

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](#)



**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](#)

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
(Previously Approved)** Nil

Apologies None as at distribution of this agenda.

3. Public Question Time

Public questions submitted to be read at this point.

4. Address by Members of the Public

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

5. Disclosures of Financial Interest

The Presiding Member 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 – 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.



9. Finance

9.1. 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. RSM - City of Nedlands - Confirmation on Audi Entrance Meeting and ITGC Audit 2. 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.

From: [Thanushan Sriskantharaja](#)
To: [Lauren Fitzgerald](#)
Cc: [Matthew Beevers](#); [Yee Voon Low](#)
Subject: [EXTERNAL] City of Nedlands - Confirmation on Audi Entrance Meeting and ITGC Audit
Date: Friday, 12 July 2024 1:12:07 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

Hi Lauren,

This is to inform you that we will do our audit entrance meeting on September 16 and as agreed I will send you the APM for your comments by mid of August.

Furthermore, as part part of the OAG agreement RSM has to perform ITGC audit as well. When you are ready, I can connect to you with our IT audit team for the ITGC audit.

Best regards

Thanushan Sriskantharaja
Assistant Manager

RSM Australia Pty Ltd

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E: Thanushan.Sriskantharaja@rsm.com.au | **W:** www.rsm.com.au



If you receive this email outside normal business hours or on your day off, you are under no obligation to respond immediately. I am sending the email at a time that works for me. Please feel free to respond during your normal working hours.



RSM Australia practices via the legal entities RSM Australia Pty Ltd and RSM Australia Partners. Further information can be found [here](#).

To denote their level of seniority, RSM refers to certain employees within our various service lines as 'directors', notwithstanding the only persons who are 'directors' of RSM Australia Pty Ltd and related entities are those appointed as such and registered as directors with ASIC.

Liability limited by a scheme approved under Professional Standards legislation.

From: [Thanushan Sriskantharaja](#)
To: [Lauren Fitzgerald](#)
Cc: [Yee Voon Low](#)
Subject: [EXTERNAL] Interim audit in September
Date: Monday, 15 July 2024 6:45:13 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

Hi Lauren,

I tried to call you couple of times on your direct lines but could not get through.

We have certain spare capacities in late September in our staff planner and wondering whether we could use them for City of Nedlands Audit. Thus, I would like to know whether we can bring forward the interim audit and any testing on PY balances (due to restatement) in mid of September.

Therefore, kindly let me know whether you have the capacity to accommodate the audit request and logistics in mid-September to do the interim audit and any testing on the PY balances.

Happy to do a call with you on this at your earliest if you want.

Best regards

Thanushan Sriskantharaja
Assistant Manager

RSM Australia Pty Ltd

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9.2. ARC23.07.24 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	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.

APPENDIX (26 June 2024 - Progress Report 7)

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 (16 July 2024)	Status (16 July 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 and follow up queries with valuer.	Complete	Manager Assets	
						3. Clarify reasons for variances between AssetFinda and valuer's listing.	Complete	Manager Assets	15-Jul-24
						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 & Manager Financial Services	
						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	Manager Financial Services	
						4e. Preparation of infrastructure Asset Masterfile for financial reporting audit purposes - Reconciliation to OneCouncil financial accounting records.	Complete	Manager Assets & Manager Financial Services	
						4f. 30 June 2023 infrastructure assets listing - Post capital work-in-progress adjustments, depreciation and revaluation recomputation, preparation of movement summaries, and reconciliations.	Ongoing	Manager Financial Services	31-Jul-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 data, 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. Post capital work-in-progress adjustments and recompute depreciation calculations from 30 June 2022 to present.	Ongoing	Manager Financial Services	31-Jul-24
						4. Prepare movement schedules and reconciliations of Property, Plant & Equipment and Infrastructure 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	31-Jul-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. Compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting records and balance sheet reconciliations including suspense account analysis. (Excluding fixed asset adjustments yet to be posted and movement summary reconciliations noted in Finding 2 above.)	Complete	Manager Financial Services	
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	31-Jul-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.	Manual review of infringement debtors ageing and collectability.	Complete	Manager Financial Services	

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.	Ongoing	Manager Financial Services	31-Jul-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. Review of the fixed asset policy required to 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	
					3. Review of infrastructure Asset Masterfile useful lives and depreciation rate.	Complete	Manager Financial Services	
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 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



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

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



9.4. 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	<ol style="list-style-type: none"> 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 \$1,345,450 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 30 June 2024

Description	Number
Budgeted FTE (1 July 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, 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.



