materials and contracts -** No variance analysis required as variance to budget is less than 10%.

**Utility charges -** Unfavourable variance of $126,321 due to increased electricity costs.

**Depreciation and amortisation -** Unfavourable variance of $1,3,45,450 due to budget being based on asset values prior to the 2022-23 infrastructure asset revaluation being finalised.

**Insurance expenses -** Favourable variance of $79,620 due to budget being based on an estimate prior to the insurance premiums being confirmed.

**Interest expenses -** Favourable variance of $24,077 due to year end interest expenses for leases yet to be processed. To be completed once liability balances are restated for the 2022-23 financial year.

**Other expenditure -** Unfavourable variance of $272,604 due to allocation of contributions and subsidies.

**Loss on disposal of assets -** No variance analysis required as variance to budget is less than $20,000 and 10%.

**Investing Activities**

**Non-operating grants, subsidies, and contributions -** Unfavourable variance of $445,904 primarily due to funding for the Vincent Street Safety Upgrades being returned.

**Proceeds from disposal of assets -** Unfavourable variance of $184,487 due to plant and fleet items not being sold prior to 30 June as anticipated.

**Purchase of property, plant, and equipment -** Favourable variance of $1,140,700 overhead allocations yet to be applied being finalisation of accrued expenditure, and delay in plant and fleet item replacements.

**Purchase and construction of infrastructure -** Favourable variance of $2,596,856 primarily due to overhead allocations yet to be applied being finalisation of accrued expenditure, withdrawal of the Vincent Street Safety Upgrades project, and saving in the Lemnos Street Road Renewal project.

**Purchase of right of use assets -** Favourable variance of $500,061 due to recognition of new right of use assets being delayed until the completion of the asset balances for the 2022-23 financial year.

**Payments for intangible assets -** Favourable variance of $1,002,849 due to the different accounting treatment in the actuals to budgeted, following audit decision for the 2022-23 financial year.

**Financing Activities**

**Repayment of borrowings -** No variance analysis required as variance to budget is less than $20,000 and 10%.

**Recoup from self-supporting loans -** No variance analysis required as variance to budget is less than $20,000 and 10%.

**Payment for principal portion of lease liability -** Favourable variance of $216,912 due to new right of use assets being delayed until the completion of the asset balances for the 2022-23 financial year

**Transfer to reserves -** Favourable variance of $1,563,044 due to timing of transfers being processed. To be done once all accrued revenue and expenditure is recognised.

**Transfer from reserves -** Unfavourable variance of $3,170,658 due to timing of transfers being processed. To be done once all accrued revenue and expenditure is recognised.

**Rates -** No variance analysis required as variance to budget is less than 10%.

Outstanding rates debtors are $463,662 as of 30 June 2024 compared to $595,144 as of 30 June 2023. Breakdown as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Receivable** | **30 June 2024 ($)** | **30 June 2023 ($)** | **Variance ($)** |
| Rates & UGP | $309,617 | $493,382 | ($183,795) |
| Rubbish & Pool | $74,585 | $38,554 | $36,031 |
| Pensioner Rebates | $19,266 | $31,027 | ($11,761) |
| ESL | $60,194 | $32,180 | $28,014 |
| **Total** | **$463,662** | **$595,144** | **($131,481)** |

**Employee Data as at 30June 2024**

|  |  |
| --- | --- |
| **Description** | **Number** |
| Budgeted FTE (1July 2023) | 165 |
| Budgeted FTE (30 June 2024) | 162 |
| Headcount (Active Employees including FT, PT, & Casual) | 162 |
| Occupied FTE (FT & PT) | 141 |
| Occupied FTE (Casual) | 3 |
| No. of contract employees (Temporary/Agency) | 7 |

**Consultation**

N/A

**Strategic Implications**

This item relates to the following elements from the City’s Council Plan.

