



City of Nedlands

MINUTES

Audit Risk and Improvement Committee Meeting

Monday, 17 March 2025

These Minutes are subject to confirmation

Prior to acting on any resolution of the Council contained in these minutes, a check should be made of the Ordinary Meeting of Council following this meeting to ensure that there has not been a correction made to any resolution.



Information

Audit Risk and Improvement 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 Risk and Improvement 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 the Committee 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 Committee and the number of speakers is to be limited to 2 in support and 2 against any item on an Audit Risk and Improvement 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 Risk and Improvement 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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At the opening of the meeting the following Committee members were present:

Councillor R A Coghlan (presiding member)	Melvista Ward
Mayor F E M Argyle	
Councillor B Brackenridge	Melvista Ward
Councillor K A Smyth	Coastal Ward

1. Declaration of Opening

The Presiding Member declared the meeting open at 5.30pm and acknowledged 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 drew attention to the disclaimer on page 2 and advised the meeting was being livestreamed.

2. Apologies and Leave of Absence (Previously Approved)

Present Attendees

Councillors	Councillor R A Coghlan (presiding member)	Melvista Ward
	Mayor F E M Argyle	
	Councillor F J O Bennett (arrived 5:33pm)	Dalkeith Ward
	Councillor B Brackenridge	Melvista Ward
	Councillor K A Smyth	Coastal Ward
	Cr Hodsdon (arrived 5:33pm)	Hollywood Ward

Staff	Ms A Alderson	Director Corporate Services
	Mr C Ross	Financial Services Consultant
	Ms D Hile	Manager ICT
	Ms A Martin	Coordinator Governance Legal and Risk
	Ms V Wilkins	PA to Director Corporate Services

External Nil

Public There were 0 members of the public present and 0 online.

Press 0

Leave of Absence (Previously Approved)

Cr Hodsdon	Hollywood Ward
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Apologies	Ms K Tonich	OAG
	Mr M Beevers	RSM Partner



3. Public Question Time

Public questions submitted to be read at this point.

There were no questions received from members of the public.

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.

There were no addresses from members of the public

5. Disclosures of Financial Interest

The Presiding Member will remind Committee 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.

The Presiding Member noted that there was no quorum and that the meeting would be paused for 30 minutes due to the lack of quorum.

Quorum was reached at 5:33 pm when Cr Hodsdon and Cr Bennett joined the meeting.

There were no disclosures of financial interest.

Cr Hodson left the Audit Risk Committee at 5.34pm and returned at 5.35pm

6. Disclosures of Interest Affecting Impartiality

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

There were no disclosures affecting impartiality.

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.

Nil.



8. Confirmation of Minutes

8.1. Audit Committee Meeting Minutes – 17 February 2025

Moved by Cr Smyth, seconded by Mayor Argyle

The Audit Committee Meeting Minutes of 17 February 2025 be CONFIRMED.

CARRIED: 5/1

For: Crs. Brackenridge, Hodsdon, Smyth, Coghlan, Mayor Argyle
Against: Crs. Bennett

9. Finance

9.1. ARC 58.03.25 External Audit – key correspondence, audit preparation, and status of FY23 audit findings

Meeting & Date	Audit Committee Meeting – 17 March 2025
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	C. Ross – Financial Services Consultant
CEO	K. Shannon
Attachments	1. FY23 OAG findings remediation status

PURPOSE

This report is for the Audit Committee to be updated on key correspondence and preparation relating to the audit of the City's financial report for the year ended 30 June 2024.

As the City received a Disclaimer of Opinion for the 30 June 2023 financial report, the Audit Committee have also requested updates on the progress towards remediation of OAG audit findings.

ADMINISTRATION RECOMMENDATION

That the Audit Committee RECEIVES the report.

VOTING REQUIREMENT

Simple majority



COMMITTEE RESOLUTION

Moved by Mayor Argyle, seconded by Cr Smyth

Administration Recommendation be moved as the substantive motion

Amendment

Moved by Cr Smyth, seconded by Mayor Argyle

That the Audit Committee:

1. Receives the report, and
2. Requests the CEO to outline at April meeting, measures being taken to ensure:
 - a) maximum data integrity and minimum risk exposure in the migration of data between outgoing and incoming systems;
 - b) adequate process documentation and staff training is implemented; and
 - c) appropriate resources are in place to achieve the 1 July 2025 and 31 December 2025 goals identified in the status report Attachment 1.