9.5. Performance Indicators

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



City of Nedlands Statement of Financial Activity

By Nature or Type
For the Period 01-Jul-2023 to 30-Jun-2024

	Adopted Budget	Amended Budget	Amended Budget YTD	Actuals YTD	Variance (\$) YTD	Variance (%) YTD
Operating Activities						
Net current assets - Opening surplus/(deficit)	3,030,839	2,343,293	2,343,293	2,343,297	4	0.00%
Revenue						
Operating grants, subsidies, and contributions	728,830	728,830	728,830	1,585,063	856,233	117.48%
Fees and charges	8,245,665	8,625,665	8,625,665	8,556,734	(68,931)	-0.80%
Service charges	0	0	0	3,892	3,892	No Budget
Interest earnings	910,824	1,060,824	1,060,824	1,152,961	92,137	8.69%
Other revenue	516,045	516,045	516,045	193,889	(322,156)	-62.43%
Profit on disposal of assets	73,761	73,761	73,761	0	(73,761)	-100.00%
	10,475,125	11,005,125	11,005,125	11,492,540	487,415	4.43%
Expenses						
Employee costs	(17,476,533)	(17,661,366)	(17,661,366)	(17,315,246)	346,120	-1.96%
Materials and contracts	(13,790,787)	(14,073,615)	(14,073,615)	(13,728,479)	345,136	-2.45%
Utility charges	(939,500)	(759,500)	(759,500)	(885,821)	(126,321)	16.63%
Depreciation and amortisation	(6,537,872)	(6,537,872)	(6,537,872)	(7,883,322)	(1,345,450)	20.58%
Insurance expenses	(536,291)	(536,291)	(536,291)	(456,671)	79,620	-14.85%
Interest expenses	(64,060)	(64,060)	(64,060)	(39,983)	24,077	-37.58%
Other expenditure	(633,138)	(633,138)	(633,138)	(905,742)	(272,604)	43.06%
Loss on disposal of assets	0	0	0	0	0	No Budget
	(39,978,181)	(40,265,842)	(40,265,842)	(41,215,264)	(949,422)	2.36%
Non-cash amounts excluded from operating activities	6,464,111	6,464,111	6,464,111	7,824,585	1,360,474	21.05%
Amount attributable to operating activities	(20,008,106)	(20,453,313)	(20,453,313)	(19,554,842)	898,471	-4.39%
Investing Activities						
Non-operating grants, subsidies, and contributions	1,592,667	1,780,163	1,780,163	1,334,259	(445,904)	-25.05%
Proceeds from disposal of assets	351,300	351,300	351,300	166,813	(184,487)	-52.52%
Purchase of property, plant, and equipment	(2,007,207)	(1,866,207)	(1,866,207)	(725,507)	1,140,700	-61.12%
Purchase and construction of infrastructure	(6,239,510)	(6,084,991)	(6,084,991)	(3,488,135)	2,596,856	-42.68%
Purchase of right of use assets	0	(615,000)	(615,000)	(114,939)	500,061	-81.31%
Purchase of intangible assets	(1,433,632)	(1,433,632)	(1,433,632)	(430,783)	1,002,849	-69.95%
Amount attributable to investing activities	(7,736,382)	(7,868,367)	(7,868,367)	(3,258,292)	4,610,075	-58.59%
Financing Activities						
Repayment of borrowings	(647,117)	(647,117)	(647,117)	(647,117)	(0)	0.00%
Proceeds from borrowings	0	0	0	0	0	No Budget
Principal portion of new lease liability	0	615,000	615,000	0	(615,000)	-100.00%
Recoup from self supporting loans	15,404	15,404	15,404	17,568	2,164	14.05%
Payments for principal portion of lease liability	(259,109)	(259,109)	(259,109)	(42,197)	216,912	-83.71%
Transfers to reserves	(1,354,743)	(1,636,711)	(1,636,711)	(73,667)	1,563,044	-95.50%
Transfers from reserves	3,098,825	3,170,658	3,170,658	0	(3,170,658)	-100.00%
Amount attributable to financing activities	853,260	1,258,125	1,258,125	(745,413)	(2,003,538)	-159.25%
Surplus/(deficit) before imposition of general rates	(26,891,228)	(27,063,555)	(27,063,555)	(23,558,547)	3,505,008	-12.95%
Total amount raised by general rates	26,891,228	27,063,555	27,063,555	26,813,810	(249,745)	-0.92%
Surplus/(deficit) after imposition of general rates	0	0	0	3,255,263	3,255,263	No Budget



City of Nedlands

Net Current Assets

	Balance As At 1-Jul-23	Balance As At 30-Jun-24
Current Assets		
Cash and cash equivalents	15,333,448	13,310,248
Other Financial Assets	17,597	29
Trade and other receivables	2,826,389	2,514,384
Inventories	56,650	62,164
Total Current Asstes	18,234,085	15,886,824
Current Liabilities		
Trade and other payables	(4,987,601)	(2,820,166)
Lease Liabilities	(53,100)	(10,903)
Borrowings	(647,117)	(515,037)
Grant and contract liabilities	(87,889)	(898,370)
Provisions	(2,961,934)	(1,019,991)
Other liabilities	41,470	54,813
Clearing accounts	8,655	11,739
Total Current Liabilities	(8,687,516)	(5,197,915)
Adjustments to NCA		
Less: Reserves	(7,885,891)	(7,959,558)
Less: Restricted Cash	0	0
Less: Self Supporting Loans	(17,597)	(29)
Add: Borrowings	647,117	515,037
Add: Leases	53,100	10,903
Total Adjustments	(7,203,271)	(7,433,647)
Net Current Asstes	2,343,297	3,255,263