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

**Pillar** **Performance**

**Outcome** 11. Effective leadership and governance

**Budget/Financial Implications**

At the Special Council Meeting on 11 August 2022, item CPS36.08.22, Council adopted the following thresholds for the reporting of material financial variances in the monthly statement of financial activity reports:

a. Operating items – Greater than 10% and a value greater than $20,000

b. Capital items – Greater than 10% and a value greater than $50,000

pursuant to regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, and *Australian Accountings Standard AASB 1031 Materiality*.

**Legislative and Policy Implications**

[*Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996*](https://www.legislation.wa.gov.au/legislation/prod/filestore.nsf/FileURL/mrdoc_45568.pdf/$FILE/Local%20Government%20(Financial%20Management)%20Regulations%201996%20-%20%5B03-k0-00%5D.pdf?OpenElement)*,* and *Australian Accounting Standards.*

**Decision Implications**

Nil.

**Conclusion**

The municipal surplus as of 30 June 2024 is $3,255,263 which is favourable, compared to a budgeted surplus for the same period of $0.

The operating revenue at the end of June 2024 was $11,492,540 which represents a $487,415 or 4.43% favourable variance compared to the year-to-date budget of $11,005,125 primarily in Operating Grants offset by Other Revenue.

The operating expense at the end of June 2024 was $41,215,264, which represents a ($949,422) or -2.36% unfavourable variance compared to the year-to-date budget of $40,265,842, primarily in Depreciation.

**Further Information**

Nil.

## Performance Indicators

This Item is in development and scheduled for the August Audit Committee Meeting

# Information, Communication & Technology

## ARC25.07.24 Annual External Audit – Preparation

|  |  |
| --- | --- |
| **Meeting & Date** | Council Meeting – 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | B Douglas – Manager ICT |
| **Director** | L. Fitzgerald – Acting Director Corporate Services |
| **Attachments** | 1. Summarised ITC findings identified by the OAG |

**Purpose**

Audit Committee has requested an update on progress to close out external audit findings of year ended 30 June 2023.

**Recommendation**

**That the Audit Committee receives the ICT progress report**

**Voting Requirement**

Simple majority

**Background**

Manager ICT will provide an update on the status of the 10 external audit findings handed over from the Independent Consultant.

**Discussion**

**Decision Implications**

Nil.

**Conclusion**

Manager ICT will provide further update at the next Audit and Risk Committee meeting presenting high level schedules and resourcing requirements for the outlined remediation tasks.

## ARC26.07.24 ICT Governance - Status briefing

|  |  |
| --- | --- |
| **Meeting & Date** | Council Meeting – 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | B Douglas – Manager ICT Services |
| **Director** | L. Fitzgerald – Acting Director Corporate Services |
| **Attachments** | Nil |

**Purpose**

Audit Committee has requested a brief overview of the ICT systems operating in the City, their features and reliability. Outlined in the background section is the findings on risks found relating to maintenance and support of these systems.

**Recommendation**

**That the Audit Committee receives the report**

**Voting Requirement**

Simple majority

**Background**

Risks have been identified from both the OAG 23 and Moore’s 24 audits, as well as items identified by the Manager ICT. These risks vary from High to Low with 31 in total identified. The risks additionally identified by the Manager ICT have been assessed using the Risk Framework within Moore’s findings.

Key factors contributing to the accumulation of these risks include:

* Minimal Financial Investment: Insufficient investment in hardware infrastructure and engagement with external specialist vendors.
* Under-resourced IT Department: The IT department is understaffed, limiting its ability to perform beyond Business as Usual (BAU) tasks.
* The current IT support structure manages over 160 staff with systems, and infrastructure across 12 connected City facilities. The team consist of 3 staff.
  + - * 0 GIS\Spatial Support
      * 0 Network Support
      * 0 Security\Cyber Support
      * 1 x Systems Support
      * 2 x Service Desk\Desktop Support

The lack of Change Management processes has allowed ad-hoc projects and tasks to compete with BAU and general support tasks, straining the limited resources available.