Reason:

The Officer recommendation “to receive the report”, is passive and requires additional instruction from the Committee to raise visibility of resourcing, procedures and data integrity issues that impact ongoing Risk management.

CARRIED UNANIMOUSLY

Substantive motion with carried amendment put

That the Audit Committee:

1. **RECEIVES** the report, and
2. **REQUESTS** the CEO to outline at April meeting, measures being taken to ensure:
 - a) maximum data integrity and minimum risk exposure in the migration of data between outgoing and incoming systems;
 - b) adequate process documentation and staff training is implemented; and
 - c) appropriate resources are in place to achieve the 1 July 2025 and 31 December 2025 goals identified in the status report Attachment 1.

CARRIED 5/1

**For: Crs. Brackenridge, Hodsdon, Smyth, Coghlan, Mayor Argyle
Against: Crs. Bennett**



BACKGROUND

1. 30 June 2024 audit readiness

The 30 June 2024 draft financial report was provided to OAG/RSM on 9 December 2024, in line with the extension granted by DLGSC.

The 30 June 2024 final audit fieldwork phase visit commenced on 10 March 2025 and is scheduled for a period of two weeks. The finance team prepared the supporting documentation request list for submission prior to the start of the audit visit.

An updated draft of the 30 June 2024 financial report has been prepared. Adjustments to the draft financial report relates to depreciation adjustments, building impairment, accruals, reclassification and format disclosure updates.

2. OAG/RSM meeting 26 February 2025

On 26 February 2025 a meeting was held with representatives from OAG/RSM, administration, all Councilors were invited with Mayor Argyle, Deputy Mayor Smyth and Cr Coghlan in attendance, to discuss matters related to the 30 June 2024 financial report and provided an opportunity to directly discuss audit issues with OAG.

At the meeting, high level feedback was provided by OAG on the 30 June 2024 financial report and impact on the audit opinion relating to the re-work required on the form and presentation of the opening balances due to the disclaimer of audit opinion at 30 June 2023.

3. Practicability assessment

The compilation of supporting documentation by the finance team and audit team of the 30 June 2023 opening balances has been a time-consuming exercise and has required OAG/RSM to work collaboratively with the City in a number of areas, however a number of supporting records are missing resulting in a lack of confidence in the integrity of the data. A substantial component of time has been spent on fixed assets and infrastructure assets.

A practicability assessment has now been made by the City in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, as changes to past financial records can only be made if there is sufficient evidence and supporting documentation available.

Unfortunately, crucial records and supporting information from prior years are missing and the underlying records are inaccessible. The City has had the finance team of eight staff working for three months attempting to substantiate and confirm the finance records. Where substantiating records were located, the errors identified were throughout the balance sheet. Without these key documents, it is not possible to amend or correct the 30 June 2023 financial report with the requisite level of reliability and assurance regarding the integrity of the data in order to resolve the disclaimer of opinion. As such, retrospectively restating these records is not a practical solution.

Additionally, Auditing Standard ASA 710 - *Comparative Information-Corresponding Figures and Comparative Financial Reports*, indicates it is the responsibility of the City's



management to ensure that financial information is comparable across reporting periods. However poor past working practices at the City mean essential underlying data is missing or was not attached to the journals and can no longer be retrieved, and it is therefore unfeasible to amend past records to restore the required level of comparability and confidence. After significant work to reconstruct and confirm records, the City considers the necessary data cannot be obtained or reconstructed, and making it impossible to resolve the disclaimer of opinion for the previous year.

The challenges in addressing the disclaimer of opinion for the 30 June 2023 financial report are primarily due to the following factors:

1. Unavailability of historical records

Many critical documents and records from prior years are no longer readily available due to the City's document retention practices. As a result, it has been impractical to retrieve the necessary supporting information to amend the past financial records.

2. Change in ERP system

In some instances, the brought forward balances from the legacy ERP system were not appropriately reconciled which created further gaps and complications in the effort to reconstruct missing or incomplete records from earlier periods.

3. Key Management Personnel and key finance staff

The finance department has experienced significant turnover, with key staff, including the CEO, CFO, and all City Directors, having only been in their roles for six months or less. Furthermore, the record keeping practices were poorly organised meaning when personnel left the City and were replaced the new workforce lack the corporate knowledge to locate or reconstruct the missing records.