City of Nedlands

Statement of Comprehensive Income

By Nature or Type
For the Period 01-Jul-2023 to 30-Jun-2024

	Adopted Budget	Amended Budget	Amended Budget YTD	Actuals YTD
Revenue				
Rates	26,891,228	27,063,555	27,063,555	26,813,810
Operating grants, subsidies and contributions	728,830	728,830	728,830	1,585,063
Fees and charges	8,245,665	8,625,665	8,625,665	8,556,734
Service charges	0	0	0	3,892
Interest earnings	910,824	1,060,824	1,060,824	1,152,961
Other revenue	516,045	516,045	516,045	193,889
	<u>37,292,592</u>	<u>37,994,919</u>	<u>37,994,919</u>	<u>38,306,350</u>
Expenses				
Employee costs	(17,476,533)	(17,661,366)	(17,661,366)	(17,315,246)
Materials and contracts	(13,790,787)	(14,073,615)	(14,073,615)	(13,728,479)
Utility charges	(939,500)	(759,500)	(759,500)	(885,821)
Depreciation and amortisation	(6,537,872)	(6,537,872)	(6,537,872)	(7,883,322)
Insurance expenses	(536,291)	(536,291)	(536,291)	(456,671)
Other expenditure	(64,060)	(64,060)	(64,060)	(905,742)
Interest expenses	(633,138)	(633,138)	(633,138)	(39,983)
	<u>(39,978,181)</u>	<u>(40,265,842)</u>	<u>(40,265,842)</u>	<u>(41,215,264)</u>
Net Operating	<u>(2,685,589)</u>	<u>(2,270,923)</u>	<u>(2,270,923)</u>	<u>(2,908,914)</u>
Non-operating grants, subsidies and contributions	1,592,667	1,780,163	1,780,163	1,334,259
Profit on Disposal of Assets	73,761	73,761	73,761	0
	<u>1,666,428</u>	<u>1,853,924</u>	<u>1,853,924</u>	<u>1,334,259</u>
Net Result for the Period	<u>(1,019,161)</u>	<u>(416,999)</u>	<u>(416,999)</u>	<u>(1,574,656)</u>
Other Comprehensive Income	0	0	0	0
Total Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income for the Period	<u>(1,019,161)</u>	<u>(416,999)</u>	<u>(416,999)</u>	<u>(1,574,656)</u>



City of Nedlands

Statement of Financial Position

	Balance As At 1-Jul-23	Balance As At 30-Jun-24
Assets		
Current Assets		
Cash and cash equivalents	15,333,448	13,310,248
Other Financial Assets	17,597	29
Trade and other receivables	2,826,389	2,514,384
Inventories	56,650	62,164
Total Current Asstes	18,234,085	15,886,824
Non Current Assets		
Trade and other receivables	1,116,823	1,175,560
Other Financial Assets	185,650	185,650
Property, plant and equipment	105,888,345	104,109,802
Infrastructure	251,393,981	249,336,031
Right of Use Assets	53,138	168,077
Intangible assets	795	431,578
Total Non Current Assets	358,638,732	355,406,698
Total Assets	376,872,816	371,293,522
Liabilities		
Current Liabilities		
Trade and other payables	(4,987,601)	(2,820,166)
Lease Liabilities	(53,100)	(10,903)
Borrowings	(647,117)	(515,037)
Grant and contract liabilities	(87,889)	(898,370)
Provisions	(2,961,934)	(1,019,991)
Other liabilities	41,470	54,813
Clearing accounts	8,655	11,739
Total Current Liabilities	(8,687,516)	(5,197,915)
Non Current Liabilities		
Trade and other payables	(78,905)	(78,905)
Borrowings	(925,356)	(410,319)
Lease Liabilities	(107,644)	(107,644)
Provisions	(359,357)	(359,357)
Total Non Current Liabilities	(1,471,262)	(956,225)
Total Liabilities	(10,158,778)	(6,154,140)
Equity		
Retained surplus	(242,491,565)	(240,843,243)
Reserves - cash backed	(7,885,891)	(7,959,558)
Revaluation surplus	(116,336,582)	(116,336,582)
Total Equity	(366,714,038)	(365,139,382)