This situation has led to a decline in proactive systems and hardware maintenance, reduced awareness of technology and security trends, and underutilization of existing technology investments.

According to the Australian Signals Directorate (ASD), an organization's Cyber Maturity is measured between levels 0-3. While achieving levels 2 and 3 is resource-intensive, the City should aim to reach Level 1 within two years and progress to Level 2. Based on experience and audit findings, it is fair to assess the City’s current maturity at Level 0.

RSM has been re-engaged by the OAG to commence the IT General Controls audit for FY24/25. The entry meeting occurred on Wednesday, July 10th, with the report due for completion on August 30th, 2024. This is in conjunction with the OAG’s 23 and Moore’s 24 existing audit findings.

**Discussion**

Due to the quantity and depth of items to be addressed, the items should be treated as a programme of works outside of BAU. To address the findings and remediate agreed items from the audit, the following actions are recommended:

* Staffing: Recruitment of minimum 2 x FTE (Mid and Senior Level) roles and utilise 0.2 capacity per quarter of existing staff across IT and IM to allow for BAU. This will be ongoing to assist in remediation and manage the environment going forward.
* External Support: Implement an "Annual Maintenance Support" agreement for Spatial GIS/Intramaps platforms, which currently receive only 16 hours per month, insufficient for system maintenance. Alternatively, consider sourcing a GIS FTE role, though this is a specialized area of Technology.
* Consultancy: Allocate budget for external consultants in specialist areas where current IT team skills are lacking.
* Operational Budget: Increase the IT Operational budget to allow for infrastructure refreshes in both network and computing areas, addressing risks and issues raised by audit findings. Quotes for hardware will commence after approval of recommendations.

These steps are critical to enhancing the City’s IT security posture, ensuring proactive maintenance, and improving overall technology practices and capabilities.

**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**

Costings for Infrastructure and resources are currently being investigated. It is envisaged that Infrastructure costs could be encompassed in an Operating budget. The below figures are an approximation until costings are received.

* + - * Staffing, 3 x FTE to facilitate Spatial, Network, and Systems roles, salary inclusive of superannuation up to $374,346.
      * Specialist consulting, $100,000
      * Infrastructure, TBA

**Legislative and Policy Implications**

Not Applicable

**Decision Implications**

Without the recommendations being endorsed, ICT will not be able to adequately perform remediation works. This will leave the organisation with a low level of Cyber maturity and result in the City’s Technology platforms being exposed to security risks.

**Conclusion**

The City has various risks associated with in Information Technology that have been identified across multiple audits which need to be addressed.

# Council Policies

## ARC27.07.24 Policy Register

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Committee 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | L. Kania – Coordinator Governance and Risk |
| **CEO** | K. Shannon |
| **Attachments** | 1. Status Report of Council Policies |

**Purpose**

This report is for the Audit Committee to consider the current status of Council adopted policies.

**Recommendation**

**That the Audit Committee receives the status report of Council Adopted Policies.**

**Voting Requirement**

Simple Majority.

**Background**

Administration was requested to undertake a review of all Council adopted policies and Local Planning Polices with an update on their status to the Audit Committee and provide a programme for review.

**Discussion**

Policies should be regularly reviewed to ensure that they are relevant and compliant with legislation.

Under s. 2.7 of the *Local Government Act 1995* a role of Council is to determine the local government’s policies.

The City of Nedlands adopted a policy for the Review of Policies in 2017. The policy establishes the parameters for policy adoption and review. This requires that where possible, all proposed new policies and major amendments to existing policies be workshopped with Elected Members prior to their formal consideration at a Council meeting. The policy requires that all Council policies, other than Local Planning Policies, be reviewed by Council every five (5) years. Notwithstanding the policy, it should be noted that there are exceptions to this in the Act that require some policies to be reviewed within shorter time frames.