Due to the constraints in retrospectively restating records, OAG indicated expectations at the meeting on 26 February 2025 for the City to receive qualified opinion paragraphs on comparative figures, and for completeness and accuracy of restated comparative amounts and disclosures for the prior period corrections in the 30 June 2024 financial report.

Given the challenges outlined above, the City has focused on improving its financial reporting processes moving forward and addressing the issues raised during the audit and continues to implement proper work practices and processes. Corrective measures and improved practices and processes have been implemented to prevent similar issues from arising in future reporting periods. Specifically, the City has implemented:

- Enhanced record-keeping and document retention policies to ensure that essential financial data is preserved for future reference and audits
- Strengthened the ERP implementation team to facilitate a robust process to retrieve and reconstruct historical financial information if needed
- Recruited skilled team members with strong accounting and systems experience and analysts
- Succession planning and cross-functional training introduced throughout the Corporate Services Directorate.

4. 30 June 2023 OAG findings

There has been no significant changes in the open items relating to the FY23 OAG findings from the spreadsheet presented at the previous meeting of 17 February 2025. The following items remain open at March 2025.



- 1.5b. Preparation of infrastructure Asset Masterfile for OneCouncil implementation and financial reporting purposes is delayed pending resource reallocation
- 4. Bank signatories have ongoing updates in progress due to staff changes
- 6. New Systems Accountant recruitment underway to assist the Financial Services team in OneCouncil extraction of information, implementation and training
- 8. Matching debtors against the respective debtor invoices to be addressed in OneCouncil Phase 3 Revenue (Debtors)
- 12. Contract variation policy changes in progress
- 14. Manual input of fees and charges for invoicing is to be addressed in OneCouncil Phase 3 Revenue (Debtors)
- 15. Record of verbal quotations is in progress

5. Staffing

The recruitment of the CFO position has been finalised with a commencement date of 7 April 2025. The Accounting Services Coordinator is currently assuming acting CFO duties.

DISCUSSION

Nil

DECISION IMPLICATIONS

Nil

CONCLUSION

The discussion will be noted.

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	Status (Mar 2025)	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 & Chief Finance & Risk Officer	
						2. Review of 30 June 2023 infrastructure assets revaluation methodology and key assumptions and follow up queries with valuer.	Complete	Manager Assets	
						3. Clarify reasons for variances between AssetFinda and valuer's listing.	Complete	Manager Assets	
						4a. Review of 30 June 2023 infrastructure assets listing - Completeness and mathematical accuracy.	Complete	Manager Assets	
						4b. Review of 30 June 2023 infrastructure assets listing - Asset classification and component grouping.	Complete	Manager Assets & Chief Finance & Risk Officer	
						4c. Review of 30 June 2023 infrastructure assets listing - Useful lives	Complete	Manager Assets	
						4d. Review of 30 June 2023 infrastructure assets listing - Asset Masterfile reconciliation to accounting records	Complete	Chief Finance & Risk Officer	
						4e. Preparation of infrastructure Asset Masterfile for financial reporting audit purposes - Reconciliation to OneCouncil financial accounting records.	Complete	Chief Finance & Risk Officer	
						4f. 30 June 2023 infrastructure assets listing - Post capital work-in-progress adjustments, depreciation and revaluation recomputation, preparation of movement summaries, and reconciliations.	Complete	Chief Finance & Risk Officer	
						5a. Compilation of infrastructure Asset Masterfile.	Complete	Manager Assets	
					5b. Preparation of infrastructure Asset Masterfile for OneCouncil implementation and financial reporting purposes. Detailed compilation of technical and maintenance data, and accounting data fields and reconciliation. Supporting documentation for audit purposes maintained appropriately on excel.	Open pending resource reallocation	Manager Assets & Chief Finance & Risk Officer	31-Dec-25	
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	Chief Finance & Risk Officer	
						2. Finance Officer (Assets and Grants) recruited. Position responsible for the maintenance of the asset accounting procedures and fixed asset registers.	Complete	Chief Finance & Risk Officer	
						3. Post capital work-in-progress adjustments and recompute depreciation calculations from 30 June 2022 to present. Supporting register in excel is being run in parallel with OneCouncil.	Complete	Chief Finance & Risk Officer	
						4. Prepare movement schedules and reconciliations of Property, Plant & Equipment and Infrastructure from 30 June 2022 to present.	Complete	Chief Finance & Risk Officer	
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	Chief Finance & Risk Officer	
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.	Ongoing	Chief Finance & Risk Officer	15-Mar-25
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.	Complete	Chief Finance & Risk Officer	
						2. Accounting Services Coordinator recruited. Position responsible for day-to-day financial accounting processes including balance sheet reconciliations.	Complete	Chief Finance & Risk Officer	
						3. Management Accountant recruited. Responsible for monthly management accounting reporting, budget and variance analysis.	Complete	Chief Finance & Risk Officer	
						4. Compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting records and balance sheet reconciliations including suspense account analysis.	Complete	Chief Finance & Risk Officer	
6. Understanding TechOne accounting software	Yes	✓			Lack of software understanding, alongside reporting deficiencies, created internal inefficiencies in analysing and reporting financial information.	New Systems Accountants recruited to assist the Financial Services team in extraction of information and training.	Ongoing	Chief Finance & Risk Officer	30-Jun-25
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.	Complete	Chief Finance & Risk Officer	
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)	Chief Finance & Risk Officer	1-Jul-25
9. Ageing of infringement debtors			✓		Lack of aged listing for infringement debtors.	Manual review of infringement debtors ageing and collectability.	Complete	Chief Finance & Risk Officer	
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.	Post capital work-in-progress expenditure adjustments, recompute depreciation calculations.	Complete	Chief Finance & Risk Officer	
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. Review of the fixed asset policy required to reflect the useful lives of all depreciable assets.	Complete	Manager Assets & Chief Finance & Risk Officer	
						2. Compilation of infrastructure Asset Masterfile.	Complete	Chief Finance & Risk Officer	
						3. Review of infrastructure Asset Masterfile useful lives and depreciation rate.	Complete	Chief Finance & Risk Officer	
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 Assets & Chief Finance & Risk Officer	31-Mar-25
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 and remaining receivable balances clarified.	Complete	Chief Finance & Risk Officer	
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)	Chief Finance & Risk Officer	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	Chief Finance & Risk Officer	31-Mar-25