City of Nedlands Reserve Movements

For the Period 1-Jul-2023 to 30-Jun-2024

Reserve	Adopted Budget				Amended Budget				Actuals YTD			
	Opening Balance	Transfer To	Transfer From	Closing Balance	Opening Balance	Transfer To	Transfer From	Closing Balance	Opening Balance	Transfer To	Transfer From	Closing Balance
Plant Replacement Reserve	246,511	139,138	(379,056)	6,593	246,511	139,138	(379,056)	6,593	370,728	0	0	370,728
City Development Reserve	1,718,279	63,695	(386,400)	1,395,574	1,718,279	63,695	(386,400)	1,395,574	991,682	0	0	991,682
North Street Reserve	139,372	9,166	(148,538)	0	139,372	291,134	(148,538)	281,968	140,827	0	0	140,827
Welfare Reserve	726,151	26,918	(400,000)	353,069	726,151	26,918	(531,833)	221,236	674,655	0	0	674,655
Service Reserve	12,846	476	0	13,322	12,846	476	0	13,322	16,888	0	0	16,888
Insurance Reserve	66,764	2,475	0	69,239	66,764	2,475	0	69,239	65,464	0	0	65,464
Underground Power Projects	2,596,193	529,760	(103,322)	3,022,631	2,596,193	529,760	(103,322)	3,022,631	2,585,872	0	0	2,585,872
Waste Management Reserve	1,091,398	95,457	(329,145)	857,710	1,091,398	95,457	(329,145)	857,710	1,167,774	0	0	1,167,774
Building Replacement Reserve	562,571	20,854	(241,035)	342,390	562,571	20,854	(241,035)	342,390	582,521	0	0	582,521
Swanbourne Development Reserve	138,087	5,119	(140,000)	3,206	138,087	5,119	(140,000)	3,206	130,833	0	0	130,833
Public Art Reserve	43,836	1,625	0	45,461	43,836	1,625	0	45,461	45,709	0	0	45,709
Business System Reserve	65,000	2,409	(65,000)	2,409	65,000	2,409	(5,000)	62,409	97,551	0	0	97,551
All Abilities Play Space	421,827	15,637	0	437,464	421,827	15,637	0	437,464	427,356	0	0	427,356
Major Projects	704,505	26,115	(718,258)	12,362	704,505	26,115	(718,258)	12,362	338,642	0	0	338,642
Lawler Park Infrastructure Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Public Open Space Reserve	110,500	114,596	0	225,096	110,500	114,596	0	225,096	110,500	73,667	0	184,167
PRCC Reserve	143,746	151,303	(188,071)	106,978	143,746	151,303	(188,071)	106,978	138,890	0	0	138,890
Riverwall Maintenance	0	150,000	0	150,000	0	150,000	0	150,000	0	0	0	0
Reserve Total	8,787,586	1,354,743	(3,098,825)	7,043,504	8,787,586	1,636,711	(3,170,658)	7,253,639	7,885,891	73,667	0	7,959,558



City of Nedlands Borrowings

For the Period 1-Jul-2023 to 30-Jun-2024

Loan Description	Loan Number	Institution	Interest Rate	Adopted Budget				Amended Budget				Actuals YTD			
				Opening Balance	Repayment	Closing Balance	Interest	Opening Balance	Repayment	Closing Balance	Interest	Opening Balance	Repayment	Closing Balance	Interest
Road Infrastructure	179	WATC	6.04%	147,155	(147,155)	0	(5,597)	147,155	(147,155)	0	(5,597)	147,156	(147,156)	0	(4,462)
Building Infrastructure	183	WATC	2.80%	363,088	(179,029)	184,059	(8,238)	363,088	(179,029)	184,059	(8,238)	363,088	(179,029)	184,059	(7,454)
Building Infrastructure	184	WATC	3.12%	376,476	(147,090)	229,386	(10,036)	376,476	(147,090)	229,386	(10,036)	376,476	(164,291)	212,185	(7,869)
Building Infrastructure	185	WATC	3.12%	178,178	(69,614)	108,564	(4,750)	178,178	(69,614)	108,564	(4,750)	178,178	(52,413)	125,765	(3,194)
Dalkeith Bowling Club	186	WATC	3.07%	35,332	(15,404)	19,928	(908)	35,332	(15,404)	19,928	(908)	35,332	(15,404)	19,929	(878)
Underground Power - West Hollywood	188	WATC	3.07%	377,861	(71,072)	306,789	(11,600)	377,861	(71,072)	306,789	(11,600)	377,860	(71,072)	306,788	(9,787)
Underground Power - Alfred & Mt Claremont	189	WATC	3.07%	55,190	(10,381)	44,809	(1,694)	55,190	(10,381)	44,809	(1,694)	55,189	(10,381)	44,808	(1,429)
Underground Power - Alderbury	190	WATC	3.07%	39,193	(7,372)	31,821	(1,203)	39,193	(7,372)	31,821	(1,203)	39,195	(7,372)	31,822	(3,383)
				1,572,473	(647,117)	925,356	(44,026)	1,572,473	(647,117)	925,356	(44,026)	1,572,473	(647,117)	925,356	(38,456)



City of Nedlands Capital Works Program

For the Period 1-Jul-2023 to 30-Jun-2024

Project Description	Adopted Budget	Amended Budget	Actuals YTD
Education Buildings			
PRCC Cabinetry and storage	50,351	50,351	0
PRCC - Roof renewal	83,796	83,796	0
Total	134,147	134,147	0
Recreation			
Allen Park Cottage Stage 2 Building upgr	281,968	0	0
Swanbourne Surf Life Saving Ext SNSLSC b	0	31,963	31,963
Tresillian Art Cntr-F&F Renewal, Power Improvemer	125,877	125,877	91,528
Total	407,845	157,840	123,491
Other Buildings			
City wide air-conditioning program	40,595	40,595	0
City wide flooring program	53,183	53,183	41,615
City wide painting program	58,218	58,218	7,740
Councilor Chambers Upgrade	125,877	125,877	28,784
Total	277,873	277,873	78,138
Park Development Renewal			
Public Arts Work	0	0	11,284
Allen park - Upgrade floodl 2 game stand	125,877	0	100,000
Greenway - Foreshore Reserve 28307	78,673	78,673	86,921
Groundwater Bore Renewal	118,064	118,064	43,211
Urban Forest Strategy	188,815	188,815	0
College Park- Renew Central Capable Cab	9,575	9,575	0
Minor Parks Furniture Renewal Program	62,938	62,938	30,749
Bird Waterers for Black-cockatoos	24,546	24,546	0
Total	608,488	482,611	272,164
Drainage Renewel			
Drainage Renewal	62,938	62,938	33,592
Flood Mitigation Design	251,754	251,754	0
City wide drainage pipe program	71,062	71,062	0
City wide drainage soakwell program	62,938	62,938	33,112
Total	448,692	448,692	66,704
Road Improvements			