To ensure consistency with the legislative framework review dates should be indicated on each policy so that compliance may be met.

**Consultation**

A desktop audit was conducted of all Council adopted policies to determine the current status of these policies and to determine a programme for review. Further discussion with officers in Administration would be required to ensure achievable review targets may be met.

**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.

**Legislative and Policy Implications**

*Local Government Act 1995*.

2.7. Role of council

(1) The council;

(a) governs the local government’s affairs; and

(b) is responsible for the performance of the local government’s functions.

(2) Without limiting subsection (1), the council is to —

(a) oversee the allocation of the local government’s finances and resources; and

(b) determine the local government’s policies.

**Decision Implications**

Policy development and review are important functions for a local government. Failure to review policies in a timely manner may lead to policies being outdated or non-compliant with legislation.

**Conclusion**

It is recommended the Audit Committee receive the status report.

# Strategic Projects

## ARC28.07.24 Update from Director of Technical Services

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Committee 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | M. MacPherson – Director Technical Services |
| **CEO** | K Shannon |
| **Attachments** | Nil |

**Purpose**

This report is from Technical Services to update the Audit Committee on Strategic projects.

**Recommendation**

**That Council receives the report.**

**Voting Requirement**

Simple Majority.

**Background**

Currently the City does not have a resource dedicated to progress of the portfolio of strategic projects; which are dictated by availability of hours from staff with the necessary skills to enact tasks amongst other operational and core business demands.

Formalisation and format for future updates is being prepared for August Audit Committee meeting. Reporting is proposed to focus on:

1. Projects within the delivery phase, having graduated from the strategic project development phases as per the *Council Strategic Project Development Policy.*
2. Ad-hoc updates of those still within the development phases in accordance with the *Council Strategic Project Development Policy* as opportunity arises.

It is anticipated that refinement will occur in future reporting to balance the desired information for informed decision making by Council, against the limited resources to supply the information and progress the work itself.

It is understood by officers that progress reporting on annual projects (such as capital works) and programmes (seasonally such as winter tree planting) will be included as part of the Monthly Council Bulletin and via the Councillor portal and thus not reported as part of the Audit and Risk Committee. Dashboard reporting is in development for these.

**Discussion**

**Underground Power:**

The City is in the process of recruitment for a dedicated underground power project manager, which will permit more frequent updates and progress of that specific project. Staff turnover presents a significant risk to this project should it proceed, and other projects may be re-prioritised or delayed to ensure its success.

Current status:

* + - * Co-funding agreement yet to be signed, Western Power pushing for immediate signature to start mobilisation, and indicate risk of losing contractor or proposed pricing if delayed.
      * Consultant appointed to negotiate a better value outcome for the City, kick off meeting occurred week beginning 15/07/24.
      * Consultant appointed to re-design lighting of first two projects to permit City ownership. Expected duration three weeks from beginning of August. Variation with Western Power to be negotiated.

**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 implication to this report.

**Decision Implications**

Nil

**Conclusion**

It is recommended Council receives the report.

**Further Information**

Nil.

# Confidential Matters

## Risk Management

Update is being prepared for August Audit Committee meeting.

## Legal Matters

There being no legal matters for discussion.

## Internal Audit

## ARC20.07.24 Update From Moore Australia (Deferred from 01.07.24)

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Committee 1 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | M. Shafizadeh - Director Moore Australia |
| **Director** | M. Cole Director Corporate Services |
| **Attachments** | 1. Moore Australia Agenda Paper ARC Meeting 1 July 2024   2. CONFIDENTIAL Moore Australia Agenda Paper ARC Meeting 1 July 2024 |

**Purpose**

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

**Recommendation**

**That Council receives the agenda paper from Moore Australia**

**Voting Requirement**

Simple Majority.

**Background**

The City’s, internal auditor Moore Australia provided this report in response to a request from the chair of the Audit & Risk Committee to summarise the status of the 320 internal audit recommendations made to the City of Nedlands since March 2020.

