City of Nedlands

AGENDA

Audit Committee Meeting

Monday, 16 June 2025

Notice of Meeting

To Mayor & Councillors

A Meeting of the Audit Committee of the City of Nedlands is to be held on Monday, 16 June 2025 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
11 June 2025

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.

Table of Contents

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)	Cr Amiry
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

The Minutes of the Audit Committee Meeting 26 May 2025 are to be accepted as a true and correct record of that meeting.

9. Finance

9.1. ARC 75.06.25 External Audit – FY24 audit status

Meeting & Date	ARIC Meeting – 16 June 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
Director	J. Vojkovich – Acting Director Corporate Services
CEO	K. Shannon
Attachments	1. FY23 OAG findings remediation status 2. 30 June 2024 draft financial report - Confidential (attachment to be provided)

Purpose

This report is for the 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 Committee have also requested updates on the progress towards remediation of OAG audit findings.

Recommendation

That the Committee

1. RECEIVES the status report.
2. RECEIVES the 30 June 2024 draft financial report, noting the report is subject to on-going review processes, and a formal audit exit meeting from the Office of The Auditor General.

Voting Requirement

Simple majority

Background

1. 30 June 2024 audit status

The City's 30 June 2024 audit fieldwork phase has been completed, and supporting documentation has been provided.

RSM/OAG review processes are currently underway with additional supporting documentation provided for clarifying queries. Discussions have not yet been finalised on the technical accounting aspects of the 30 June 2024 financial report for opening balances

disclosures and presentation of the restated comparative figures. The financial report disclosures and presentation will impact the extent of the qualification paragraphs in the audit opinion.

As a part of the City's internal review and preliminary approval process the draft financial report for the year ended 30 June 2024 is attached for the Committee's consideration.

It is expected a formal audit exit meeting be held in Q3 2025 to discuss the draft financial report, audit report wording, and draft management letter audit findings.

2. 30 June 2023 OAG findings

Due to the recent legacy system (Authority) outages and necessary upgrade there will be a delay in OneCouncil module implementation and consequently in the remediation of certain findings. The following items remain open at June 2025.

1.5b	Preparation of infrastructure Asset Masterfile for OneCouncil implementation and financial reporting purposes is delayed pending resource reallocation
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

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

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 (June 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 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 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 Officer	
						4e. Preparation of infrastructure Asset Masterfile for financial reporting audit purposes - Reconciliation to OneCouncil financial accounting records.	Complete	Chief Finance 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 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 Officer	To be further advised
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 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 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 Officer	
						4. Prepare movement schedules and reconciliations of Property, Plant & Equipment and Infrastructure from 30 June 2022 to present.	Complete	Chief Finance 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 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.	Complete	Chief Finance Officer	
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 Officer	
						2. Accounting Services Coordinator recruited. Position responsible for day-to-day financial accounting processes including balance sheet reconciliations.	Complete	Chief Finance Officer	
						3. Management Accountant recruited. Responsible for monthly management accounting reporting, budget and variance analysis.	Complete	Chief Finance 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 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.	Complete	Chief Finance Officer	
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 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 Officer	To be further advised
9. Ageing of infringement debtors			✓		Lack of aged listing for infringement debtors.	Manual review of infringement debtors ageing and collectability.	Complete	Chief Finance 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 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 Officer	
						2. Compilation of infrastructure Asset Masterfile.	Complete	Chief Finance Officer	
						3. Review of infrastruture Asset Masterfile useful lives and depreciation rate.	Complete	Chief Finance 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 Officer	31-Aug-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 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 Officer	To be further advised
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 Officer	31-Aug-25

9.2 ARC 76.06.25 External Audit – FY25 audit status

10 Meeting & Date	ARIC Meeting – 16 June 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.
CFO	J. Vojkovich
Director	J. Vojkovich – Acting Director Corporate Services
CEO	K. Shannon
Attachments	Nil

Purpose

This report is for the Committee to be updated on key correspondence and preparation relating to the audit of the City's financial report for the year ending 30 June 2025.

Recommendation

That the Committee RECEIVES the report.

Voting Requirement

Simple majority

Background

1. 30 June 2025 audit status

The CFO continues to work with RSM/OAG on audit planning, with key matters being:

- An entrance meeting including the Mayor, Chair ARIC and CEO (subject to availability). The meeting will consider the planned audit program for FY25 including responsibilities, resolution of audit issues, and timeline to completion.
- The interim audit fieldwork phase was due to commence in the week beginning 19 May 2025 however this has been deferred due to the Authority outage affecting the month end report. It is expected that the interim work will now mostly be completed without attendance being required at the City's office. The work is expected to be completed by early to mid July 2025.

Despite the delays, the City's annual audit process is expected to move back on track to meet expected local government reporting and compliance deadlines.

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

Discussion

Nil

Decision Implications

Nil

Conclusion

The discussion will be noted.

9.3 ARC 77.06.25 Internal Audit Update

Meeting & Date	ARIC Meeting – 16 June 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
Director	J. Vojkovich – Acting Director Corporate Services
CEO	K. Shannon
Attachments	Nil

Purpose

This report is for the Committee to be updated on Internal Audit activities and appointment of Internal Auditor.

Recommendation

That the Committee:

1. RECEIVES the report
2. RECOMMENDS the Administration to prepare in July 2025 in conjunction with the Internal Auditor a draft timetable of key events for the City's internal audit risk assessment and strategic planning (dates for Committee forum, project scoping, proposed fieldwork and reporting).
3. RECOMMENDS an initial budget amount be included within the FY26 budget of up to $60,000 for internal audit services, subject to the development of the City's three-year strategic program of internal audits.

Voting Requirement

Simple majority

Background

The City's objectives for 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.

Discussion

On 27 May 2025 the Council appointed KPMG as the City's Internal Auditor for a three year period from 1 July 2025 to 30 June 2028.

The Internal Auditor will review the 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 Committee on the outcomes of internal audits, and attending meetings as required.

The scope of the internal audit program on an annual basis is also impacted by the Council budget decision based on a low, medium and high coverage.

Currently the administration is in the process of reviewing and updating the status of the existing log of open internal audit findings.

Consultation

No specific consultation.

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

The administration recommends an initial budget amount be included within the FY26 budget of up to $60,000 for internal audit services, subject to the development of the City's three-year strategic program of internal audits.

Legislative and Policy Implications

Procurement of Goods and Services Council Policy
Local Government Act 1995, *Local Government (Financial Management) Regulations 1996*

Decision Implications

The Internal Audit services should lead to more efficient use of resources in the long term by addressing key risk areas.

Conclusion

The Administration is to prepare in conjunction with the Internal Auditor for Committee consideration a draft timetable of key events for the City's internal audit risk assessment and strategic planning (Committee forum, project scoping, proposed fieldwork and reporting).

10. Strategic Projects

10.1 ARC 78.06.25 Update from Director Technical Services – NORN BIDI TRAIL

Meeting & Date	ARIC Meeting – 16 June 2025
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil
Report Author	Olaya Lope - Manager City Projects & Maintenance
Director	Santosh Amasi
Attachments	Attachment 1 - Issued For Construction Norn Bidi design - General arrangement plan Attachment 2 - Norn Bidi Trail - Car Park - Safety improvements

Purpose

This report is an update on the status of the Norn-Bidi Trail.

Administration Recommendation

That the Committee RECEIVES the report

Voting Requirement

Simple majority

Background

The design for the Norn Bidi Trail and associated carpark works is complete (refer to Attachment 01). The work is divided into three main areas:

Area 1 - Western Side of the Carpark: The trail (footpath), along with the associated line marking and parking arrangement changes, has been completed.

Area 2 - Eastern Side of the Carpark: Line marking and parking arrangement changes are currently on hold because the area is part of the construction site of the contractor building the Hospice. The City of Nedland works in this area will resume once the Hospice contractor demobilises from the site. The estimated duration for the Hospice works, being managed by others, is 18 months for the construction works, starting from November 2024. It is expected that additional time will be required for the fit-out of the building.

Area 3 - Proposed Path from Swanbourne Reserve to the Carpark: Path was marked by surveyors in April 2025, as directed by Council. The works to build the path, which

encroaches on the WA Bridge Club (WABC) leased area will be on hold pending confirmation of changes to the WABC lease boundary, which is currently being negotiated.

In addition to the above and following an incident reported by the WABC, the Administration conducted a site inspection and safety assessment of the installed elements of the project (area 1) and surrounding parking areas. As a result, the following actions were recommended to improve the overall safety and appearance of the area (refer to Attachment 02):

a) Installation of U-shaped barriers to direct pedestrian traffic away from the wheel-stoppers and enhance visibility of the area's environmental changes: work complete
b) Asphalt works to level uneven areas and reduce trip hazards: to be completed by Mid-June 2025 (note: the asphalt works were originally scheduled for mid-April but were postponed to accommodate special event days at the WABC carpark).
c) Review of proposed safety line marking and vertical signs required: to be completed by end of June 2025 (note: line marking will follow the asphalt works, which were postponed as outlined above).
d) General site clean-up and installation of information signage: to be completed upon approval of the proposed signage design (currently pending).
e) Vegetation trimming to maintain clear sight lines for safe entry and exit at WABC: scheduled for mid-June 2025.

The above measures include weekly site inspections and remediation of defects, if required, which will continue until the outstanding works in areas 2 and 3 can be resumed.

The estimated duration of the outstanding works, once access to areas 2 and 3 is granted, is 60 days. An estimate of projected cost is $75,000 (to be indexed accordingly). The duration and the estimated projected cost may vary if works in areas 2 and 3 are not done concurrently.

Discussion

The City is continuing to seek an amendment of the leased area under the WABC lease and will report to the Committee/Council once the negotiations have been resolved.

Budget/Financial Implications

Project will be allocated to Norn Bidi budget costing.

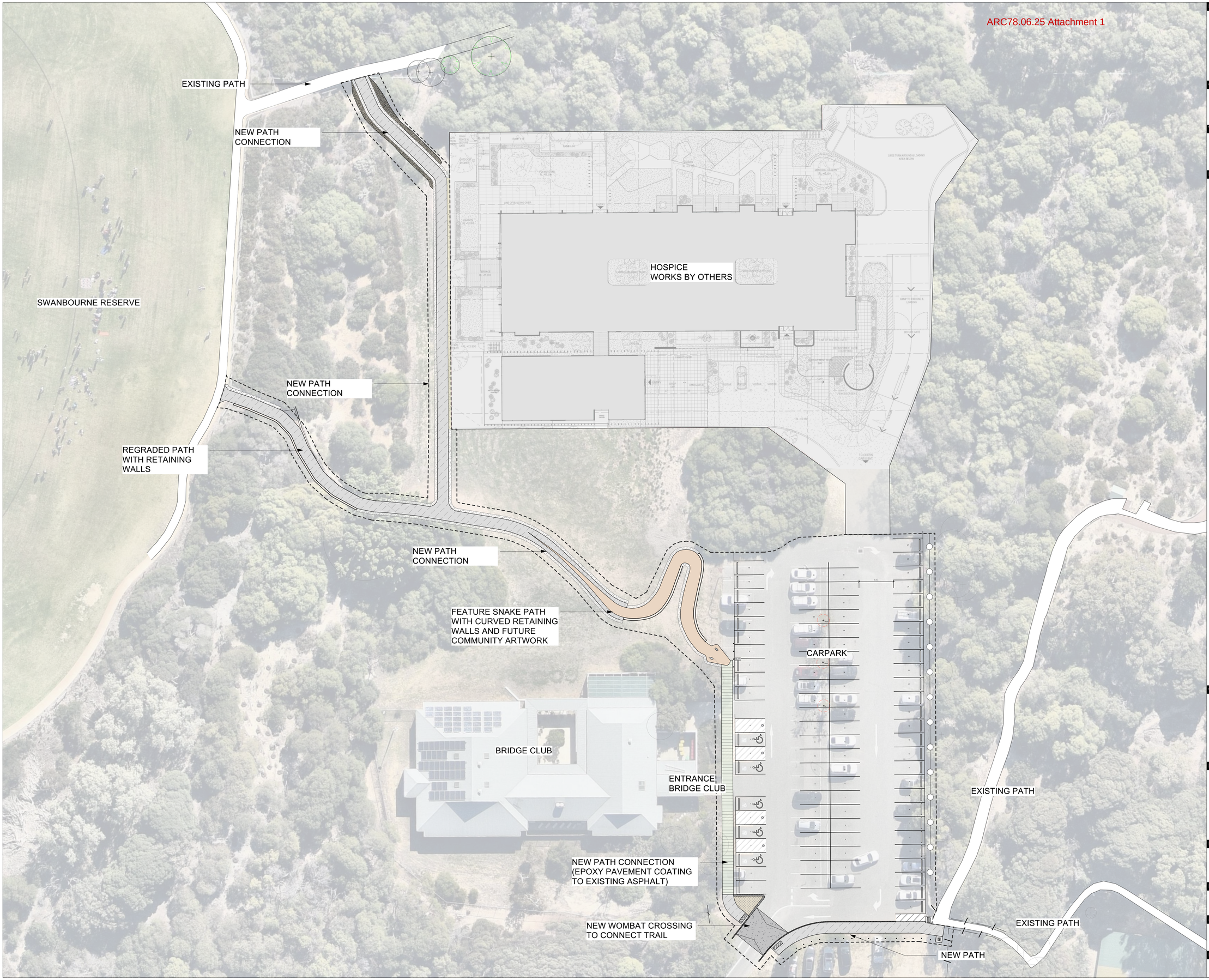
Decision Implications

Nil

Conclusion

The discussion will be noted.

ARC78.06.25 Attachment 1



NOTES

This drawing should be read in conjunction with REALMstudios PTY LTD prepared specifications and details. Should a conflict exist, advice and direction should be sought from REALMstudios prior to undertaking any construction works. All levels shown are in metres Australian height datum, and dimensions in millimetres unless otherwise noted.

All information relating to architectural, civil, structural, services and other works as represented on this drawing as prepared by REALMstudios is for REALMstudios' reference
and coordination purposes only. All documentation to these and other works outside the scope defined for REALMstudios should be referred to the relevant consultants' drawings and specification for details. This drawing is confidential and shall only be used for the purposes of this project.

CERTIFICATION

This drawing shall not be used for construction purposes unless Revised 0 Issued for Construction and signed and approved by the Certifying Landscape Architect. Verify all dimensions on site before commencing work or order materials. Refer any discrepancy to Landscape Architect before proceeding with the works.
DO NOT SCALE FROM THE DRAWING

WARNING

DIAL BEFORE YOU DIG www.1100.com.au

Services shown on this drawing are approximate only. The exact location is to be confirmed on site by contractor prior to commencement of work.

DATE	REV	AMENDMENTS
08/09/23	C	100% Schematic Design
05/03/24	D	90% TENDER DOCUMENTATION
16/04/24	E	100% TENDER DOCUMENTATION
2/05/24	F	100% TENDER DOCUMENTATION
26/07/24	G	ISSUE FOR CONSTRUCTION

1 5 10 15 20

1:300 @ A1
1:600 @ A3

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CLIENT

City of Nedlands

71 Stirling Hwy

Nedlands WA 6009

PROJECT

ALLEN PARK TRAIL FOOTPATH

DRAWING

GENERAL ARRANGEMENT PLAN

DRAWN	CHECKE	SCALE @
JP	DP	1:300

STATUS

FOR CONSTRUCTION

DRAWING NO.	REVISION
23666-00-L201	G

Figure 1. – Actions to improve improve the overall safety and appearance of the area. Location: carpark area adjacent to the WA Bridge Cluc main access

10.2 ARC 79.06.25 Update from Technical Services – UNDERGROUND POWER

Meeting & Date	ARIC Meeting – 16 June 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	O. Lope – Manager City Projects & Maintenance C. Ross – Financial Services Consultant
Director	S. Amasi – Director Technical Services
Attachments	1. UGP Project Update 30 May 2025

Purpose

This report is an update on the Underground Power projects for Nedlands North and Nedlands West.