Project Description	Adopted Budget	Amended Budget	Actuals YTD
Investigation and Design	358,749	358,749	91,897
Vincent Street Safety Upgrade	377,630	377,630	5,500
Total	736,379	736,379	97,397

Project Description	Adopted Budget	Amended Budget	Actuals YTD
Road Rehabilitation			
Lemnos St-Brockway Rd to Bedbrook PI	0	0	736
Smyth Road Rehabilitation	0	165,707	170,610
Rochdale Road Rehabilitation	1,659,440	1,659,439	1,303,864
Monash Avenue - City of Perth	0	16,852	
Alfred Road / West Coast Highway	18,882	18,882	0
Smyth Road / Stirling Highway - Black Spot-Signal r	18,882	18,883	0
Broadway Road renewal of northbound carriageway	837,169	875,973	443,376
Lemnos Street Road renewal from Brockway Road t	1,257,358	1,257,358	563,114
Lemnos Street - Section 2 - Bedbrook to Ellis Griffith	0	0	95,192
Lemnos Street - Section 4 - Brockway to Waste Tre	0	0	213,315
Carrington Street Road renewal from Weld Street to	362,978	362,978	261,663
Total	4,154,709	4,376,072	3,051,870
Footpath Construction			
Whadjuck Trail Footpath	176,228	176,228	0
Total	176,228	176,228	0
Parks Plant			
1DWC369:Hino Mowing Unit 1	75,000	75,000	0
1DWC370: Hino Mowing Unit 2	75,000	75,000	0
Total	150,000	150,000	0
Other Plant & Equipment			
1GJZ462:Subaru Forester Wagon-L	39,000	39,000	0
1GJP795: Ford Ranger Supercab Hi-Rider 2.2L with	37,607	37,607	38,826
1GJP794: Ford Ranger XL Supercab hi-Rider 2.2L v	37,607	37,607	38,826
1EOT436: Toyota Hi Ace LWB Auto Van Workshop	36,264	36,264	0
1GHR732: Ford Ranger XLT Supercab 3.2L Auto	44,983	44,983	0
1GQD581: Ford RangerSupercab Hi Rider 2.2L with	37,607	37,607	38,826
1GHR733: Ford Ranger Supercab 3.2L Auto	44,983	44,983	41,495
1GJZ461: Subaru Forester 2.5i-L awd wagon	37,814	37,814	0
1GKO026: Subaru Forester 2.5 i-S auto wagon	37,814	37,814	0
1GKT080: Nissan X Trail 2wd auto ST-L series 2 wa	37,814	37,814	0
1GKT081: Nissan X Trail 2wd auto ST-i series 2	37,814	37,814	46,968
1GVI611: Subaru Forester Wagon 2.5i Auto	37,814	37,814	47,928
1GVI612: MY19 2.5i Auto	37,814	37,814	47,928
1GVI624: Subaru Forester Wagon 2.5i Auto	37,814	37,814	47,928
1GLJ663: Ford Ranger Super Cab HiRider 2.2L allo	37,607	37,607	0
Minor Equipment Replacement Program - 269	10,000	10,000	0
Total	590,356	590,356	348,725

Project Description	Adopted Budget	Amended Budget	Actuals YTD
IT capital			
OneCouncil Solution	1,373,632	1,373,632	430,783
Azure Migration	25,000	0	0
Councilor Chambers Upgrade	200,000	200,000	161,635
The Client Alternative	15,000	0	0
WiFi Upgrade	5,000	5,000	0
LMS Software	20,000	0	0
ICT Equipment	137,000	56,000	13,517
Intangibles	60,000	60,000	0
Right of Use asset	0	615,000	114,939
Total	1,835,632	2,309,632	720,875
Furniture & Equipment			
Furniture & Equipment	110,000	110,000	0
Waste Recycling Stations	50,000	50,000	0
Total	160,000	160,000	0
Capital Work Program Total			
	9,680,349	9,999,830	4,759,364



10. Information, Communication & Technology

10.1.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	CONFIDENTIAL 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.



10.2.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.



11. Council Policies

11.1.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 Policies 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.