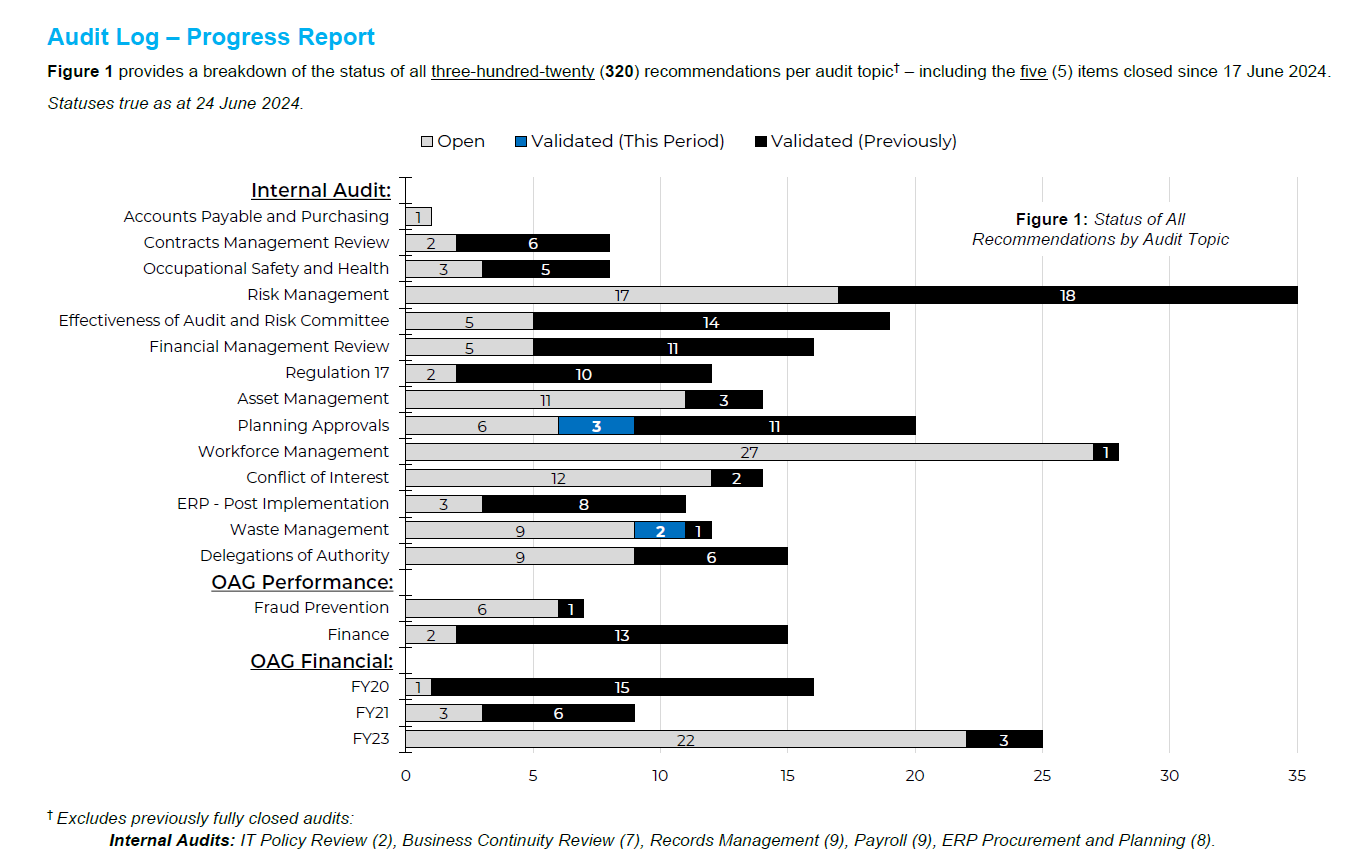
**Discussion**

While the Moore Australia progress report attached to the agenda shows the number of outstanding audit log items, the paper does not clearly indicate the age of the outstanding items.