Recommendation

That the Committee RECEIVES the report

Voting Requirement

Simple majority

Background

Underground power (UGP) is specified in the City's Strategic Community Plan (2018-2028) as one of eight strategic priorities.

The City commenced the installation of underground power and upgraded street lighting in 1997 through the delivery of various staged projects.

The remaining project areas for connection to underground power are as follows:

- Stage 1: Nedlands North (commenced September 2024)
- Stage 2: Nedlands West (commenced March 2025)
- Stage 3: Hollywood East (not yet agreed)

On 28 May 2024 (CPS27.05.24), Council agreed to proceed with the first two stages in Nedlands North and Nedlands West.

Discussion

1. Project Status

Refer to Attachment 1 for the May 2025 Western Power project update report for both Nedlands North and Nedlands West.

Due to the Western Power contractor submitting an extension of time request the practical completion date for Nedlands North is scheduled for 14 August 2025. The revised date reflects constraints with switching resources and associated delays with the eNAR processes.

The work for Nedlands West commenced in March 2025 and is scheduled for completion by mid 2026.

2. 2025/26 Ratepayer service charges

Property owners contribute towards Underground Power by way of fixed charge for “network” and “service” connections in accordance with Regulation 54(c) of the *Local Government (Financial Management) Act* 1996 and clause 6.38 of the *Local Government Act* 1995.

The 2025/26 service charge amount levied to property owners will vary depending on the project area and whether the property already has a connection pillar (green dome/box) and connection to the property meter box, dwelling type, and for commercial properties.

The total project cost charged by Western Power to the City is $14.2m spread over 270 properties in Nedlands North and 668 properties in Nedlands West. Under the City's policy, 50% of the City's contribution to Western Power is recoverable directly from affected property owners, with the remaining 50% funding from reserves and municipal funds. The City is to apply a service charge to directly impacted property owners in 2025/26 totalling approximately $7.1m.

All funds collected via the service charge will be placed in a reserve and drawn upon for payments to Western Power.

Pensioner and Senior rebates are to be offered in accordance with *Rates and Charges (Rebates and Deferments) Act* 1992 to eligible property owners. Provision is also made by the City for property owners that may suffer from severe financial hardship options to delay payments, with each application assessed on its merit.

Budget/Financial Implications

No implication in receiving the agenda items.

Decision Implications

Nil

Conclusion

The discussion will be noted.

Nedlands Project Performance Update

North & West

Date: 30/05/2025

Project Overview – Nedlands North

Construction Activities

Overall (Zones 1 to 3)	Target	Actual	Status	Completion
Locating Services	8417	8417	Completed	100%
Street Services	13763	13763	Completed	100%
Consumer Mains	126	112	In Progress	89%
Powered by Underground	270	93	In Progress	34%
Streetlights Installed	86	45	In Progress	52%
Streetlights Energised	86	0	Not Started	0%
PE Sites	3	3	Completed	100%
Dismantling	128	0	Not Started	0%

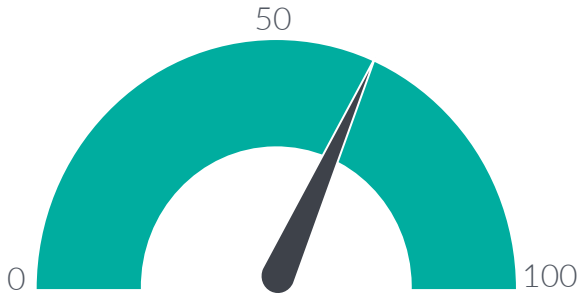
% of Cable Meters Installed

Legend

- On Track
- Minor Issue
- Major issue

Schedule Performance Indicator

The Contractor has submitted an EOT indicating 14 August 2025 as the completion date. The revised date reflects constraints with Switching Resources and associated delays to eNAR processes—making it the most realistic timeline.



60%

Overall Project Completion

Project Update – Nedlands North

Works completed WE 25/05/2025:
ENAR 594994 was performed at Selby St & Underwood Ave for a HV cable drop and straight joint to new 400HV cable to enable the energisation of the new RMU at AIM. Then energise new 35HV cable back to the existing transformer at AIM.

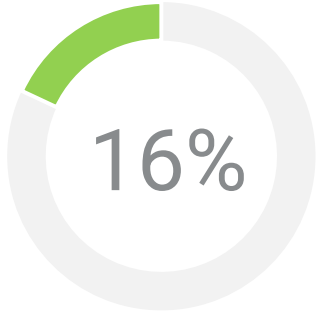
Two week look ahead:
WE 01/06/2025:
Attend to customer queries on site as required.

Zones	Street Services (m)	Consumer Mains install (qty)	Consumer Changeovers (qty)	Streetlights (qty)	Overhead Dismantling (qty of bays)
Zone 1	Completed	In Progress	In Progress	In Progress	Not Started
Zone 2	Completed	In Progress	In Progress	In Progress	Not Started
Zone 3	Completed	In Progress	In Progress	In Progress	Not Started

Project Overview – Nedlands West

Construction Activities

Overall (Zones 1 to 5)	Target	Actual	Status	Completion
Locating Services	19360	5617	In Progress	29%
Street Services	32536	5364	In Progress	16%
Consumer Mains	256	249	In Progress	97%
Powered by Underground	668	0	Not Started	0%
Streetlights Installed	214	0	Not Started	0%
Streetlights Energised	214	0	Not Started	0%
PE Sites	8	0	Not Started	0%
Dismantling	263	0	Not Started	0%

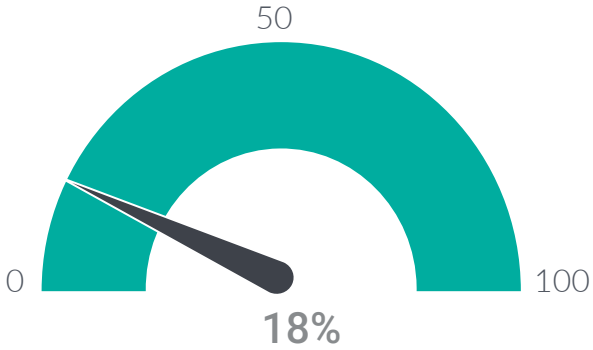


% of Cable Meters Installed

Legend

- On Track
- Minor Issue
- Major issue

Schedule Performance Indicator



Overall Project Completion

Project Update – Nedlands West

Works completed WE 25/05/2025:

- Approximately 170m of service locating was completed in Zone 1.
- A total is 683m for the installation of HV, LV and service cable in Zone - 1 & 4.

Two week look ahead:

- WE 01/06/2025:
  - 300m Locating – Zone 1,2 & 4
  - 700m Drilling – Zone 1,2 & 4
- WE 08/06/2025:
  - 300m Locating – Zone 1,2 & 4
  - 700m Drilling – Zone 1,2 & 4

Continuing cable installations and locating third party services in Zone 1, 2 and in Zone 4.

Zones	Street Services (m)	Consumer Mains install (qty)	Consumer Changeovers (qty)	Streetlights (qty)	Overhead Dismantling (qty of bays)
Zone 1	In Progress	In Progress	Not Started	Not Started	Not Started
Zone 2	In Progress	In Progress	Not Started	Not Started	Not Started
Zone 3	Not Started	In Progress	Not Started	Not Started	Not Started
Zone 4	In Progress	In Progress	Not Started	Not Started	Not Started
Zone 5	Not Started	In Progress	Not Started	Not Started	Not Started

THANK YOU

Head office
363 Wellington Street
Perth, WA 6000
westernpower.com.au

10.3 ARC 80.06.25 Update from Technical Services – KENNEDIA LANE IMPROVEMENT

Meeting & Date	ARIC Meeting – 16 June 2025
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil
Report Author	Olaya Lope - Manager City Projects & Maintenance
Director	Santosh Amasi
Attachments	Attachment 1 - Kennedia Lane - Prelim stormwater drainage works

Purpose

This report is an update on the status of the Kennedia Lane Improvement project.

Recommendation

That the Committee RECEIVES this report

Voting Requirement

Simple majority

Background

Works completed to date:

1. A Feature Survey of Kennedia Lane was completed in August 2024.
2. An Underground Services Survey was completed in September 2024.
3. Safety in Design Review and Concept Designs were completed in early December 2024.
4. Drainage inspections and assessments were conducted in December 2024. It included:
    a. Visual condition inspection of pits and pipes
    b. Survey pick-up of pipe inverts and pits
5. 15% design complete including design of stormwater drainage infrastructure to be installed in preparation for the winter storms.
6. Early installation of drainage infrastructure scheduled for May 2025 to minimise the risk of flooding to adjacent properties during winter rains (Makuru season) is now complete.

Works scheduled for completion in the following months:

1. Detail design, including geotechnical and pavement investigation and an accurate cost estimate of the construction works, is underway
2. Public tender is scheduled to commence in late June or early July 2025
3. Construction works scheduled to commence upon contract award and subject to Council approval in Q3-Q4 2025.

Projected cost of the design works, including preliminary investigations and early works to mitigate potential flooding issues: $55,000
An estimated projected cost of construction works: $545,000

Discussion

Nil

Budget/Financial Implications

No implication in receiving the agenda items.

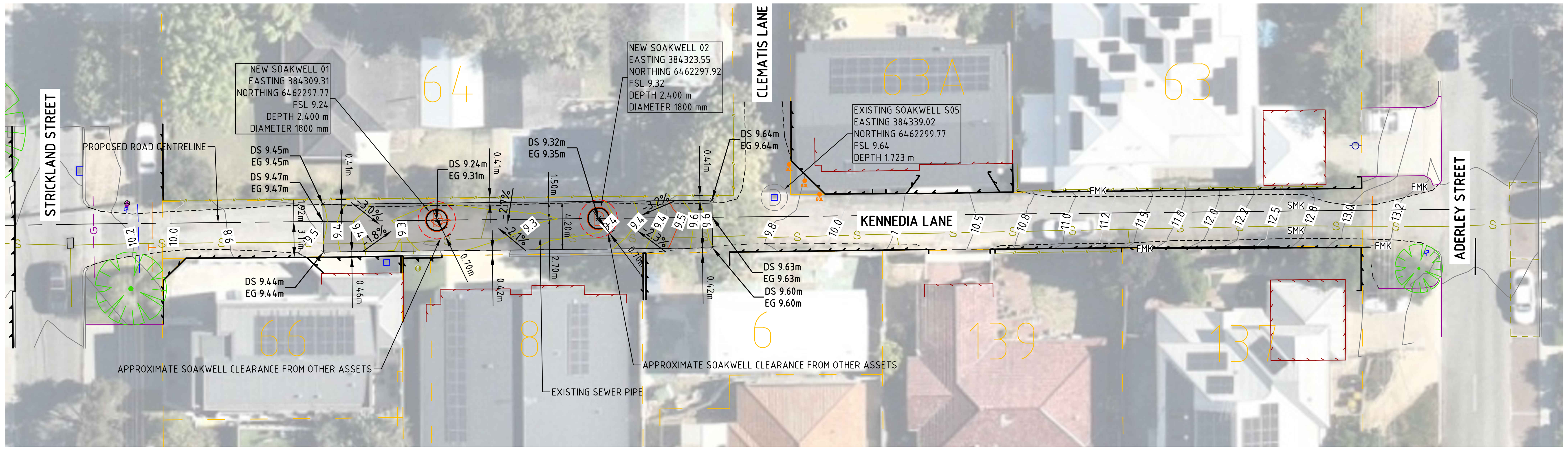
Decision Implications

Nil

Conclusion

The discussion will be noted

ARC80.06.25 Attachment 1



PLAN VIEW 1

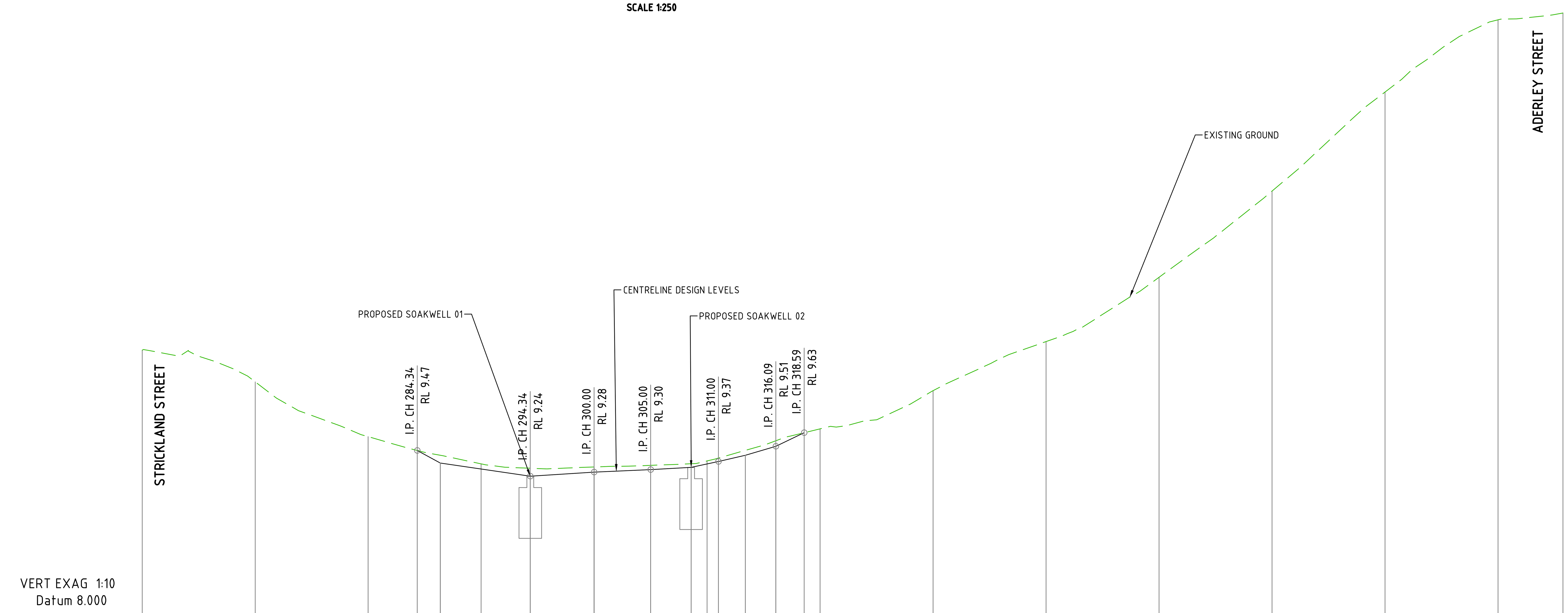
SCALE 1:250

DRAINAGE LEGEND

- STRUCTURE NAME/NUMBER, EASTING, NORTHING, FINISHED SURFACE LEVEL, DEPTH, DIAMETER
- PROPOSED DRAINAGE PIT
- EXISTING DRAINAGE PIT
- EXISTING SEWER PIPE
- EXISTING CADASTRAL BOUNDARY
- EXISTING CONTOUR LEVELS
- PROPOSED DESIGN CONTOUR LEVELS
- PROPOSED REGRADING AREA
- RL LEVELS (DS 28.20m EG 28.20m)
- DS: DESIGN EG: EXISTING GROUNG
- PROPOSED ROAD CENTRELINE