Policy	Responsible Directorate	Date of Adoption	Date of Last Review	Date of Next Review	Status	Frequency of Review
LPP 5.12: NSHAC Residential Precinct	<i>Planning</i>	<i>26 April 2023</i>	<i>PD16.04.23</i>		<i>Compliant</i>	
LPP 6.1: Heritage Incentives	<i>Planning</i>	<i>OCM 23 July 2019</i>	<i>PD28.19</i>			
LPP 7.1: Exempt Development	<i>Planning</i>	<i>OCM 27 April 2021</i>	<i>PD29.08.23 22 July 2023</i>		<i>Reviewed 2023</i>	
LPP 7.2: Design Review Panel	<i>Planning</i>	<i>23 March 2021</i>	<i>PD21.04.22 26 April 2022</i>		<i>Compliant</i>	
LPP 7.3: Consultation of Planning Proposals	<i>Planning</i>	<i>SCM 2 May 2019</i>	<i>SCM Item 6 24 September 2019</i>		<i>Compliant</i>	
LPP 7.4: Refunding and Waiving Development Application Fees	<i>Planning</i>	<i>OCM 23 July 2019</i>	<i>PD28.19</i>			
LPP 7.5: Development Compliance	<i>Planning</i>	<i>OCM 23 July 2019</i>	<i>PD28.19</i>			
LPP 7.6: State Administrative Tribunal Processes and Procedures	<i>Planning</i>	<i>OCM 23 July 2019</i>	<i>PD28.19</i>			
LPP 7.7: Public Open Space Contributions	<i>Planning</i>	<i>23 April 2024</i>	<i>PD27.04.24</i>		<i>Compliant</i>	



12. Strategic Projects

12.1.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.



13. Confidential Matters

13.1. Risk Management

Update is being prepared for August Audit Committee meeting.

13.2. Legal Matters

There being no legal matters for discussion.



13.3. Internal Audit

13.3.1. 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:

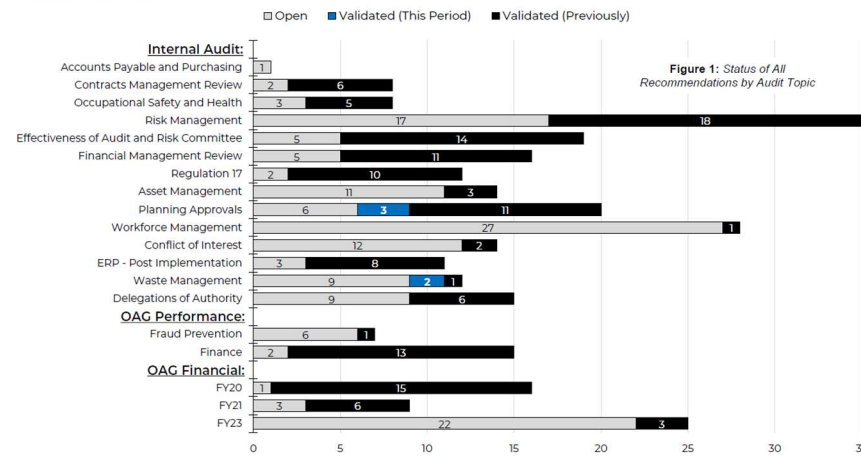
No of days outstanding	No of outstanding items
Over 300 days	313
Over 200 days	9
Over 100 days	9



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

Audit Log – Progress Report

Figure 1 provides a breakdown of the status of all three-hundred-twenty (320) recommendations per audit topic¹ – including the five (5) items closed since 17 June 2024. Statuses true as at 24 June 2024.



¹ Excludes previously fully closed audits: Internal Audits: IT Policy Review (2), Business Continuity Review (7), Records Management (9), Payroll (9), ERP Procurement and Planning (8).

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

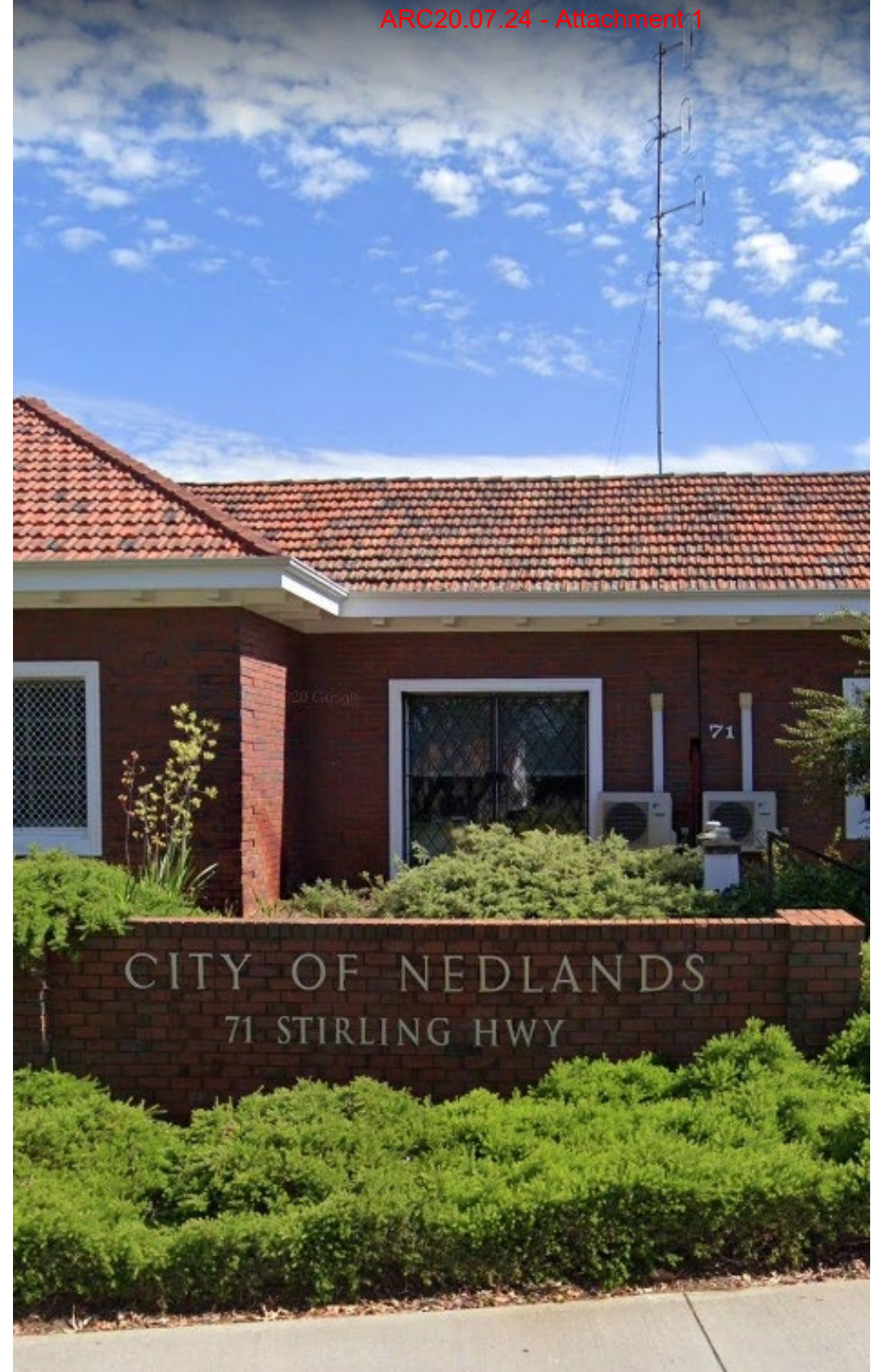
Nil.