9.2 ARC 59.03.25 Internal Audit Update

Meeting & Date	Audit Committee Meeting – 17 March 2025
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	C. Ross - Financial Services Consultant
CEO	K. Shannon
Attachments	

PURPOSE

This report provides details on the proposed scope of work for Audit Committee consideration for Internal Audit services prior to seeking a public Request for Tender (RFT).

ADMINISTRATION RECOMMENDATION

That Council APPROVE the proposed description of the scope for inclusion in the RFT for the City's Internal Audit services

VOTING REQUIREMENT

Simple majority

COMMITTEE RESOLUTION

Administration Recommendation moved as the substantive motion

Moved by Mayor Argyle, seconded by Cr Smyth

CARRIED UNANIMOUSLY

In addition to the carried resolution the Committee have requested the following be noted for inclusion in the tender documents:

That the Administration review the draft internal audit reports in conjunction with the Audit Risk and Improvement Committee and the Internal Auditor.



BACKGROUND

The City's objectives for the procurement of the internal audit function are to:

- (a) Establish an effective and independent internal audit function that enhances good governance and accountability
- (b) Facilitate the development of an internal audit charter and three-year internal audit plan
- (c) Deliver an internal audit function that provides timely and useful information to the CEO and the Audit Committee, and drives continuous improvement
- (d) Improve the effectiveness of risk management, internal control and governance processes within the City

Once appointed, the successful service provider will be required to develop an internal audit charter and develop the City's three-year internal audit plan in conjunction with the City as a first phase. The second phase requires the implementation of the plan to deliver and perform the internal audit program as outlined in the internal audit plan for a period of three years, communicating findings and recommendations to the Audit Committee on the outcomes of internal audits, and attending Audit Committee meetings as required.

Administration is seeking agreement from the Audit Committee regarding the internal audit scope prior to issuing a RFT as the internal auditor has a functional reporting relationship to the Audit Committee, and as requested at the Audit Committee meeting of 17 February 2025.

Discussion

Local governments have recognised the need to improve their internal auditing processes and have moved to either employ an internal auditor or contract out the internal audit function.

The City has chosen to contract out the internal audit function, which included Moore Australia being appointed as the City's Internal Auditor from 1 July 2018 to 30 June 2020, with an extension to 30 June 2024.

For local government, the internal auditor should report functionally to the Audit Committee and administratively to the CEO. Pursuant to section 5.41 of the *LG Act*, the CEO is responsible for the day-to-day management of council activities including the direction of staff and implicitly the internal audit function.