PIT SCHEDULE FOR: PROPOSED SOAKWELLS SECTION 3

STRUCTURE NO.	STRUCTURE TYPE	CO-ORDINATES	REF PT. ELEV.	DIAMETER (mm)	DEPTH (m)
NEW SOAKWELL 01	1,800 dia Concrete Manhole	E: 384309.314 N: 6462297.772	9.242	1800	2.40
NEW SOAKWELL 02	1,800 dia Concrete Manhole	E: 384323.553 N: 6462297.920	9.320	1800	2.40



DESIGN LEVELS					9.470	9.306	9.278	9.351	9.627									
EXISTING LEVELS	10.358	10.307	10.077	9.592	9.470	9.352	9.324	9.377	9.627	9.661	9.999	10.434	11.003	11.766	12.643	13.282	13.342	
DEPTH					0.000	-0.046	-0.046	-0.027	0.000									
CHAINAGE	260.000	263.185	270.000	280.000	284.341	290.000	300.000	310.000	318.587	320.000	330.000	340.000	350.000	360.000	370.000	380.000	385.753	

ISSUED FOR APPROVAL

SCALE 1:250 — 5m 0 5m 10m 15m 20m 25m

REV	DATE	AMENDMENT	DRN	CHKD	APP
A	13.03.2025	ISSUED FOR APPROVAL	VS	MM	CL

ORIG SIZE A1 — 0 10 20 30 40 50 100mm AT ORIGINAL PLOT SIZE

CIVIL SCIENCES & ENGINEERING
Consulting Engineers
10/643 Newcastle Street
Leederville WA 6007

VALIDATION: SIGNATURE / DATE / DATE APPROVED

CLIENT: City of Nedlands

SCALE : 1:250 (@ A1)

METADATA
H: GDA94 MGA Z50
V: AHD

SURVEY SOURCE & DATE: BMS 08/2024

DESIGNED: MM
DRAWN: VS
PROJECT MANAGER: COLIN LEEK

PROJECT: KENNEDIA LANE REHABILITAION DESIGN
DRAWING TITLE: SECTION 3 DRAINAGE PLAN AND PROFILE
DRAWING NUMBER: C-602
Revision : A
CSE PROJECT NUMBER: CSE2425-043

CAD drawing path: C:\Users\engin\Civil Sciences and Engineering\Projects - Docs\CSE-2425-043__KENNEDIA LN AND WEBSTER ST REHAB\4. Drawings\1_Drawings\CSE2425-043 - Kennedia Lane.dwg
Printed by: VMS
Date & time: Thursday, 13 March 2025 11:47:29 AM

10.4 ARC 81.06.25 Update from Director Corporate Services – ERP/ONECOUNCIL

Meeting & Date	Audit Committee Meeting – 16 June 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	M. Lima – ICT Program & Business Improvement Manager
Director	J. Vojkovich
Attachments	Nil

Background

TechnologyOne is the Software-as-a-Service (SaaS) vendor providing the ERP solution, which is called OneCouncil and will be referred to as such hereafter.

At the Ordinary Council Meeting held on 22 June 2021, the Council resolved to award the contract for the City's Enterprise Resource Planning (ERP) system to TechnologyOne for an initial term of five years.

The OneCouncil implementation project has been managed as an internal project, resourced to accommodate a staged roll out of fundamental modules across the organisation and was divided into three key phases which are described below. The City successfully implemented the modules from Phases 1 and 2 although not all sub modules originally planned for Phase 2 were released. Currently, the City's ERP project team is engaged in Phase 3 implementation.

Phase 1 Summary

Functions: Finance Management, Purchasing, HR, Payroll, Enterprise Document Management (ECM core), and Contracts.

The initial phase of OneCouncil went live on 4 July 2022. Despite facing resourcing challenges and the impacts of COVID-19, the deployment was completed on time and within budget, delivering all scoped modules as planned. A Phase 1 completion report was presented to the Committee on the 15 August 2022.

Post-implementation, Moore Australia conducted an internal audit of Phase 1. The audit focused on validating the implemented modules and assessing the status of Phase 2 at that time. The audit did not identify any major issues with the ERP implementation for Phase 1.

Phase 2 Summary

Functions: Digital Experience Platform (DXP), ECM part b, BI reporting, Enterprise Budgeting, Corporate Performance Planning, Asset Lifecycle Management (financial assets and workorders), and Recruitment.

Modules for Phase 2 were implemented in accordance with the Configuration Design Documents (CDD). However, not all modules have been deployed or are actively used within the City's production environment.

The Phase 2 implementation audit has been deferred due to staff turnover at the time of the completion and the lack of critical project documentation. An audit will be conducted later in 2025, once the necessary supporting documentation has been sourced.

Phase 3 Summary

Functions: Property and Rating, Compliance.

The Phase 3 implementation is currently underway. The targeted go-live date for the Property and Rates module is set for 6 October 2026, contingent upon the outcome of the July 2026 rate strike, which will be used for parallel testing. The City requires a minimum of three parallel test runs on the July 2026 rate strike to ensure system readiness.

Discussion

Project Governance

The Project Steering Committee is being re-established for the ongoing OneCouncil implementation. A draft Terms of Reference is currently under review to formalise the Project Steering Committee's scope and responsibilities. The first Project Steering Committee meeting will be held by the end of June 2025.

Stakeholder Engagement

Originally planned property and ratings communications for June will be postponed to align with the new October 2026 go-live date. Additionally, information sessions with Managers will be scheduled for the second half of 2025. These sessions will focus on mapping business unit processes, reviewing Subject Matter Expert resource allocations, and setting clear expectations with Managers and Directors.

Phase 3 Update

Progress to date:

- Property and Rates data exists in the Test and Production environments, with validation processes and logic tests in place to ensure it is correct.
- Property configuration data loaded into non-production project environment and validated from the Authority system.

- Billing charges for Rates and Animals calculations are complete and loaded into the non-production project environment.
- Billing charges for Rates and Animals calculations are complete and loaded into the non-production project environment. Data migration validation logic has been enhanced to improve the assessment of data quality originating from the Authority system.

Current Activities:

- The project team is actively progressing with Phase 3 implementation while concurrently supporting essential Business-As-Usual (BAU) functions, such as clarifying finance-related aspects within OneCouncil and working on the Authority recovery effort.
- The billing charge codes, and configuration are partially completed for Compliance functions and loaded into the Master environment.
- System integration testing for all functional areas of Rates is nearing completion and issues are being raised and resolved with TechnologyOne consultants.
- Debtor account data migration is nearing completion, which creates an association between the Names and Properties to facilitate billing and other Compliance functions.
- Reviewing the Rates and Compliance document templates, forms and certificates for validating by the business units.
- Reviewing user access profiles for inclusion in the Master environment.
- Planning and preparing the User Acceptance Testing (UAT) test scenarios for Rates modules, to be reviewed by the appropriate business units.

Budget/Financial Implications

No implication in receiving the agenda items.

A provision for the continuing implementation of OneCoucil ERP is included in the upcoming FY26 budget.

FY25 Financial Summary to Date (as of 3 June 2025):

Cost Items	Budget (July 24 - June 25)	Actuals YTD (July 24 - Jun 25)
Yearly SaaS Subscription Fees	400,000	423,038
TechnologyOne Implementation Consultancy	300,000	115,646
City's Implementation Services (Internal labour)	819,896	781,770
Totals	**1,519,896**	**1,320,454**

Full budget cost

Progress continues to be made with recompiling the budget and prior year actuals to provide an overview of the project completion. The overall position currently shows an underspend against budget, however noting that some costs for FY24 are still being sourced and budget for FY26 is still being determined.

OneCouncil Implementation costs (excl GST)	Phase 1	Phase 2	Phase 3			5 year cost
	Jul-21 to Jun-22	Jul-22 to Jun-23	Jul-23 to Jun-24	Jul-24 to Jun-25	Jul-25 to Jun-26	Jul-21 to Jun-26
Budget Item	Budget $	Budget $	Budget $	Budget $	Budget $	Budget $
Cloud SaaS Fees (ongoing yearly fee)	432,000	325,000	325,000	400,000	477,750	
T1 Implementation Consultancy Services	395,000	400,000	1,048,632	300,000	283,000	
City's Implementation Services	482,000	674,000		819,896	*1,000,000*	
Total Budget	**1,309,000**	**1,399,000**	**1,373,632**	**1,519,896**	**1,760,750**	**7,362,278**
Actuals	Actuals $	Actuals $	Actuals $	Actuals YTD $	Forecast $	Actuals $
Cloud SaaS Fees	311,395	327,277	354,645	423,038	453,395	
Additional SaaS Fees (Not in original Contract)	-	-	42,365	-	-	
Total SaaS Fees	**311,395**	**327,277**	**397,011**	**423,038**	**453,395**	**1,912,116**
T1 Implementation Consultancy Services	286,852	268,958	441,706	*115,646*	*150,000*	1,263,162
City's Implementation Services	440,641	539,047	*800,000*	*781,770*	*1,000,000*	3,561,458
Total Actual	**1,038,888**	**1,135,282**	**1,638,717**	**1,320,454**	**1,603,395**	**6,736,735**
Variance Total	**270,112**	**263,718**	**(265,085)**	**199,442**	**157,355**	**625,543**
	Phase 1 completed and audited.	*Phase 2 completed, not audited.*	*Phase 3 under completion.*			

FY24 actuals, FY26 implementation budget as shaded in grey are unreliable and under review. Values in italics denote budget, forecast or under review.

Decision Implications

Nil.

Conclusion

The OneCouncil project is fundamental to supporting the City's strategic and operational needs through a modern, integrated ERP solution. While Phase 3 faced some challenges related to internal resourcing and legacy system issues, the OneCouncil project team has demonstrated dedication and commitment, with significant efforts underway to uphold the highest standards of quality and data integrity. Confidence remains strong that the City will successfully implement a reliable ERP system that not only aligns with its strategic objectives but also lays a solid foundation for future growth.

11. Risk Management

11.1. ARC 82.06.25 Update on Risk Management and Emerging Risks

Meeting & Date	Audit Committee Meeting – 16 June 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	Alyce Martin - Coordinator Governance Legal and Risk
CEO	K. Shannon
Attachments	Attachment 1 – Risk Management Framework Attachment 2 – Risk Appetite Statement Attachment 3 – Operational Risk Report

Purpose

The purpose of this report is:

1. For the Audit, Risk and Improvement Committee (ARIC) to review and recommend to Council adoption of the following:
    - Risk Management Framework.
    - Risk Appetite Statement.
2. To provide ARIC with an update on the ongoing operational risk activities and current profile within the City. Updates will be provided to ARIC and Council on a quarterly basis.

Recommendation

That ARIC:

1. RECOMMENDS to Council the adoption of the revised Risk Management Framework.
2. RECOMMENDS to Council the adoption of the Risk Appetite Statement.
3. NOTES operational risk activities content.

Voting Requirement

Simple majority

Background

Previous internal audit findings highlighted that the City of Nedlands' risk management framework required enhancement, particularly in relation to the currency and completeness of the operational risk register and the absence of a formalised Risk Appetite Statement. In response, the Governance, Legal and Risk team (the **Governance team**)

undertook a structured review of the City's risk governance arrangements. Throughout April and May 2025, a revised and tailored Risk Management Framework and a newly developed Risk Appetite Statement have been finalised. Concurrently, the team is actively working with departments to update and consolidate the operational risk register, with full completion anticipated in Q3 2025. All information presented in this report reflects preliminary estimates from the current stage of operational risk assessment and is subject to further validation and refinement as part of the ongoing review process.

Risk Management Framework (for ARIC APPROVAL)

- The City's Risk Management Framework aims to identify and manage risk across the organisation effectively. The framework sets the requirements and responsibilities for staff and emphasises that the management of risk and risk reporting is everyone's responsibility and that they must have appropriate controls in place and ensure the effectiveness of these controls
- In April 2025, the Governance team commenced a review of the City's Risk Management Framework. Throughout April, May and June 2025, the Governance team met with Operational Managers, Coordinators, Managers and Executive Management to discuss the risks and controls in their respective business areas and the approach to managing risk across the City.
- Updates to the Risk Management Framework have been made to align the content with ISO 31000 Risk Management Guidelines and to tailor to the City's operational needs.

Risk Appetite Statement (for ARIC APPROVAL)

- The Risk Appetite Statement is expressed in qualitative, descriptive terms to clearly convey the City's strategic tolerance for risk, with the supporting likelihood–consequence matrix (within the Risk Management Framework) adding value by providing a structured, semi-quantitative framework that ensures consistent, transparent and comparable risk assessments across all activities.
- The Risk Appetite Statement has been created to inform the development of risk tolerances and provide guidance on how these should be applied to everyday business actions and decisions.

Operational Risk (update on operational risks for NOTING)

- Throughout April and May, the Governance team met with Operational Managers, Coordinators, Managers and Executive Management to discuss the operational risks owned by their respective business areas. The Governance team facilitated Workshops to identify the controls that are in place to mitigate against these risks. Where controls were deemed to be ineffective or the residual risk rating was outside of the tolerance levels for the City, treatment plans have been identified and put in place.
- Note: Findings outlined below in this report are indicative estimates only as at the time of writing and reflect estimates based on the current understanding of control effectiveness and mitigation actions. These figures are expected to change as further activities (treatment implementation, control testing, and ongoing reviews) are completed. The Governance team will present on final findings in Q3 2025.

Consultation

Risk Management Framework
The Risk Management Framework was updated in line with ISO 31000 guidelines for risk management. The Executive Management Team (EMT) reviewed and approved the content of the Risk Management Framework.

Risk Appetite Statement
The Risk Appetite Statement for the City is reflected in the Risk Acceptance Criteria which form part of the Risk Management Framework and have been reviewed and approved by EMT.

Operational Risk Information
All operational areas were consulted to gather information for the operational risk register. Managers from these areas approved the content. The risk register will be monitored by Governance Legal and Risk team.

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**

All Pillars and Outcomes are supported by effective risk management.

Budget/Financial Implications

The risk management activities have been conducted using internal Governance Legal and Risk resources and there are no other financial impacts.

Legislative and Policy Implications

Department of Local Government, Sport and Cultural Industries (DLGSC) Risk Management & Integrated Planning

A central fact sheet outlines how risk management integrates with a council's strategic and project planning—aligned to AS ISO 31000 principles.

Western Australian Auditor General's Report: Regulation and Support of the Local Government Sector

The Office of the Auditor General is shifting to more risk-based regulation across local government, to align compliance efforts with identified threats to effective governance.

Decision Implications

A strong **Risk Management Framework** improves Council's governance, decision-making, and compliance with ISO 31000 and the Local Government Act 1995. It reduces exposure to financial, reputational, and operational risks.

Adopting a **Risk Appetite Statement** formally embeds the Council's agreed tolerance for risk into all decision-making, ensuring that proposals outside those boundaries are escalated or redesigned. It also mandates consistent evaluation of projects and policies against strategic objectives, improving transparency, accountability and resource allocation across the organisation.

Staying informed on **Operational Risks** allows timely responses and supports good oversight via the Audit, Risk and Improvement Committee. Lack of updates can lead to unmanaged issues and governance failures.