AUDIT AND RISK COMMITTEE
MEETING AGENDA PAPER

**CITY OF NEDLANDS
INTERNAL AUDIT**

1 JULY 2024



Summary

Moore Australia (WA) has been requested by the Chair of the Audit and Risk Committee (“**the Committee**”) to provide interim reports containing:

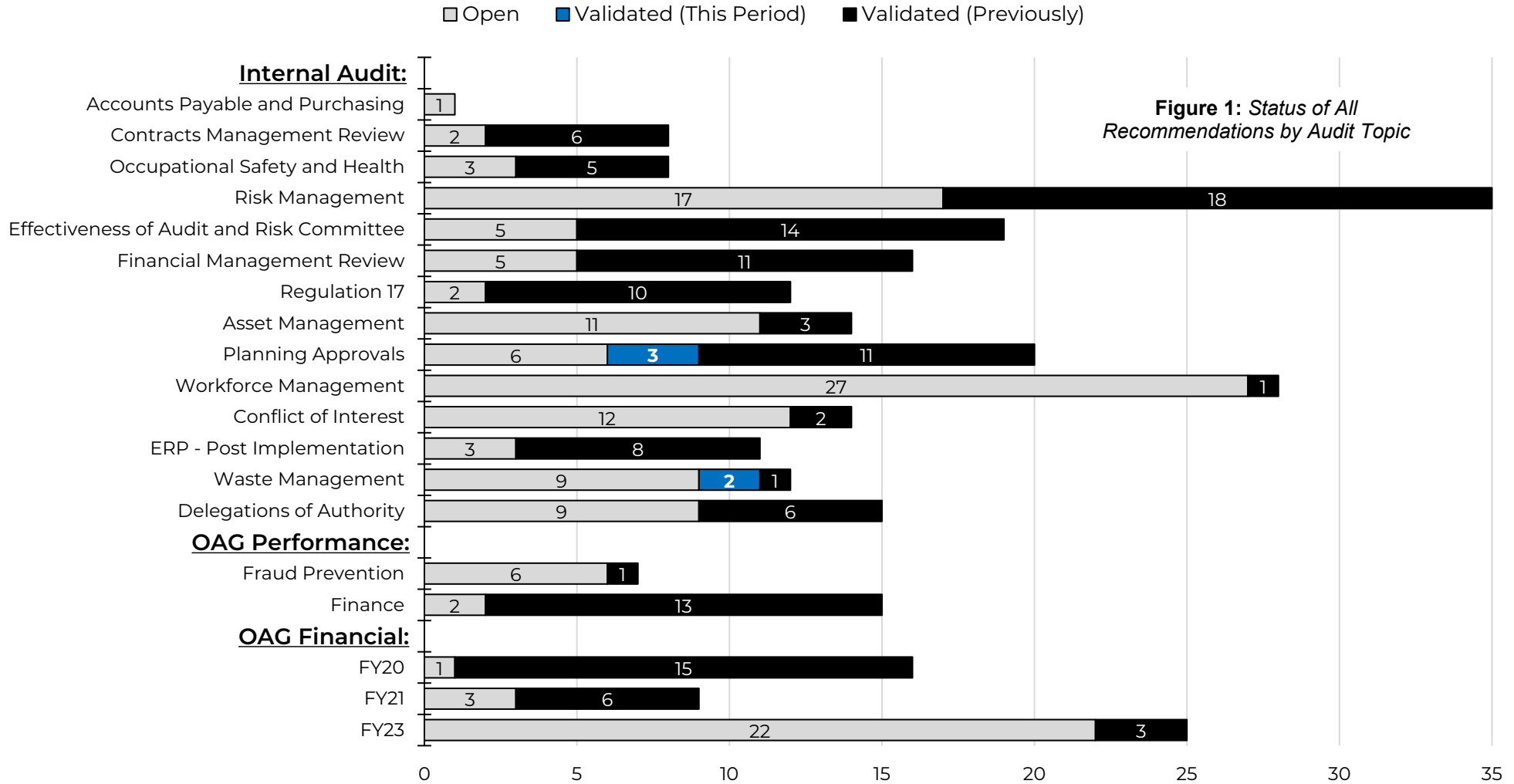
1. a chart to illustrate the City’s progress towards addressing audit recommendations by report; and
2. an extract of the entire audit log.