Local governments that do not establish an internal audit process still have the requirement to review the appropriateness and effectiveness of financial management systems and procedures regularly, and in relation to risk management, internal control and legislative compliance, and a review conducted not less than once in every three years in accordance with 5(2)(c) and 17 of the *Local Government (Financial Management) Regulations*.



In alignment with the City’s Procurement Policy, a minimum of three written quotes is being sought for the engagement of a consultant to provide Internal Audit services and it is recommended that a publicly advertised tender request be issued.

1. Prescribed format of tender response

The proposed outline of the instructions for the submission of responses is to include:

- (a) An executive summary of the proposal
- (b) Experience of similar local government engagements to support capability and experience
- (c) Details on who will provide the internal audit services and resumes of key personnel detailing qualifications and experience
- (d) A fixed price quotation for Internal Audit assurance services as indicated in the Section 2.1 table, over a three-year period
- (e) Indicative rate card costs by staff grade for ad hoc Consulting and Value-added services
- (f) Two referees who are current or recent clients in the local government sector
- (g) Any assumptions with the proposal or the City’s requirements

2. Description of services

The scope of internal audit services embraces the wider concepts of corporate governance and risk, recognising that controls exist in the City to manage risks and promote effective and efficient governance and performance, with the proposed audit coverage over three years from 1 July 2025 to 30 June 2028.

The types of internal audit services sought by the City are for Assurance Services, and Consulting and Value-added Services.

2.1 Assurance Services

The City is looking to undertake as a minimum two Internal Audits per annum for a three-year period depending on the Council budget approval (coverage of low, medium, high). A terms of reference will be developed for each internal audit. Respondents will be requested to complete the following table.

Minimum two Internal Audits (low budget)	Year One	Year Two	Year Three
Develop a three-year strategic program of internal audits in line with internal auditing standards and audit charter	\$		
Develop an annual internal audit plan	\$	\$	\$



Deliver two internal audits per annum as identified in the three-year program of works	\$	\$	\$
Internal Audit log status maintenance	\$	\$	\$
Sub-total \$	\$	\$	\$
Total for years 1 to 3	\$		

Incremental delivery of additional two Internal Audits (medium budget)	Year One	Year Two	Year Three
Incremental delivery of two additional internal audits per annum (including internal audit log maintenance)	\$	\$	\$
Sub-total \$	\$	\$	\$
Total for years 1 to 3	\$		

Grand total for years 1 to 3	\$		
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2.2 Consulting and Value-added Internal Audit Services ad-hoc basis (high budget),

The nature and scope to be agreed upon and which are intended to add value and improve business operations, particularly in ICT and ERP implementation areas. A rate card by proposed grade of staff is to be provided on an hourly basis.

3. Responsibilities

The internal audit service provider will develop a three-year Strategic Internal Audit Plan to facilitate coverage from the available contract amount.

The contract encompasses internal audit planning, conducting internal audit engagements, attendance at Audit Committee meetings to present internal audit report and findings, and other associated duties.

To assist respondents to prepare their response, the following table shows a responsibility matrix as to who is responsible for the various internal audit related tasks at the City.

Internal Audit Tasks		
Task	In-house	Service provider
Audit Committee		
Preparation of Audit Committee agendas and papers	✓	
Preparation of Internal Audit summary report for each Audit Committee meeting	✓	
Submission of final internal audit reports to the Audit Committee		✓
Attendance at Audit Committee meeting to present internal audit report	✓	✓



Internal Audit planning		
Provide input to the annual Internal Audit Plan including ongoing monitoring of risks and their application to the Internal Audit Plan	✓	✓
Prepare the three-year Internal Audit Plan		✓
Development of an Assurance Map including assessment of residual risk		✓
Co-ordination of audits across the City including staff availability	✓	
Internal Audit engagements		
Plan internal audit engagements, prepare terms of reference, and arrange meetings		✓
Conduct internal audit engagements		✓
Prepare draft internal audit reports		✓
Review draft internal audit reports	✓	✓
Submit management responses on internal audit findings	✓	
Prepare final internal audit reports		✓
Review final internal audit reports	✓	✓
Issue final internal audit reports		✓
Internal Audit findings log		
Maintain audit findings and recommendations database (including in PPLGS module once implemented)	✓	
Monitor/follow-up validation of findings and recommendations and summary progress reports to the Audit Committee	✓	✓
Measurement of Internal Audit performance		
Key performance indicators put in place to demonstrate level of performance	✓	✓