These practices are underpinned by the **Local Government Act 1995**, particularly the 2024 amendments mandating an **Audit, Risk and Improvement Committee** (sections 7.1A–7.1C). They also align with the **Local Government (Financial Management) Regulations 1996**, which require internal controls and asset protection, and are supported by the **Department of Local Government, Sport and Cultural Industries (DLGSC)** through ISO 31000-aligned risk frameworks and compliance guidance. The **Office of the Auditor General (OAG)** further expects councils to demonstrate active risk oversight and integration with planning and reporting processes. Together, these obligations ensure risk is managed transparently and proactively, maintaining Council's integrity, resilience, and accountability to the community.

Conclusion

The Committee is required to consider the review and if satisfied, recommend to Council, adoption of the:

- Risk Management Framework.
- Risk Appetite Statement.

Further Information

Nil.

City of Nedlands

Risk Management Framework

Document Information

DOCUMENT TYPE:	Strategic document
DOCUMENT STATUS:	**Not Approved**
FRAMEWORK OWNER POSITION:	Coordinator Governance Legal and Risk
INTERNAL COMMITTEE ENDORSEMENT:	Audit, Risk and Improvement Committee **Not Endorsed**
APPROVED BY:	Council **Not Approved**
DATE ADOPTED:	**Not Yet Adopted**
VERSION NUMBER:	Draft 0.1
REVIEW DATE:	**TBC**
DATE RESCINDED:	N/A
RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES:	Risk Management Policy Risk Management Procedure Work Health and Safety Policy ISO 31000:2018 Risk Management Guidelines ISO Guide 73:2009 Risk Management Vocabulary
RELATED LEGISLATION:	Local Government Act 1995 Local Government (Audit) Regulations 1996 Local Government (Administration) Regulations 1996 Work Health and Safety Act 2020
EVIDENCE OF APPROVAL:	Signed by Chief Executive Officer _____

Strategic documents are amended from time to time, therefore you should not rely on a printed copy being the current version. Please consult the City of Nedlands website to ensure that the version you are using is up to date.

Table of Contents

Contents

0. Introduction

The City of Nedlands' (the City) Risk Management Policy with the components of this document set out the City's approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on AS ISO 31000 Risk management - Guidelines.

The City's Risk Management Framework provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the City. The organisational arrangements are represented visually in Figure 1 and described in subsequent paragraphs below.

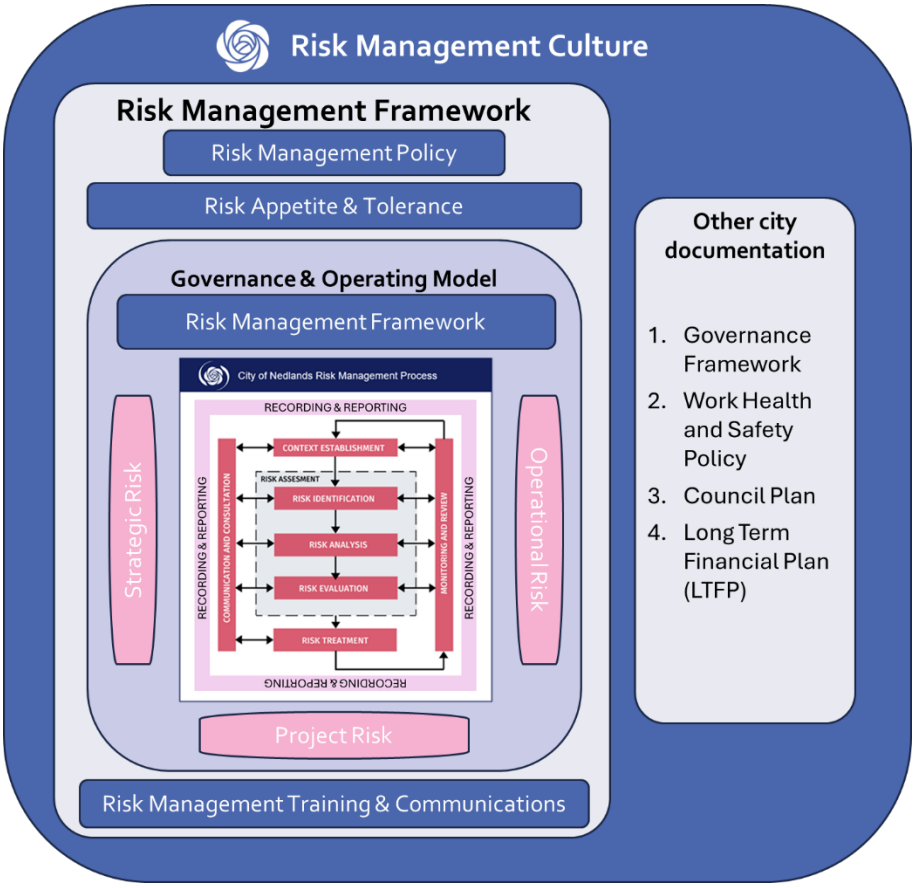


Figure 1: Diagram representing the City's Risk Management Framework and interaction with other frameworks

All areas of the City must adopt the Risk Management Framework to ensure:

- Strong corporate governance.
- Compliance with legislation, regulations, and internal policies.
- Integrated Planning and Reporting requirements are met.
- Uncertainty and its effects on objectives are understood.

This document aims to balance a documented, structured, and systematic process with the current size and complexity of the City.

1. Risk Management Culture

Building a risk management culture is important to good risk management. Risk management culture is not separate to organisational culture but reflects the influence of organisational culture on how risks are managed. The Framework must be communicated throughout the organisation and embedded into practices.

It is important that officers support and promote a strong risk management culture. Officers can do so by:

- Playing an active part in identifying, reporting and continuously improving the way in which they undertake activities.
- (Managers) Empowering direct reports to manage risks effectively.
- (Council and Managers) promoting risk management by allocating sufficient resources for risk management activities.

Council and the City's Executive Management Team (EMT) have a key role in promoting risk management as a vital business principle and in allocating sufficient resources for risk management activities. All employees, contractors, and volunteers also have a part to play in identifying risks and actively managing risks within their sphere and scope of work.

2. Risk Management Policy

The City's Risk Management Policy articulates the outcome-based objectives and management commitment to managing all risks responsibly across all areas of the City's operations. These objectives and commitments to managing risks are as follows:

- The ongoing health and safety of all employees at the workplace.
- Ensuring public safety within the Council's jurisdiction is not compromised.
- The achievement of organisational goals and objectives.
- Limited loss or damage to property and other assets.
- Limited interruption to business continuity.
- Embed appropriate and effective controls to mitigate risk.
- Improve the City's corporate governance, management capability, and accountability.
- Ensure adherence to relevant statutory, regulatory and compliance obligations.
- Positive public perception of Council and the City of Nedlands.

3. Risk Appetite and Tolerance (detailed below in the Risk Management Process)

The City's risk appetite & tolerance provides guidance to drive the City's approach to risk, ensuring alignment and consistency across all areas.

While the appetite for the City is set out in its Risk Appetite Statement, the City has quantified its broad risk appetite through the City's 'Risk Acceptance Criteria'. The criteria are included within this document and as a component of the Risk Management Policy.

All employees must make themselves aware of the City's risk appetite and tolerance in their areas of responsibilities so that they become familiar with the risks that can be pursued, accepted or avoided.

4. Risk Management Training and Communications

Training and Communications support the framework to ensure staff knowledge, skill and expertise when managing risks.

All new joiners must complete the Risk Management Training as part of their induction. This training is also available on the Governance intranet site for refresher training as required.

Further detail on the training requirements for staff is outlined in step 5 of the risk management process of this document.

5. Governance & Operating Model

Appropriate governance of risk management within the City provides:

- Transparency of decision-making.
- Clear identification of the roles and responsibilities of the risk management functions.
- An effective Governance Structure to support the risk framework.

5.1 Documentation Review

All elements of this Risk Management Framework are to be reviewed for appropriateness and effectiveness at least every three years in line with Regulation 17 of the Local Government (Audit) Regulations 1996. Documentation will be reviewed periodically as required, or at a minimum within six months of the completion of the Regulation 17 review. Documentation to be reviewed includes:

1) Risk Management Policy.
2) Risk Appetite Statement (including Risk Acceptance Criteria).
3) Risk Management Framework.
4) Risk Management Training.

5.2 Operating Model

The City has adopted a “Four Lines of Defence” model for the management of risk in line with the model set out by the Western Australian Auditor General[1]. This model ensures roles; responsibilities and accountabilities for decision-making are structured to demonstrate effective governance and assurance. Figure 2 depicts the proposed operating structure for risk management within the City.

[1] Auditor General of Western Australia, *Western Australian Public Sector Audit Committees – Better Practice Guide* (Report 26, Perth: Office of the Auditor General, June 2020), available at: https://audit.wa.gov.au/wp-content/uploads/2020/06/Report-26_Western-Australian-Public-Sector-Audit-Committees-%E2%80%93-Better-Practice-Guide.pdf (accessed 5 May 2025).

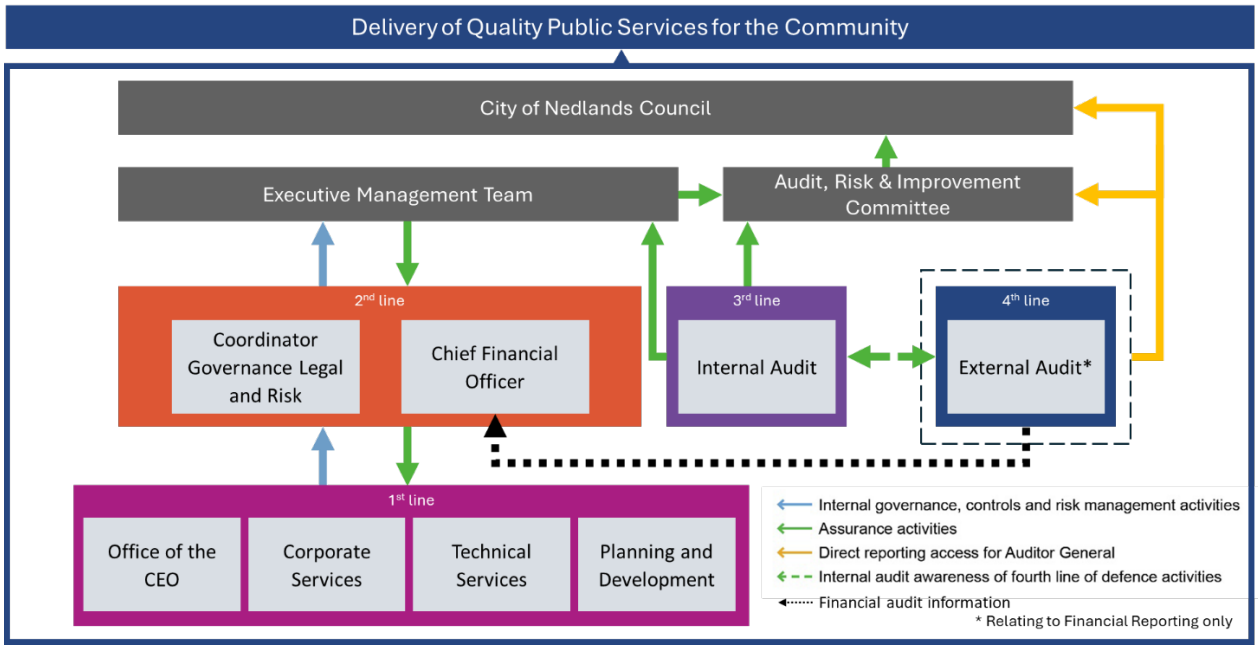


Figure 2: Diagram representing the City's "Four Lines of Defence" model

First Line of Defence

All operational areas of the City are considered 'First Line'. They ensure that risks within their scope of operations are identified, assessed, managed, monitored, and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk. Associated responsibilities include:

- Establishing and implementing processes and controls for the management of risk (in line with this Framework).
- Undertaking adequate analysis to support the risk decision-making process.
- Prepare risk acceptance proposals where necessary, based on the level of residual risk.
- Retain primary accountability for the ongoing management of their risk and control environment.

Second Line of Defence

The Coordinator Governance Legal and Risk acts as the primary 'Second Line'. This position owns and manages the framework for risk management. They draft and implement the governance procedures and provide the tools and training to support the first line process.

Maintaining oversight on applying the framework provides a transparent view and level of assurance to the first, third and fourth lines on the risk and control environment. Support can be provided by additional oversight functions completed by other First Line teams (where applicable). Additional responsibilities include:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating the City's risk reporting for the CEO & Executive Management Team and the Audit Risk and Improvement Committee.

The Chief Financial Officer provides oversight of financial reporting and certifications in a Second Line capacity.

Third Line of Defence

Internal Audit provide the third line of defence, independently assuring the Council, Audit, Risk and Improvement Committee and Executive Management Team on the effectiveness of business operations and oversight frameworks (First and Second Line).

Appointed by the City to report on the adequacy and effectiveness of internal control processes and procedures which would be determined by the CEO with input from the Audit Committee.

Fourth Line of Defence

External Audit provides the fourth line of defence, providing oversight and external assurance. Appointed by the Auditor General to report independently to the Council and CEO on the annual financial statements.

Executive Management Team

The Executive Management Team (EMT) provides oversight of the Framework and sets the tone and promotes a positive risk management culture within the City. The CEO and EMT maintain oversight of the highest-level risks and take responsibility for the implementation of mitigation strategies.

Audit, Risk and Improvement Committee

Primarily responsible for providing independent oversight and assurance to the organisation's risk management and internal control systems, particularly within the third line of defence.

5.3 Roles & Responsibilities

Roles, responsibilities, accountability and authority for risk management at the City are summarised below the following chart.

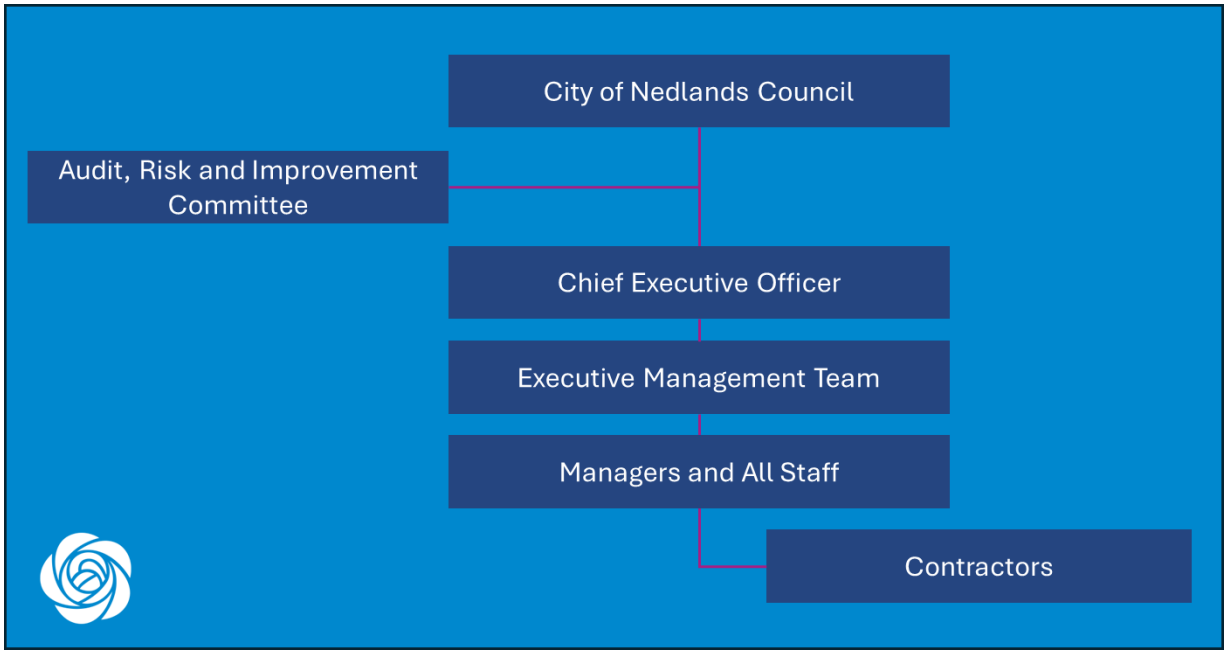


Figure 3: Chart of roles with risk management responsibilities

Council

Council has a governance role over the risk management systems of the City, providing both direction and control. The key roles and responsibilities of Council are:

- Ensuring an appropriate risk governance structure is in place.
- Supporting the Risk Management Framework including risk management as a key element of Councils' strategies, plans and documents.
- Responsible for setting the City's Risk Appetite.