These reports will occur in addition to our regular agenda papers which have historically been reported to the Committee on a quarterly basis.

** Please note that the extract of the audit log is considered to contain potentially sensitive information and should be distributed to members of the Committee as a separate confidential attachment.*

Audit Log – Progress Report

Figure 1 provides a breakdown of the status of all three-hundred-twenty (320) recommendations per audit topic† – including the five (5) items closed since 17 June 2024. *Statuses true as at 24 June 2024.*



† Excludes previously fully closed audits:

Internal Audits: IT Policy Review (2), Business Continuity Review (7), Records Management (9), Payroll (9), ERP Procurement and Planning (8).



Appendix 1: City of Nedlands – Audit Log (2024.06.24)

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13.3.2. 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 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	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.



13.3.3. ARC30.07.24 Internal Audit Report Cyber Security

A CONFIDENTIAL report has been circulated to Council Members separately.

13.3.4. ARC31.07.24 Internal Audit Action Tracking Log

A CONFIDENTIAL report has been circulated to Council Members separately.



13.3.5. 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 specific 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.

POTENTIAL TOPICS FOR A LOCAL GOVERNMENT INTERNAL AUDIT PLAN

Financial	Information Management and Technology	Community and Development Services
Accounts Receivable and Payable.	Artificial Intelligence Management	Access and Inclusion.
Accuracy of GST.	Cyber Security.	Asbestos Management.
Allocation of Costs.	Document Management	Building License Application and Approval Process.
Budget and Forecasting.	Information Management and Data Governance.	Cats and Dogs Registration.
Capital Management.	Information Security.	Closed Circuit Television.
Cash and Investments Management.	Information Technology – Application Controls Review	Community Development.
Credit Card Management.	Information Technology – General Controls Review.	Community Engagement.
Discretionary Grant Funding.	IT Asset Management	Community Grants Management.
Expenditure Testing.	IT Policies	Environmental Management.
Financial Management and Controls.	IT Software Management	Food Business Assessment.
Financial Reporting and Governance (Inc FMR).	Record Keeping and Management	Grants Management.
Financial Transaction Analysis		Homelessness Management.
Grants Application, Payment, and Acquittals.		Leases Agreements and Licenses.
Invoice Review and Recipient Created Tax Invoices		Native Flora and Fauna Management.
Long Term Financial Planning		Parking Approvals and Permits.
Major Capital Projects.		Parks Maintenance.
New Systems – Procurement and Planning for implementation.		Planning Approvals.
Payroll, Timesheet and/ or Leave Management		Public Health Management.
Procurement and Tendering.		Sponsorship Programs.
Rates Invoicing and Collection.		Venue Management.
Supplier Masterfile Management.		Waste Management.
Timely Payment of Suppliers.		
Timesheet Management		

POTENTIAL TOPICS FOR A LOCAL GOVERNMENT INTERNAL AUDIT PLAN

Corporate Administration		
Asset Management.	Delegations of Authority	Policy Framework and Governance
Assurance Mapping and Strategic Internal Audit Plan	Environment, Social and Governance	Post Implementation Review of Financial and Non-Financial Systems.
Audit and Risk Committee Effectiveness.	Emergency Management.	Post Projects Reviews.
Audit Log	Fleet Management	Project Management.
Audit Regulation 17 Review.	Fraud, Corruption, Misconduct.	Public Interest Disclosure.
Board Effectiveness.	Gift, Benefits and Hospitality Governance.	Regulation Readiness
Business Continuity, Disaster Recovery and incident Management.	Governance and Compliance	Risk Management
Claim Management.	Integrated Planning and Reporting.	Site Security
Complaints Management.	Infrastructure.	Supply Chain Management
Compliance Audit Return.	Legislative Compliance.	Training and Development.
Conflict of Interest.	Licenses and Agreements.	Verifying Employee Identification and Credentials.
Contract Management.	Office of the Auditor General Readiness Against Previously Tabled Reports	Workforce Management – Recruitment, Induction, Performance Management and Termination.
Corporate Business Plan.	Office of the Auditor General Readiness Against Better Practice Guides	Work Health and Safety



14. Any Other Business

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

15. Date of Next Meeting

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

16. Declaration of Closure

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