The summary table below indicates the number of days the audit items have been outstanding:

|  |  |
| --- | --- |
| No of days outstanding | No of outstanding items |
| Over 300 days | 313 |
| Over 200 days | 9 |
| Over 100 days | 9 |

The progress report from Moore Australia contained in the report is set out below



**Consultation**

The Presiding Member has met with the City’s Internal Auditors and agreed on future reporting timelines to the Audit Committee.

**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 implication to this report.

**Decision Implications**

This section should highlight the implications if Council endorses the recommendation. It should also highlight the implications if Council doesn’t endorse the recommendation or pursues an alternative option.

**Conclusion**

It is recommended Council receives the agenda paper.

**Further Information**

Nil.

## ARC29.07.24 Update From Moore Australia

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Committee 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | M Shafizadeh – Director Moore Australia |
| **Director** | L. Fitzgerald – Acting Director of Corporate Services |
| **Attachments** | 1. CONFIDENTIAL Moore Australia Agenda Paper ARC Meeting 16 July 2024 |

**Purpose**

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

**Recommendation**

**That Council receives the agenda paper from Moore Australia**

**Voting Requirement**

Simple Majority.

**Background**

The City’s, internal auditor Moore Australia provided this report in response to a request from the chair of the Audit & Risk Committee to summarise the status of the 320 internal audit recommendations made to the City of Nedlands since March 2020.

**Discussion**

While the Moore Australia progress report attached to the agenda shows the number of outstanding audit log items, the paper does not clearly indicate the age of the outstanding items.

The summary table below indicates the number of days the audit items have been outstanding:

|  |  |
| --- | --- |
| No of days outstanding | No of outstanding items |
| Over 300 days | 308 |
| Over 200 days | 9 |
| Over 100 days | 9 |

The progress report from Moore Australia contained in the report is set out below

**Consultation**

The Presiding Member has met with the City’s Internal Auditors and agreed on future reporting timelines to the Audit Committee.

**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 implication to this report.

**Decision Implications**

This section should highlight the implications if Council endorses the recommendation. It should also highlight the implications if Council doesn’t endorse the recommendation or pursues an alternative option.

**Conclusion**

It is recommended Council receives the agenda paper.

**Further Information**

Nil.

## ARC30.07.24 Internal Audit Report Cyber Security

A CONFIDENTIAL report has been circulated to Council Members separately.

## ARC31.07.24 Internal Audit Action Tracking Log

A CONFIDENTIAL report has been circulated to Council Members separately.

## ARC32.07.24 Internal Audit 2024/25 Program

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Committee 22 July 2024 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report. |
| **Report Author** | M. Shafezaedh - Moore Australia |
| **Director** | L. Fitzgerald – Acting Director of Corporate Services |
| **Attachments** | 1. Moore Australia Potential Topic for LG Internal Audits |

**Purpose**

This report is for Moore Australia to present range of Local Government specifc internal available. The list Is not comprehensive and other Corporate audits can be adapted to Local Government as needed.

**Recommendation**

**That Council receives the list of Local Government audits from Moore Australia**

**Voting Requirement**

Simple Majority.

**Background**

Moore Australia has submitted the report 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**

**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 implication to this report.

**Decision Implications**

This section should highlight the implications if Council endorses the recommendation. It should also highlight the implications if Council doesn’t endorse the recommendation or pursues an alternative option.

**Conclusion**

It is recommended Council receives the agenda paper.

**Further Information**

Nil.

# Any Other Business

Committee Members can raise any other business for discussion at the discretion of the Presiding Member.

# Date of Next Meeting

The date of the next meeting of the Audit Committee Meeting is to be 26 August 2024.

# Declaration of Closure

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