Audit, Risk and Improvement Committee

- Ensuring the City has appropriate risk management and internal controls in place.
- Approving and reviewing risk management programmes and risk treatment options for extreme risks.
- Provide guidance and support to management with reviewing risk management tolerances/appetite and making recommendations to Council.
- Providing guidance and governance to support significant and/or high-profile elements of the risk management spectrum.
- Monitoring strategic risk management and the adequacy of internal controls established to manage the identified risks.
- Monitoring the City's internal control environment and reviewing the adequacy of policies, practices and procedures.

- Assessing the adequacy of risk reporting.
- Note and provide comment on the annual internal audit plan in conjunction with the internal auditor (considering the Strategic and Operational Risk Registers) prior to adoption of Council.
- Review of the organisation's Risk Management Policy and Framework via the Audit, Risk and Improvement Committee meeting and provide comments and recommendations to Council.
- Oversight of all matters that relate to the conduct of internal and external audits.
- Recommendations to Council on Internal Audit appointments.

Chief Executive Officer

The key roles and responsibilities for risk management at the City for the Chief Executive Officer (CEO) are listed below. In carrying these out, the CEO is assisted by the Audit, Risk and Improvement Committee and Council.

- Reporting extreme and high risks to the Audit, Risk and Improvement Committee and/or Council with treatment actions.
- Oversight of the risk management process.
- Promotion of a risk aware culture within Council.
- Providing direction and advice on the management of risks within Council and ensuring that appropriate treatment measures are in place to mitigate Council exposure.
- Promoting a culture of risk management and ensuring strategic, comprehensive and systematic risk management programmes operate throughout Council.
- Ensuring that the Council's organisation vision and values (relevant to risk) are aligned and synchronised with the strategic direction (including community outcomes and budgetary considerations) and culture.
- Ensuring that risk management is considered in everything Council undertakes and is incorporated in the messages given to the organisation.
- Supporting the Audit, Risk and Improvement Committee in performance of its duties.
- Supporting the internal audit process.

Executive Management Team

The key roles and responsibilities for the Executive Management Team are listed below.

- Maintaining the overall responsibility for the effective and efficient management of all types of risks related to City.
- Promotion of a risk management culture.
- Communicating and raising awareness of risk management to City managers and all staff.
- Identifying, managing, and monitoring risks in their areas of responsibility.

- Assisting in setting the Council's risk attitude.
- Ensuring that Council's assets and operations, together with liability risks and hazards to the public, are adequately protected through appropriate risk planning and budgeting, internal audit processes, and appropriate internal systems and controls.
- Ensuring that risk management is in place and reviewed as required and at least annually for all risks for timely updating and continuous improvement.
- Ensuring legislative and governance requirements and obligations are met.
- Integrating risk management with Council's policies, process and practices.
- Embed risk management into strategic and operational planning, financial management and project delivery.
- Review risk reporting from departments and ensure risk indicators are monitored through tools like the Balanced Scorecard or performance dashboards.
- Ensure the City has up-to-date Business Continuity Plans (BCPs) and that they are tested regularly.

Coordinator Governance Legal and Risk

- Oversee and facilitate the Risk Management Framework and coordinating the risk management process.
- Coordinating the risk management process.
- Monitoring the risk profile, risk appetite and effectiveness of controls.
- Monitoring and reviewing high and extreme risks and the implementation of risk treatment plans/actions, as well as to assess compliance and effectiveness.
- Reporting extreme and high risks to the Executive Management Team along with treatment plans.
- Reviewing how the Risk Management Policy and Framework is communicated throughout the organisation to ensure it is embedded as part of the City's culture.
- Assisting with the development and maintenance of the strategic and operational risk registers.
- Measuring and reporting the effectiveness and adequacy of risk management and internal control processes and systems, and report to the Executive Management Team, Audit, Risk and Improvement Committee and Council.
- Assisting with the education of staff in risk management.

Managers

- Responsibility for the registration, ownership and maintenance of risks in the risk register pertaining to their areas of responsibility as well as at a City-wide operational level as required and appropriate in line with the Risk Appetite of the City.
- Promote and drive the effective implementation of the Risk Management Framework for all areas under their control.

- Support the Risk Management Process by ensuring risks are identified, recorded and managed.
- Incorporate 'risk management' into team activities / meetings by openly discussing the following:
    - New or emerging risks.
    - Review existing risks.
    - Control adequacy.
    - Outstanding issues and actions.
- Drive consistent embedding of a risk management culture by encouraging openness and honesty in the reporting and escalation of risks within their business area through strategies, policies, business plans, contracts and standard operating procedures.
- Ensure resources are appropriately allocated to manage operational (and where necessary strategic and project) risks in line with the City's risk appetite and tolerance.
- Ensure risk treatment and action plans are current and ensure all Promapp approvals include adequate evidence of compliance.
- Ensure appropriate education and awareness initiatives are provided to all employees.
- **Encourage a proactive approach to identifying lessons learned from incidents, audits and reviews**

Service Areas (All Staff)

- Drive risk management culture within work areas.
- Own, manage and report on specific risk issues as required.
- Assist in the Risk & Control Management process as required.
- Highlight any emerging risks or issues.
- Incorporate Risk Management into Meetings, by incorporating the following agenda items.
    - New or emerging risks.
    - Review existing risks.
    - Control adequacy.
    - Outstanding issues and actions.

Project Managers (All Staff)

- Ensure risk management is applied to all projects in accordance with the Project Delivery Framework.
- Identify, record, report and manage risks throughout the lifecycle of the project.

- Ensure that all risks, treatments and actions are recorded to assist in the risk reporting and governance frameworks.
- Undertake risk assessments related to third party liability risk and implement prioritised mitigation strategies.
- Ensure that when Contractor insurance is required for a project that the insurance is maintained for the life of the project.
- Undertake risk management plans for all proposed projects in consultation with the relevant stakeholders.
- Ensure design and construction includes agreed features to minimise future risk.

Contractors

- Ensuring the City's assets and operations are adequately protected through adherence to Council's policies and procedures.
- Ensuring liability risks and hazards to the public are appropriately managed in accordance with the risk management framework and in a manner that will not expose the City to loss or risk.
- Responding immediately to the investigation of any report of a hazard or incident received from a resident, City officer, employee or visitor.
- Adhering to legislative, regulatory and corporate legislation and standards.
- Maintaining appropriate and adequate insurances as required under their contract.

Risk Owners

The Risk Owner is assigned responsibility for the management of risks, based on their role within the respective area and their ability to competently analyse and treat risks. The key roles and responsibilities of Risk Owners are listed below.

- Ensuring that the risks assigned to them are managed in accordance with the Risk Management Framework.
- Ensuring that risk treatment actions are completed on time and within budget.
- Reporting to Senior Management on risk treatment action progress in a timely manner.
- Escalating risks to the appropriate level if risk treatments or actions fall outside the delegation of the original risk.
- Escalating to the appropriate level if there are unresolved disputes in relation to shared risks (i.e. risks that apply across organisational areas/functions or involve external stakeholders).
- Seeking approval to exceed the prescribed level of risk or Risk Appetite and continue to tolerate or retain a higher level of residual risk.

Risk Treatment Owners

A Risk Treatment Owner is assigned the responsibility for the management of risk treatment(s). The key roles and responsibilities of Risk Treatment Owners are listed below.

- Managing the implementation of specific risk treatment actions.
- Providing risk treatment implementation progress reports to Risk Owners.

5.4 Risk Management Process Steps

All Work Areas of the City must assess and manage risks on an ongoing basis.

Each Manager is accountable for ensuring that Risks in their area are:

- Reflective of the material risk landscape of the City.
- Reviewed at least once every 12 months, or sooner if required by the Risk Acceptance Criteria set out in Risk Treatment section, or where there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format for the City.

This process is supported using key data inputs, workshops, and ongoing business engagement.

The risk management process is standardised across all areas of the City. The below diagram outlines that process with the following commentary broadly describing each step.

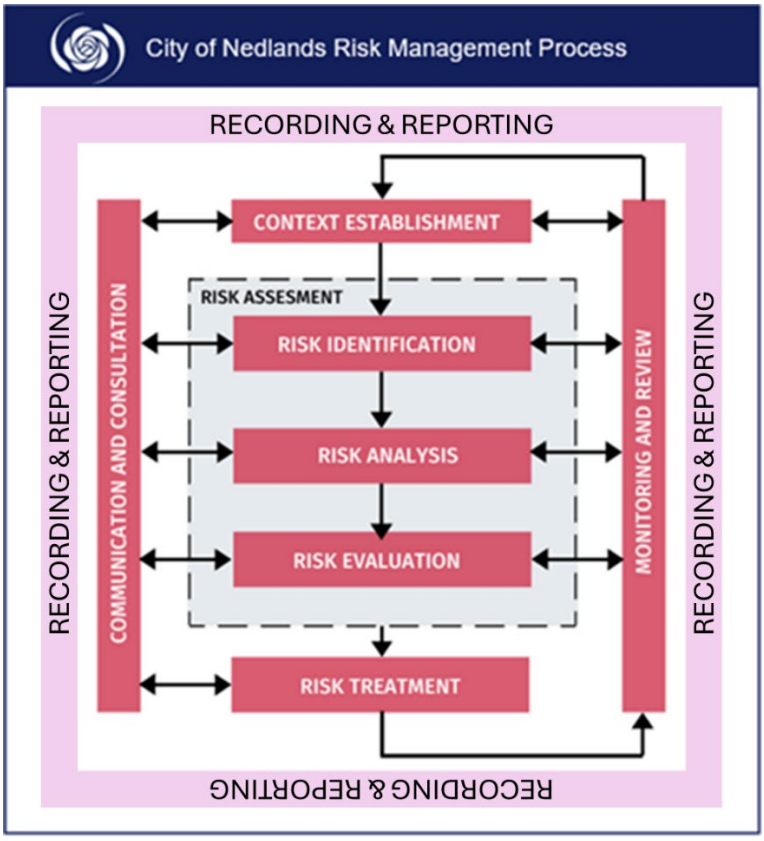


Figure 4: Risk Management Process ISO 31000:2018

STEP 1: Establish the Context, Scope and Criteria

The first step in the risk management process is to understand the context within which the risks are to be assessed and what is being assessed, this forms two elements:

Step 1.1 Organisational Context

The City's Risk Management Framework provides the basic information and guidance regarding the organisational context to conduct a risk assessment.

All risk assessments are to utilise these documents to allow consistent and comparable risk information to be developed and considered within planning and decision-making processes.

Risk Impact Categories

The Risk Impact Categories are those areas against which the consequences/impacts of risk will be measured at the City and are described in Table 1 below. Any changes or additions to the Risk Impact Categories must be approved by the CEO.

Risk Impact Category	Description
Health and Safety	Harm or injury to people with potential time loss and/or medical expenses.
Financial	Financial loss that may or may not be managed within the existing budget and may or may not impact a service.
Service Interruption	Disruption to a service or major project in progress that may result in delays to delivery.
Legislative Compliance	Breach of legislation and compliance requirements that may or may result in legal action and financial penalties.
Reputational	Media exposure that may or may not impact reputation and image and may or may not require action or intervention.
Property / ICT / Infrastructure	Damage to assets/infrastructure with financial consequences. Loss of ICT systems / Infrastructure resulting in disruption to services.
Environment	Harm to the environment or heritage asset or area.
Project (Time)	Impacts relating to the deadline date of a project.
Project (Cost)	Impacts relating to the budget of a project.

Table 1: Risk Impact Categories

Step 1.2 Specific Risk Assessment Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to and used within the risk assessment process.

For risk assessment purposes the City has been divided into three levels of risk assessment context:

1.2.1 Strategic Context

These risks are associated with the City's external environment, high-level direction and long-term objectives. Inputs to establishing the strategic risk assessment context may include:

- Organisational Vision
- Stakeholder Analysis

- Environment Scan[2] / SWOT Analysis (strengths, weaknesses, opportunities, threats)
- Strategies / Objectives / Goals (Integrated Planning & Reporting)

The City captures its strategic risks through the development and implementation of the City's Council Plan.

1.2.2 Operational Context

This context includes the City's day-to-day activities, functions, infrastructure, and services. Before identifying operational risks, the operational area should identify its key activities i.e. what is it aiming to achieve? These may already be documented in business plans, budgets etc.

1.2.3 Project Context

Project Risk has two main components:

- **Direct** refers to the risks that may arise because of project activity (i.e. impacting on current or future process, resources or IT systems) which may prevent the City from meeting its objectives.
- **Indirect** refers to the risks which threaten the delivery of project outcomes.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

STEP 2: Risk Assessment

The Risk Assessment is made up of 3 stages Risk Identification, Risk Analysis and Risk Evaluation. Each stage is outlined below.

Step 2.1 Risk Identification

The aim of risk identification is to generate a list of risks based on the event(s) that might create, enhance, prevent, degrade, accelerate or delay the achievement of the City's objectives. It is important to find the right balance between comprehensively identifying risks and not over-doing the process resulting in an unmanageable number of low impact risks.

Risk identification should include risks whose source is not under control of the City or is not evident. It should also consider a wide range of consequences and their follow-on effects (including cascade and cumulative effects). All significant causes and consequences need to be considered.

The following questions are important in the risk identification process:

- What might happen or what can go wrong i.e., the risk event?
- What would cause it to happen?
- What would the effect on the Council's objectives be?

To ensure their effectiveness, risk identification should involve members of the wider stakeholder community where appropriate.

[2] ongoing tracking of trends and occurrences in an organisation's internal and external environment that bear on its success, currently and in the future.

Common Risk Description Structure

Identified risks need to be described in a consistent manner so that they can be readily understood by all stakeholders. The method for describing risks to be used at the City is shown in Table 2 below.

Item	Description
Name	Relate name to system impacted and explanation of cause
Cause/s	Explanation of what might cause the risk event to occur (list each cause)
Consequence	Identify local consequences and attempt to identify how these affect major areas

Table 2: Method to describe risks

An example risk is shown in Table 3 below:

Item	Description
Name	Injury from manual handling
Cause/s	1. Failure to comply with policies and procedures related to manual handling Poor staff training 2. Failure to comply with mandated training 3. Poor equipment maintenance 4. Lack of appropriate equipment 5. Failure to undertake worksite inspections 6. Poor risk assessment of task 7. Poor hazard identification 8. Lack of incident reporting
Consequence	1. Workplace injury claim and lost days 2. Litigation relating to breach of Work Health & Safety duties 3. Adverse publicity relating to event

Table 3: Example of risk

Step 2.2 Risk Analysis

To analyse identified risks, the City's Risk Assessment and Acceptance Criteria is applied before any Controls are in place (i.e. gross risk – what is the worst that could happen with no controls in place?) in the following steps.

Likelihood

All areas within the City will use the likelihood rating system for analysing risks shown in Table 4 below.