4 Performance in accordance with Professional Practice

The internal audit services are to be delivered in accordance with:

- a) the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors
- b) relevant professional standards of conduct

5. Disclosure of service provider resource mix and skills

The resource mix set as guidance in conducting the internal audit services:

Staff member	Experience	Percentage of input from staff member
Partner/Director	>12 years of experience	Minimum 10%
Senior Manager/Manager	>6 years of experience	Minimum 25%
Senior	>4 years of experience	
Consultant/Analyst	>1 years of experience	

The internal audit service provider and its specified personnel to have a full range of skills to provide the internal audit services:



Skill area	Partner/ Director	Senior Manager/ Manager	Senior
Internal audit	✓	✓	✓
Experience working with local government	✓	✓	✓
Risk management, control and compliance	✓	✓	✓
Governance	✓	✓	✓
Operational auditing and performance improvement	✓	✓	✓
ICT / ERP implementation	✓	✓	

6 Evaluation criteria

The following criteria will be used when considering proposals:

Scoring of proposals	
Meeting the requirements of the RFT including internal audit methodology to be used in performance of the services	30%
Demonstrated skills and expertise of key personnel and relevant experience with local government	30%
Cost and value for money	30%
Comments and opinions of the referees provided	10%

7 Professional referees

Respondents to the RFT to provide contact details for two professional referees where they have effectively provided internal audit services for recent local government sector clients.

OTHER MATTERS

8 Addressing previously identified open internal audit findings

Subject to staff resource constraints, the City administration is currently reviewing the high risk outstanding internal audit recommendations identified. The focus being on areas where gaps in controls, processes, or compliance were identified to strengthen overall governance and reduce residual risks in advance of developing the three-year strategic program of internal audits.

9 PPLGS module implementation

In prior years the City's internal audit issues log and validation status was maintained externally on a spreadsheet by Moore Australia with review and oversight responsibility by the Director Corporate Services.



In August 2023 the implementation of the OneCouncil Performance Planning Local Government module (PPLGS) module was paused due to the City's resourcing and workload challenges. The module integrates strategic and operational processes to manage risk, compliance, report on KPIs, and includes capturing what, when and who of how the strategic and operational processes will be achieved, capturing and monitoring actions, and providing analytics dashboards.

Recommencement of the PPLGS module implementation is scheduled for late 2025 (subsequent to phase 3 and subject to future resourcing and budgeting considerations) and will facilitate a structured risk management and compliance management framework. This would also include automating the internal audit validation workplan actions and tasks, with start dates, commentary, review trail, supporting documentation attachments, and the person responsible.

DISCUSSION

Nil

BUDGET/FINANCIAL IMPLICATIONS

The decision will require resources for the tender process, including the review and evaluation of proposals, but may lead to more efficient use of resources in the long term by addressing key risk areas.

DECISION IMPLICATIONS

Issuing a publicly advertised tender ensures transparency in the procurement process, providing equal opportunity for all qualified auditors to submit proposals. The City can also secure competitive pricing and potentially obtain better value for the services rendered.

CONCLUSION

It is recommended that a publicly advertised tender request be issued, with the internal audit scope focusing on addressing high-risk areas, strategic risks, governance, and continuous improvements.



10. Confidential item: Information, Communication & Technology

Motion to close the Meeting

Mover: Cr Smyth Seconded: Cr Brackenridge

CARRIED 5/1

For: Crs. Brackenridge, Hodsdon, Smyth, Coghlan, Mayor Argyle

Against: Cr. Bennett

Meeting closed to the public at 6.00pm



10.1 ARC 60.03.25 Annual External Financial Controls Audit – ICT Findings Update (Confidential)

Meeting & Date	Audit Committee Meeting – 17 March 2025
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	D. Hile - Manager ICT
Director	A. Alderson – Director Corporate Services
Attachments	Nil.



11 Reopening the meeting to the public

Motion to reopen the meeting to the public

Mover: Cr Hodsdon, Seconded Mayor Argyle

CARRIED UNANIMOUSLY

12 Any other Business

Nil

13 Date of Next Meeting

The date of the next meeting of the Audit Committee Meeting is to be 14 April 2025.

14 Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 6.22PM