Level	Rating	Frequency
5	**Almost Certain**	More than once per year
4	**Likely**	At least once per year
3	**Possible**	At least once in 3 years
2	**Unlikely**	At least once in 10 years

1	Rare	Less than once in 15 years

Table 4: Risk Likelihood

Consequence

As with likelihood, for risk assessments to be effective there needs to be a structured approach across the City to assessing consequence. A summary of the Consequence Criteria is contained in Table 6 below (refer to Appendix A for detailed Consequence criteria according to rating).

Consequence Rating	Description
Insignificant (1)	Effect is minimal
Minor (2)	Event requires minor levels of resource and input for easy remediation
Moderate (3)	Some objectives affected
Major (4)	Some important objectives affected or cannot be achieved
Catastrophic (5)	Disaster with potential to lead to collapse or having a profound effect

Table 5: Summary of Risk Consequence (detailed Consequence criteria at Appendix A)

Determining the Overall Risk Level/Score

To determine the overall risk level for a particular risk, the likelihood and consequence scores for the risk can be plotted in a matrix, as shown in Table 6 below.

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

Table 6: Risk scores

Identified risks are to be assessed against all Risk Categories. Because it is not practical to give a risk multiple ratings, the highest consequence rating against the Risk Category is used. Table 7 below example illustrates this application.

Risk Name	Likelihood	Risk Category	Consequence	Risk Level
Injury from manual handling	**Possible**	Health and Safety	**Major**	**Possible** (3) x **Major** (4) = High (12)
		Financial	Moderate	
		Service Interruption	Minimum	
		Legislative Compliance	Moderate	
		Reputational	Moderate	
		Property / ICT / Infrastructure	Minor	
		Environment	Minor	
		Project (Time)	Minor	
		Project (Cost)	Minor	

Table 7: Example of likelihood x consequence of risk

The City determines the risk level for “inherent” or “net” risk (i.e. without controls) to understand the plausible maximum impact arising from a risk if all current controls fail. The risk is then reassessed (for residual risk) with controls factored in.

Controls

Controls are those policies, procedures, plans, processes and systems that have been designed and implemented over time in response to risks/issues that have or may occur. Most risks identified will not be new or unique and there may be some controls already in place to manage them.

For each risk identified, the following questions need to be asked:

1. Is there anything in place now that would effectively decrease the likelihood or the impact of this risk? If yes, these are the controls.
2. How effective are the current controls in preventing this risk from occurring or reducing the impact?

Controls typically fit into three distinct types:

1. Preventative Controls - aimed at preventing the risk occurring in the first place. They include policies, procedures, plans, processes and systems, etc.
2. Detective Controls - used to identify when a risk has become an issue/incident. They include audits, stocktakes, reviews, etc.
3. Mitigating Controls - aimed at minimising the consequences that arise from the issue/incident. They include Business Continuity Plans, Disaster Recovery Plans, personal protective equipment, etc.

Following the identification of existing controls, it is necessary to evaluate them for effectiveness. The fact that proven processes are being followed does not necessarily mean that risk is being mitigated. The experience level of the personnel undertaking the processes and the rigour with which the processes are being followed and supervised will also impact upon the control effectiveness.

Table 8 below shows the rating and description for the effectiveness of current controls at the City.

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

Table 8: Existing controls rating

There is usually a direct correlation between the effectiveness of an existing control and the likelihood and consequence of the risk occurring (i.e. the more effective the control, the less likely the risk is to occur and/or the consequence is less severe).

Step 2.3 Risk Evaluation

The purpose of Risk Evaluation is to determine whether a risk needs further treatment and the priority for treatment implementation.

Risk evaluation involves comparing the level of risk established during the Risk Analysis step with the Risk Appetite and Evaluation Criteria for the City.

In some cases, the Risk Evaluation can lead to a decision to undertake further Risk Analysis. The Risk Evaluation can also lead to a decision not to treat the risk (i.e. just maintain existing controls). The outcome of this evaluation will determine whether the risk is Low; Moderate; High or Extreme.

STEP 3: Risk Treatment

Risk treatment consists of determining what will be done in response to the identified, analysed and evaluated risks, including identifying resource implications for the implementation of the treatment actions.

Risk treatment involves a cyclical process of:

a) Assessing a risk.
b) Deciding whether residual risk levels are tolerable.
c) If not tolerable, generating a new risk treatment.
d) Assessing the effectiveness of that treatment.

Treatment Options

There are four main treatment options for the mitigation of identified risks at the City. These are listed in more detail below.

- **Tolerate / Accept**
  A risk may be consciously retained where it is low, unavoidable, or where further treatment is not viable. Acceptance must be justified and documented, especially where the risk exceeds tolerance. There are many reasons why a risk may be accepted including:
  - Risk treatment is not cost effective.
  - The risk is at or below the acceptable level for that type of risk.
  - The risk is outside the control of the Council.
  - The risk exceeds the acceptable level for that type of risk but nothing more can be done to reduce the risk (if this is the case it needs to be escalated and well documented).

  Where a decision to accept a risk is taken, the risk needs to be recorded in the Risk Register along with the reason(s) for the decision not to treat the risk.

- **Treat**
  Where possible, the City implements control measures to reduce the likelihood and/or impact of a risk. Treatment actions must have owners and be documented, resourced, assigned, and regularly reviewed.

Upon completion of the risk treatments, the Risk Register is to be updated and the risk reassessed as to whether treatment actions have been successful in reducing the likelihood and/or consequence

- **Terminate / Avoid**
  The City may decide not to proceed with an activity or may divest an asset to eliminate the risk entirely.
- **Transfer / Share**
  Part of the risk may be transferred to a third party (e.g. via contracts or insurance), or escalated to senior management for oversight (note, when a risk has been escalated, management of the risk has not been transferred as the consequences will still impact on the area concerned). Accountability for outcomes remains with the City as all or part of the consequences are still owned by the City.

The treatment selection and implementation will be based on financial, technical and operational capabilities.

Risk treatment decisions are guided by a series of questions:

- Can the risk be avoided altogether by not undertaking the activity?
- Can the likelihood of the risk occurring be reduced by strengthening/ensuring the effectiveness of current controls?
- Can the likelihood of the risk occurring be reduced by adding new controls (i.e. initial treatments)?
- If the event occurs, can the consequences be reduced through sharing the risk with another party or by a Business Continuity Plan/Disaster Recovery Plan?

Where risk treatment options can impact on risk elsewhere in the City, relevant staff or contractors they should be included in the treatment decision-making.

Selecting the most appropriate risk treatment option involves balancing the costs of implementation against the benefits regarding legal, regulatory and other requirements. Decision-making should also consider such risks where risk treatment is not justifiable (e.g. severe consequence but rare likelihood).

Residual Risk

Residual risk is the risk level remaining after risk treatment options/actions have been implemented. After determining the risk treatments for each risk, the risk is reassessed to determine the post-mitigation risk level (i.e. the residual risk level).

Risk Appetite and Risk Acceptance Criteria

Risk appetite is the amount and type of risk that an organisation is willing to pursue or retain. The City's appetite for risk is set out in the Risk Appetite Statement.

The City has quantified its broad risk appetite through the City's Risk Acceptance Criteria. The criteria are also included in the Risk Management Policy and can be applied practically to assess the wide spectrum of risk.

All organisational risks are to be assessed according to the City's Risk Assessment and Risk Acceptance Criteria to allow consistency and informed decision-making.

For operational requirements such as projects or Work Health and Safety or in rare instances in which the City's Risk Assessment and Risk Acceptance Criteria are unclear in determining a level of risk, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's risk appetite as set out in Risk Appetite Statement.

Risk Acceptance Criteria

Table 9 below summarises the Risk Acceptance Criteria for each risk level at the City.

Risk	Description	Action	Monitor	Controls	Managed by	Risk Owner	Treatment Owner
LOW (1-4)	Acceptable	Document risk acceptance	Annually	Adequate	Routine procedures	**Managers (or equivalent)**	**Coordinators / Operational Managers**
MODERATE (5-9)	Tolerable	Monitor and reduce risk	Semi-Annually	Adequate	Specific procedures	**EMT**	**Managers (or equivalent)**
HIGH (10-16)	Unacceptable: Exceeds tolerance	Reduce risk to acceptable levels urgently	Monthly	Effective	EMT (or delegate)	**EMT**	**EMT**
EXTREME (20-25)	Unacceptable: Vastly exceeds tolerance	Reduce risk to acceptable levels immediately	Daily	Effective	CEO (or delegate)	**CEO**	**CEO / Council**

Table 9: Risk Acceptance Criteria

Authority for Acceptance of Risk above Tolerance Levels

Approval is required to exceed the prescribed level of risk or Risk Appetite and continue to tolerate or retain a higher level of residual risk.

The assigned authority for control and management (including retention) of residual risk is shown in table 10 below.

Authority for Continued Tolerance/Retention of Risks			
Low	Moderate	High	Extreme
Managers (or equivalent)	EMT	EMT	CEO / Council

Table 10: Authority for Continued Tolerance of Risks

As represented in this table, risks that are High or Extreme, where the level of risk cannot be reduced, approval must be obtained from the EMT or CEO/Council respectively to proceed with treatment options for avoiding, treating, transferring/sharing or accepting the risk.

Where the identified risk/hazard has the potential to cause immediate danger to people, the situation needs to be stabilised before the issue is escalated in accordance with the risk escalation process.

Risk Escalation

The escalation of a risk to a higher level of line management to deal with it or for acceptance of a risk beyond the Council's Risk Appetite and Risk Tolerance.

Not all risks can be treated at the local level, however without a structured and documented escalation process, staff at that level may be put in a position where they feel they must accept a risk beyond their control, authority or accountability.

The Risk Escalation process for the City is manual and must be monitored accordingly. The escalation actions based on residual risk ratings (i.e. after controls are put in place) are set out in Table 11 below.

Risk rating	Escalation process	Action required
Extreme 20-25	Risk owner to immediately report to Executive	Put in place a treatment plan to immediately bring it within the organisation's risk appetite.

	Management Team (EMT) and Governance team.	Seek approval from the CEO to proceed with any activity associated with this risk score.
High 10-16	Risk owner to report directly to the head of the business unit and Governance team. The head of the business unit should review any risks at this level and report to Executive Management Team (EMT).	Put in place a treatment plan to ensure risk remains within risk appetite and as low as is reasonably practical. Executive team to review treatment actions proposed by the head of the business unit as the risk is outside the organisation's risk appetite.
Moderate 5-9	Risk owner to monitor and treat within the business unit.	Develop treatment plan to ensure the risk is as low as is reasonably practical. Continue to watch and monitor. Risk owner should report to the risk manager if they are unable to ensure the risk is within risk appetite or as low as is reasonably practical.
Low 1-4	Risk owner to watch and monitor. If controls are in place, consider whether any further treatments are necessary.	Continue with current controls and monitor risk. Document risk acceptance. If risk is managed consistently and controls are embedded within business activities, consider removing risk from risk register in consultation with Governance team.

Table 11: Risk escalation process

STEP 4: Monitoring & Review

The purpose of risk monitoring, reporting and review at the City is to:

a) Provide an understanding of the strategic and operational risk exposure.
b) Identify the priority risks that require management attention.
c) Inform stakeholders on the City's risk profile and management.
d) Provide managers and staff with the necessary information to make informed risk management decisions.
e) Ensure the Risk Policy and Strategy align to the City's internal and external environments.
f) Risk management objectives are aligned to the objectives of the organisation.
g) Risk management is contributing to organisational performance.

Risk Review and Reporting Frequency

It should be noted that when there is a significant change to circumstances, all risks should be reviewed and reported on at that time. Examples of the types of changes that would trigger a full review include (but are not limited to):

a) Changes to key personnel (e.g. Senior Manager).
b) Significant changes to policy.
c) Significant changes to the organisational and/or services structure.

Conducting such reviews will ensure that the Risk Registers remains current. Table 12 below summarises the risk reporting requirements at the City.

Report	Frequency	Audience
Risk Treatment Action Status Report	Monthly	Managers
	Quarterly	Audit, Risk and Improvement Committee
Strategic Risk Report	Quarterly	Executive Management Team
		Audit, Risk and Improvement Committee
Operational Risk Report	Quarterly	Managers
		Audit, Risk and Improvement Committee
Risk Management Framework and Regulation 17 Report	Every three years	Executive Management Team
		Council
Compliance Audit Return	Annually	Audit, Risk and Improvement Committee
		Council

Table 12: Risk report requirements

Monitoring and Review need to be planned as part of the Risk Management process to ensure that risks are being effectively managed.

As few risks remain static, they need to be regularly reviewed for currency and accuracy. Risk assessment, treatment strategies and the effectiveness of mitigation actions need to be monitored to ensure changing circumstances do not alter priorities or expected outcomes.

Risk Owners are to monitor the currency and status of the risks that have been allocated to them and report on them in accordance with the requirements of this plan.

Risks are to be formally monitored and reviewed/reported on by the Risk Owner in accordance with the table below.

Risk Level	Review Frequency
Extreme	Daily
High	Monthly
Medium	Semi-Annually
Low	Annually

Table 13: Risk monitoring requirement

Measurement of Performance

Risk management performance at the City will be assessed against the following criteria:

1. Compliance: measuring compliance with the City's Risk Management Policy and Strategy directives and objectives;
2. Maturity: measuring the maturity of the City's Risk Management Strategy and Framework against industry best practice; and
3. Value Add: measuring the extent to which risk management is contributing to the achievement of the City's objectives and outcomes.

Compliance

The Risk Management Framework will be audited annually to ensure that the core directives/requirements and objectives set out in the City's Risk Management Policy are followed.

Maturity

To determine the current risk management maturity or progress of an organisation, a critical evaluation or assessment is undertaken to determine the following:

a) How effectively risk management practices are currently being undertaken.
b) How well risk management practices have been integrated into existing management and operational practices.
c) If the Risk Management Framework requires adjustment.
d) How the risk maturity of the workforce has improved.

Assessments involve a range of development, application, documentation and review items, with an alignment to AS ISO 31000:2018 and requirement for validation. A typical risk management maturity scale is outlined in Table 14 below.

Level 1 **Awareness**	**Level 2** **Understanding**	**Level 3** **Initial Application**	**Level 4** **Embedded**	**Level 5** **Mature**
There is a general understanding within the organisation of the benefits of risk management to the organisation, however, at this stage, no active measures have been taken that would constitute the implementation of a Risk Management Framework.	A Risk Management Framework has been designed and implementation has commenced or has been programmed to commence in the near future. There may be some risk management being done within the organisation, however, this is on an ad-hoc basis and is reliant on individuals within the organisation, as opposed to leadership from senior management.	A Risk Management Framework has been implemented in all key functional areas within the organisation; however, there are areas within the organisation that have yet to incorporate sound risk management practices into their processes.	A Risk Management Framework has been implemented in all key functional areas within the organisation, however, not all of the functional areas can be regarded as 'best practice' in relation to their risk management but steps are being taken to continually improve.	A Risk Management Framework has been implemented in all key functional areas within the organisation, and all of the functional areas can be regarded as 'best practice' in relation to their risk management.

Table 14: Risk management security scale

Value Add

It is more difficult to measure the contribution of the Risk Management Framework to organisational performance than it is to measure compliance and risk management maturity.

Performance measurement will focus on measures that demonstrate how well the organisation is managing its risks as indicators of the performance of the Risk Management Framework. The following table lists exampled key performance indicators that could be used for this purpose.

Performance Area	**Key Performance Indicators**
Risk Treatment Plan	% of off-track risk treatment actions
Risk Reviews	% of risk reviews undertaken as scheduled

Incident Management	Number of safety incidents
Risk Training	% of nominated staff undertaking risk management training

Table 15: Risk management Key Performance Indicators

STEP 5: Communication & Consultation

Effective communication and consultation are essential to ensure those responsible for managing risk, and those with a vested interest, understand the basis on which decisions are made and why particular treatment / action options are selected or the reasons to accept risks have changed.

As risk is defined as the effect of uncertainty on objectives, consulting with stakeholders helps to reduce components of uncertainty. Communicating these risks and the information surrounding the event sequence ensures decisions are based on the best knowledge.

Communication, consultation and feedback take place during all steps of the enterprise risk management process. Methods of the communication, consultation and feedback will be dependent upon the nature of the risk, and on the stakeholder/s with whom the communication, consultation and feedback need to occur. Effective communication, consultation and feedback will ensure that:

- Important risks are not overlooked.
- Risks are accurately defined.
- Risk assessments are realistic.
- Reduced levels of resistance are encountered when implementing risk treatments.

Training

To ensure persons at all levels of the organisation can effectively carry out their risk management roles and responsibilities, appropriate risk management training will be provided.

Risk Management training at the City will be tailored for the following target audiences:

Council and Executive Leadership Team

The risk management roles and responsibilities of the Council and Executive Management Team:

- An overview of the risk management process and how risks are identified, analysed, and managed.
- The types of reports that will be received and how to interpret and analyse the information as a basis for making decisions.

Department Managers

The risk management roles and responsibilities of Department Managers:

- More detailed training on the risk management process and how risks are identified, analysed and managed.
- The types of reports that will be received and how to interpret and analyse the information as a basis for making decisions.

City Staff (and appropriate Contractors)

General awareness training in the risk management process and hazard identification as it applies to their operational duties.

STEP 6: Recording & Reporting

The following diagram provides a high-level view of the ongoing reporting process for Risk Management.

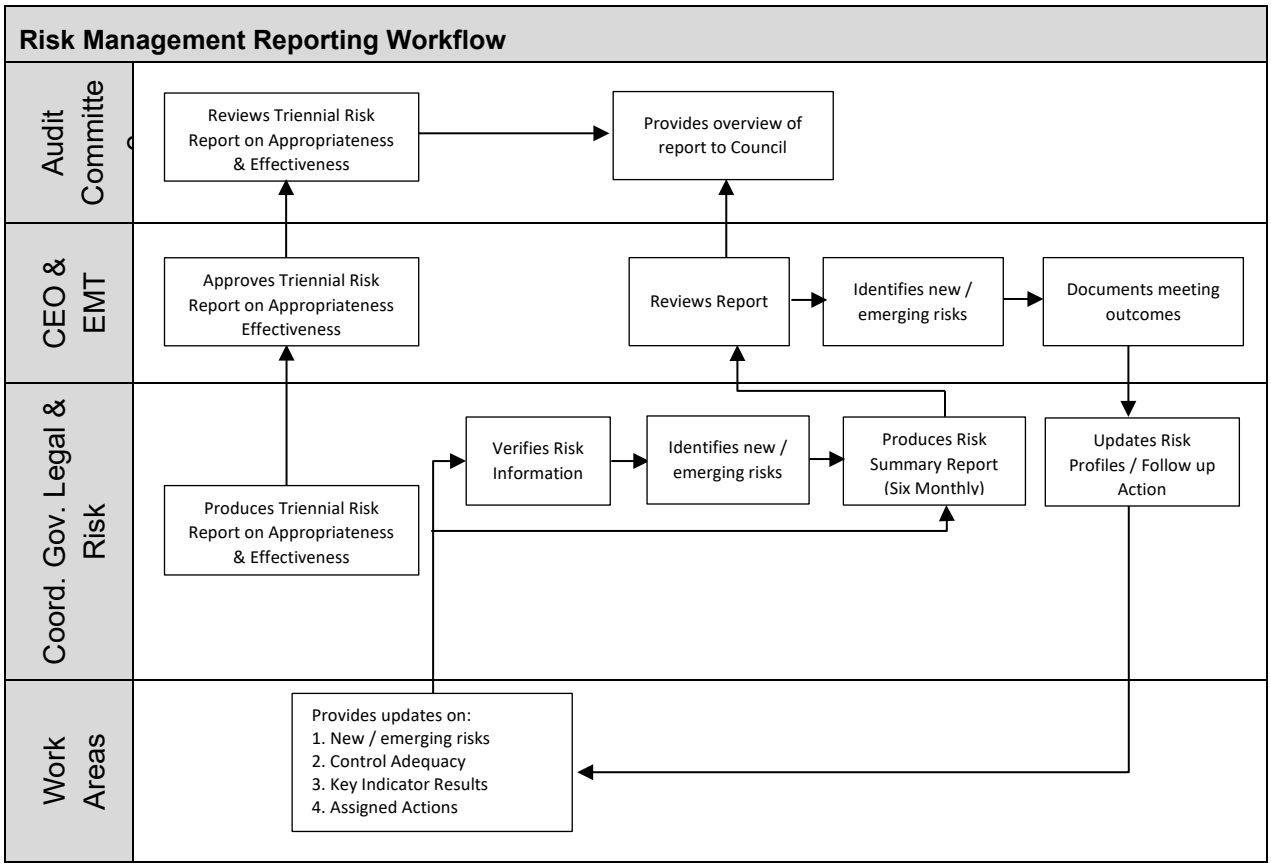


Table 16: Risk management reporting process

Each Work Area ensures:

- They continually provide updates in relation to new or emerging medium to high risks, control effectiveness and key indicator performance to the Coordinator Governance Legal and Risk.
- Work through assigned actions and provide updates to the Coordinator Governance Legal and Risk.
- Risks / Issues reported to the CEO & Executive Management Team reflect the current risk and control environment.
- The Coordinator Governance Legal and Risk is responsible for:
    - ensuring City Risks are formally reviewed and updated, at least on an annual rotation or earlier when there has been changes to context, a treatment is implemented, or an incident occurs or due to audit/regulator findings.
    - Periodic Risk Reporting for the CEO & Executive Management Team – Contains an overview of the Risk Summary for the City.
    - Annual Compliance Audit Return completion and lodgement.

Appendix A – Risk Assessment and Acceptance Criteria

Rating (Level)	Health & Safety	Financial	Service Delivery	Legislative Compliance	Reputational	Property / ICT / Infrastructure	Environment	Project TIME	Project COST
Insignificant (1)	Near miss. Minor first aid injuries	Less than $20,000	No material service interruption	No noticeable regulatory or statutory impact Threat of litigation No effect on contract performance	Unsubstantiated, low impact, no media involvement	Inconsequential or no damage. Minor IT disruption (<12 hours)	Contained, reversible impact managed by on site response	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
Minor (2)	Medical type injuries / Lost time injury <30 days	$20,001 - $100,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances Single minor litigation	Substantiated, low impact, low news profile	Localised damage rectified by routine internal procedures. Minor IT disruption to a service (>12-24 hours)	Contained, reversible impact managed by internal response	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
Moderate (3)	Lost time injury >30 days	$100,001 - $500,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with no significant regulatory requirements imposed Single moderate litigation or numerous minor litigations	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify. IT disruption to a department for up to 12 hours.	Contained, reversible impact managed by external agencies	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
Major (4)	Long-term disability/multiple injuries	$500,001 - $1,000,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties Single major litigation	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal & external resources to rectify IT disruption to several services or more than 1 department for up to 12 hours.	Uncontained, reversible impact managed by a coordinated response from external agencies	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
Catastrophic (5)	Fatality, permanent disability	More than $1,000,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact Failure of utilities/systems resulting in the loss of function for several departments (> 12 hours).	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

1 - City of Nedlands Measure of Consequence

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

2 - Measures of Likelihood

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

3 - Risk Rating

Risk	Description	Action	Monitor	Controls	Managed by	Risk Owner	Treatment Owner
LOW (1-4)	Acceptable	Document risk acceptance	Annually	Adequate	Routine procedures	**Managers (or equivalent)**	**Coordinators / Operational Managers**
MODERATE (5-9)	Tolerable	Monitor and reduce risk	Semi-Annually	Adequate	Specific procedures	**EMT**	**Managers (or equivalent)**
HIGH (10-16)	Unacceptable: Exceeds tolerance	Reduce risk to acceptable levels urgently	Monthly	Effective	EMT (or delegate)	**EMT**	**EMT**
EXTREME (20-25)	Unacceptable: Vastly exceeds tolerance	Reduce risk to acceptable levels immediately	Daily	Effective	CEO (or delegate)	**CEO**	**CEO / Council**

4 - Risk Acceptance Criteria

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

5 – Existing Controls Rating

Risk Appetite Statement

Responsible Division Council

Objective Sets the risk appetite for the City of Nedlands (the City).

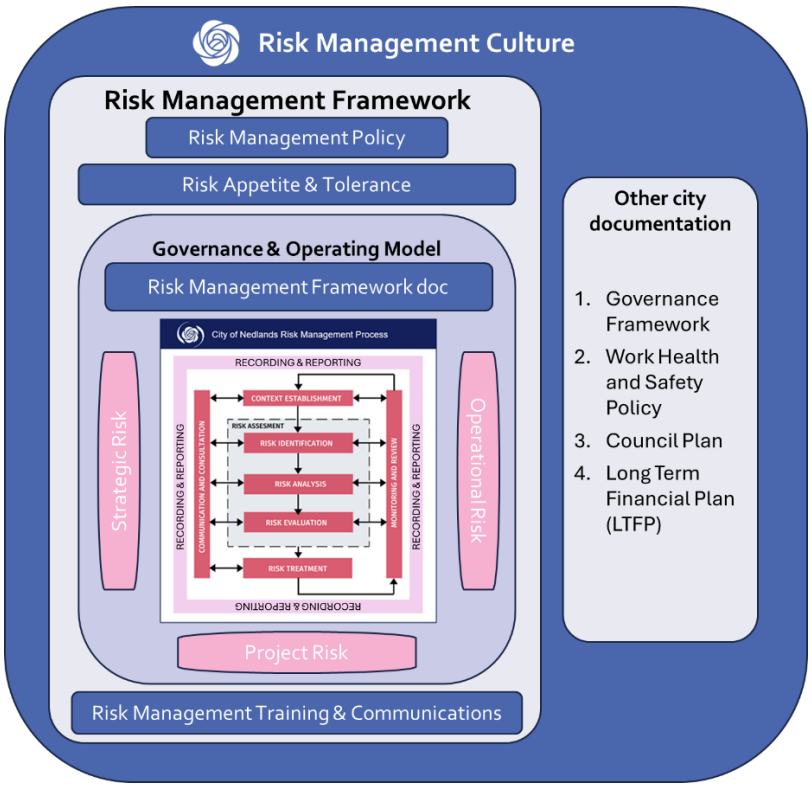
Introduction

Risk Management is an essential component of Council's governance framework and supports the achievement of Council's goals and objectives. Effective risk management increases the probability of successful outcomes whilst protecting the reputation and sustainability of Council.

Risk appetite is the amount of risk Council is willing to accept in pursuit of its strategic goals. The Risk Appetite Statement (RAS) considers the most significant categories of potential risks to Council and provides an outline as to how much risk Council is willing to accept in this area.

How risk appetite and tolerance fit within Council

The risk appetite of Council informs the strategic decision-making process. The diagram below shows how the Risk Appetite & Tolerance fits into the organisation and informs risk management.



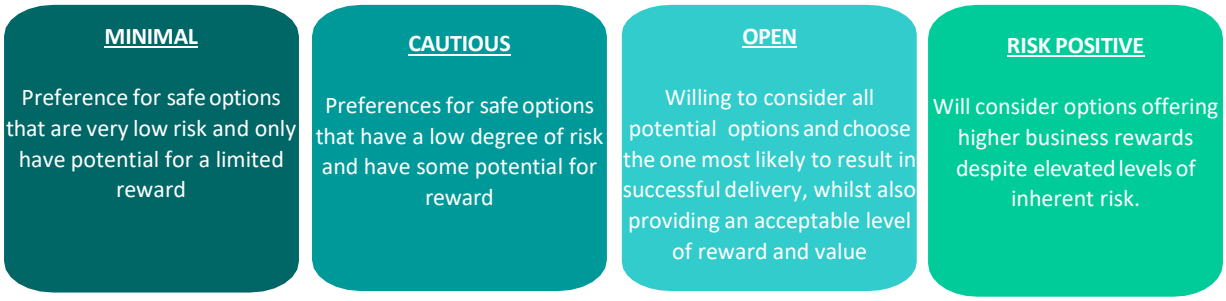
Risk Management Framework

The City's Risk Management Framework aims to identify and manage risk across the organisation effectively. The framework sets the requirements and responsibilities for staff and emphasises that the management of risk and risk reporting is everyone's responsibility and that they must have appropriate controls in place and ensure the effectiveness of these controls.

Risks are identified, analysed, evaluated and monitored at both an organisational (top-down) and operational (bottom up) level. Council has ultimate accountability for this process. Risks are reported to Audit, Risk and Improvement Committee (ARIC) on a quarterly basis.

Risk Appetite Ratings

Council categorises its level of risk appetite into four categories as can be seen below:



NOTE: For specific projects, topics or components of Council's wider strategic risks Council may take a zero- tolerance approach to risk, however at the Strategic Risk level, 'minimal' is the lowest level of risk appetite.

Risk Tolerances

Risk tolerances are the boundaries set for risk taking. The risk appetite statement informs the development of risk tolerances for Council and provides guidance on how the Risk Appetite Statement is to be applied to everyday business actions and decisions.

While risk appetite is qualitative, risk tolerances operationalise the statement by using quantitative measures where possible to better enable monitoring and review.

The Risk Appetite will set the tone for risk taking in general, whilst the tolerance informs:

- Expectations for mitigating, accepting and pursuing certain types of risk.
- Boundaries and thresholds for acceptable risk taking.
- Actions to be taken or consequences for acting beyond appropriate tolerances.

Review

This Risk Appetite Statement is reviewed on a continuous basis to consider and adapt to changes in the Council's operating environment. This review is coordinated by the Coordinator Governance Legal and Risk. Changes to the Risk Appetite Statement must be approved by the Executive Management Team and are presented to the ARIC for review and comment before being provided to Council for endorsement. The Risk Appetite Statement is to be presented to Council for review and endorsement at least once a Council Term.

Related documentation

Risk Management Policy

Risk Management Framework

Governance Framework

Related local law and legislation

Local Government Act 1995 (WA)

Local Government (Audit) Regulations 1996 (WA)

Local Government (Financial Management) Regulations 1996 (WA)

Work Health and Safety Act 2020 (WA)

ISO 31000:2018 – Risk Management – Guidelines

Related delegation

Nil

City of Nedlands Council's Risk Appetite Statement

Below are the risk appetites and tolerance levels for the City of Nedlands Council. The City's risk appetite and risk management framework support decision-making and ensures the Council makes appropriate and informed decisions.

Risk Category	Context	Appetite Rating	Council will tolerate	Council will not tolerate
Health	All events affecting physical safety and well-being of staff, Councillors, contractors, volunteers and the public—from near-misses to fatalities.	Minimal	Only very low-severity and/or very unlikely health incidents.	All other injury scenarios (any moderate, major or catastrophic injuries at any likelihood beyond the very lowest).
Financial	Events affecting budgets, revenues, expenditure, investments and stewardship of ratepayer funds.	Cautious	Minor financial variances within routine contingencies.	Severe financial losses or budget blow-outs requiring urgent or immediate executive intervention.
Service Delivery	Interruptions or quality impacts to community services and facilities (e.g. waste, libraries, customer services).	Open	Minor service issues, provided robust recovery plans and resources are in place.	Catastrophic service failures demanding immediate resolution.
Compliance	Adherence to legislation, regulation, internal policies, contracts and professional standards.	Minimal	Only trivial or very unlikely compliance breaches.	Any material or repeated non-compliance, penalties or regulatory action.
Reputational	Impact on public confidence, stakeholder trust, media profile and overall brand integrity.	Cautious	Minor reputational impacts that can be managed through communications and standard controls.	High-profile or widespread negative publicity that could severely damage Council's credibility.
Property / ICT / Infrastructure	Reliability and condition of physical assets and digital systems—including buildings, plant, roads, networks and core IT services.	Cautious	Minor to moderate asset damage or IT outages, reversible via routine response.	Any multi-department outages or severe infrastructure failure requiring urgent coordinated response.

Risk Category	Context	Appetite Rating	Council will tolerate	Council will not tolerate
Environment	Conservation, sustainability and management of natural and built environments—including pollution, waste, biodiversity and heritage.	Cautious	Minor to moderate environmental impacts that can be mitigated or remediated with existing controls.	Irreversible or widespread environmental harm that breaches legislation or Council policy.
Project Time	Timing and scheduling performance for capital and operational projects across planning, procurement and delivery phases.	Risk-Positive	Scheduled delays may be accepted where strategic value justifies them, subject to oversight.	Extreme delays still trigger immediate review and action plans.
Project Cost	Budget performance for capital and operational projects, including cost estimates, contingencies and variances.	Risk-Positive	Cost variances may be accepted for transformational or high-value projects with CEO/Council approval.	Extreme overruns demand immediate corrective action and reporting.

Report on Operational Risk activities to the Audit, Risk and Improvement Committee (ARIC)

Prepared by: Governance Legal and Risk Team

Date: June 2025

1. Executive Summary

This report provides a preliminary overview of operational risk assessments currently being undertaken across the City of Nedlands. It captures insights into ongoing activities regarding risk ownership, control adequacy, and mitigation actions in line with the City's Risk Management Framework. The details below focus on departments that have completed their preliminary assessments, with additional areas still undergoing evaluation.

This report includes risk assessments from the following areas:

- Communications
- Office of the CEO
- Customer Service
- Depot Operations
- Human Resources
- Urban Landscapes and Conservation
- Urban Planning and Development
- Waste and Assets
- Community Development

Note: as at the time of this preliminary report, risk assessment activities are ongoing and subject to change upon review by the Governance Legal and Risk team.

2. Preliminary Estimated Quantitative Risk Summary

Metric	Value
Total Risks Identified	73
Departments with Risks Registered	10
% of Risks with Documented Controls	c. 92%
Net Risk Reduction (% of Gross)	c. 34%
% of Risks with Treatment Plans Identified	c. 85%
Total Control/Treatment Actions Identified	62

3. Preliminary Qualitative Estimate Summary

3.1 Control Adequacy

Of the 73 risks, 67 have control descriptions provided. Control adequacy ratings are distributed as follows:

- Adequate: 41 risks
- Inadequate: 23 risks
- Effective: 9 risks

Of the Controls that have been identified, 31.5% have been marked as inadequate, indicating urgent improvement is required. For the six risks where no controls have yet been identified, work is ongoing to ensure controls are in place.

3.2 Preliminary Residual Risk Estimates

As of this reporting period, the data suggests a **33.96% reduction** in overall risk levels from gross to net scores across the organisation. While this points to a positive trend in risk mitigation, it is important to note that many residual risk ratings are **pending full validation** and **subject to revision** in subsequent updates once actions have been finalised and tested.

A more definitive view of the City's residual risk profile will be provided in the Q3 2025 report, following the completion of outstanding risk assessments and validation of control adequacy and treatment outcomes.

Note: Residual risk ratings provided in this report are **indicative only** and reflect initial estimates based on the current understanding of control effectiveness and mitigation actions. These figures are expected to change as further activities (treatment implementation, control testing, and ongoing reviews) are completed.

4. Treatment Planning and Actions

- 84.9% of identified risks have at least one documented treatment action.
- A total of 62 distinct actions are currently logged to:
    - Improve existing controls.
    - Introduce new risk mitigation measures.
    - Align with assigned treatment owners and governance review processes.

All action plans are linked to the appropriate Risk Owner and Treatment Owner levels and are traceable for follow-up reporting.

5. Outstanding Risk Assessments

Risk reviews remain in progress for areas including ICT and Finance. All operational areas are expected to finalise their assessments by Q3 2025.

6. Q3 2025 Update

The Governance, Legal and Risk team will deliver a more comprehensive and finalised risk report to the Committee in Q3 2025, which will:

- Include updated residual risk ratings for all departments.

- Evaluate the ongoing effectiveness of controls and treatment actions.
- Introduce the Project Risk Assessment Template, which will be mandatory for all projects. This tool will help to determine risk profiles prior to commencement and track changes throughout the project lifecycle.

11.2.ARC 83.06.25 Internal Audit - Regulation 17 Review

Meeting & Date	Audit Committee Meeting – 16 June 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	Alyce Martin - Coordinator Governance Legal and Risk
CEO	K. Shannon
Attachments	Attachment 1 – Stantons Review of Risk Management, Legislative Compliance and Internal Controls May 2025

Purpose

To present to the Audit, Risk and Improvement Committee the Auditor's report on the appropriateness and effectiveness of the City's systems and procedures in relation risk management, internal controls and legislative compliance as required by regulation 17 of the *Local Government (Audit) Regulations 1996* (WA).

Administration Recommendation

That the Committee NOTES:

1. the auditors report on the review of the City's systems and procedures in relation to risk management, internal controls and legislative compliance; and

2. the management responses to those comments and recommendations.

Voting Requirement

Simple Majority.

Background

The *Local Government (Audit) Regulations 1996* (WA) regulation 17, requires the Chief Executive Officer to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

(a) Risk management; and
(b) Internal control; and
(c) Legislative compliance

not less than once every 3 financial years and report any findings to the audit committee.

Discussion

The current review of the areas of risk management, internal controls and legislative compliance by the CEO have occurred outside of the standard auditing cycle as it was identified that a review was required to be completed by June 2025. Previously this review was carried out by the City's appointed auditor Moore Australia (WA) Pty Ltd with the last audit covering the period to December 2022.

The City sought the assistance of Stantons to assist the CEO in performing this review as is required by regulation 17 of the *Local Government (Audit) Regulations 1996* (WA).

The auditors Regulation 17 report contained 4 findings as summarised in the table below:

No	Finding	Risk Rating	Recommendation	Management Comment
1	Strategic risk register is out of date and not aligned to current strategy.	Moderate	The City needs to review the strategic risks for each Directorate regarding currency and update the register accordingly. Supporting operational risk registers also require review across business units and corporate.	Review of Strategic Risk Register is in progress with an anticipated completion September 2025
2	Terms of Reference for the Risk Working Group is not comprehensive and does not cover identification, assessment, management, reporting and monitoring of risks back to the group.	Minor	The City to expand the Terms of Reference for the Risk Working Group to cover the identification, assessment, management, reporting and monitoring of risks back to the group.	Risk working group is being reformed and a revised terms of reference will follow with reference back to the Risk Management Framework which has been recently revised
3	There is a lack of formal training on risk management, cybersecurity, fraud and corruption which may result in a higher level of complacency to risk identification, fraud and cyber-attacks.	Moderate	The City to implement annual formal training on fraud and corruption, risk management, and cybersecurity awareness for all staff.	Cybersecurity training has been rolled out in March 2025 through an external provider and has been completed by about 30% of staff. Further reminders to staff to complete this training will be sent. Training modules on risk management, fraud and corruption and cybersecurity will also be added to the LMS platform being developed by the City.
4	The City has yet to lodge the Compliance Audit Return (CAR) for 2024 to	Moderate	The City to expedite the completion of the outstanding Compliance Audit Return for 2024	The CAR was approved by Council and lodged

	the Department of Local Government, Sport and Cultural Industries in accordance with the requirements of regulation 15 of the Local Government (Audit) Regulations 1996.		in compliance with regulation 15 of the Local Government (Audit) Regulations 1996.	with the Department on 13 May 2025

In addition to the above findings the auditors report makes several business improvement suggestions as set out below:

Business Improvement Suggestion 1	It is suggested that the City considers the formulation of a risk appetite statement which could include risk appetite ratings, tolerances and categories, as well as outlining responsibilities.
Business Improvement Suggestion 2	It is suggested that the City sets a review date for the Fraud and Corruption Control Framework and notes the adoption date by Council.
Business Improvement Suggestion 3	It is suggested that the City sets a review date for the Fraud and Corruption Policy and records the approval date.
Business Improvement Suggestion 4	It is suggested that the City reviews and where necessary updates the Occupational Safety and Health policy to ensure currency.

The Administration acknowledges the auditors findings and works are already underway to rectify a number of the issues identified. Most notably significant work has been undertaken in the first part of 2025 to increase access to employee training modules with the development of an online learning management system for which modules are currently being prepared to address fraud and corruption, risk management, conflict of interest and cybersecurity. External cybersecurity training was also rolled out to all staff in March 2025.

Work is also in progress to review the strategic risk register to align it with the current Council Plan and it is anticipated that this review will be presented to Council later in 2025.

In addition as per the business improvement suggestions a risk appetite statement and work on the risk management framework has progressed with these two items in draft forming a separate item for the Committee to consider at the June ARIC meeting. Allocating specific resources in early 2025 to address internal audit log items has meant that significant improvements have been able to be made to the risk management culture within the City.

Consultation

Several internal departments assisted in the collation of information required for the auditors, including:

- Director Corporate Services
- Manager ICT
- Coordinator Governance Legal and Risk

Strategic Implications

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

Vision	**Sustainable and responsible for a bright future**
Pillar	**Performance**
Outcome	11. Effective leadership and governance.

Budget/Financial Implications

There are no budget or financial implications to this report.

Legislative and Policy Implications

Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

(a) risk management; and

(b) internal control; and

(c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

Decision Implications

Nil

Conclusion

The report is for noting by the Committee.

Further Information

Nil.

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City of Nedlands

City of Nedlands
Review of Risk Management, Legislative Compliance and Internal Controls

Internal Audit

May 2025

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Introduction

On 1 July 1959 Nedlands was declared a City by the Governor, Sir Charles Gairdner after years of petitioning by the Nedlands Road Board. Stretching from the Indian Ocean to the Swan River, the City of Nedlands was populated by professionals and business owners whose leisure time was spent pursuing sporting endeavours. Playing fields along the foreshore and throughout the City were created to satisfy the athletic appetite of residents. At the end of the 2022-23 financial year the City of Nedlands local government area was characterised by four Wards: The Coastal Ward, Hollywood Ward, Melvista Ward and Dalkeith Ward.

As part of the Regulation 17 of the *Local Government (Audit) Regulations 1996*, the City has appointed Stantons to undertake a review and audit of the City's risk management, internal controls, and legislation compliance.

Audit Objective:

This is classified as an assurance audit with a focus on financial controls. We used a combination of walk throughs, interviews, process observation, and sampling to assess controls.

The objective of a Risk Management, Legislative Compliance and Internal Controls Review is to determine the appropriateness and effectiveness of the Principal's systems and procedures in relation to risk management, internal control, and legislative compliance in accordance with Regulation 17 of the *Audit Regulations*. The review is conducted every three (3) financial years and the Council's Audit Committee is required to review the results.

The review must include but is not limited to examinations of the following:

- Risk management systems policies, procedures, and plans
- Financial internal control systems and procedures
- Systems and processes for maintaining legislative compliance.

Scope of works

The audit period was 1 January 2024 to 31 March 2025.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Examine risk management systems policies, procedures, and plans	Partially Achieved	Moderate
8.2	Examine financial internal control systems and procedures	Achieved	N/A
8.3	Examine systems and processes for maintaining legislative compliance	Partially Achieved	Moderate

3. SUMMARY OF FINDINGS

1. Strategic risk register is out of date and not aligned to current strategy.

2. Terms of Reference for the Risk Working Group is not comprehensive and does not cover identification, assessment, management, reporting and monitoring of risks back to the group.

3. There is a lack of formal training on risk management, cybersecurity, fraud and corruption which may result in a higher level of complacency to risk identification, fraud and cyber-attacks.

4. The City has yet to lodge the Compliance Audit Return (CAR) for 2024 to the Department of Local Government, Sport and Cultural Industries in accordance with the requirements of regulation 15 of the Local Government (Audit) Regulations 1996.

4. RECOMMENDATIONS

1. The City needs to review the strategic risks for each Directorate regarding currency and update the register accordingly. Supporting operational risk registers also require review across business units and corporate.

2. The City to expand the Terms of Reference for the Risk Working Group to cover the identification, assessment, management, reporting and monitoring of risks back to the group.

3. The City to implement annual formal training on fraud and corruption, risk management, and cybersecurity awareness for all staff.

4. The City to expedite the completion of the outstanding Compliance Audit Return for 2024 in compliance with regulation 15 of the Local Government (Audit) Regulations 1996.

5. BUSINESS IMPROVEMENTS

1. It is suggested that the City considers the formulation of a risk appetite statement which could include risk appetite ratings, tolerances and categories, as well as outlining responsibilities.

2. It is suggested that the City sets a review date for the Fraud and Corruption Control Framework and notes the adoption date by Council.

3. It is suggested that the City sets a review date for the Fraud and Corruption Policy and records the approval date.

4. It is suggested that the City reviews and where necessary updates the Occupational Safety and Health policy to ensure currency.

6. OVERALL COMMENTS

City of Nedlands - Management Comments

Business Improvement Suggestion 1 – a stand alone risk appetite statement and revised risk framework is prepared and is anticipated to be presented to ARI Committee June 2025.

Finding 1 – Review of Strategic Risk Register is in progress with an anticipated completion September 2025.

Finding 2 – Risk working group is being reformed and a revised terms of reference will follow with reference back to the Risk Management Framework which has been recently revised.

Business Improvement Suggestion 2 – This framework will be incorporated into the Council Policy review schedule.

Finding 3 – Cybersecurity training has been rolled out in March 2025 through an external provider and has been completed by about 30% of staff. Further reminders to staff to complete this training will be sent. Training modules on risk management, fraud and corruption and cybersecurity will also be added to the LMS platform being developed by the City.

Business Improvement Suggestion 3 – This council policy will be incorporated into the Council Policy review schedule.

Business Improvement Suggestion 4 – This council policy is being reviewed and is anticipated to be presented to the Governance Committee July 2025.

Finding 4 – the CAR was approved by Council and lodged with the Department on 13 May 2025.

Stantons - Audit Management Comments

We acknowledge the actions in relation to the findings and business improvement suggestions and it is pleasing to note that the CAR was approved by Council and lodged with the Department on 13 May 2025. Stantons appreciates all the assistance provided by the governance, legal and risk team with the audit.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Severe	The finding poses a severe risk to the City if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to the City if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to the City if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to the City if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER
This report is prepared for the City's internal use and may be shared with its auditors and professional advisors for internal use. Copying and distribution of this report to other parties should not be done without prior approval and consent from Stantons.

BASIS OF AUDIT
We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons purely based on the information provided by the City members of staff during audit fieldwork. Changes to the contents of the report without Stanton's involvement will render all contents less "independent" and unrepresentative of Stanton's position with regards to the contents contained therein.

INHERENT LIMITATIONS
Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

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Report Release

Released by (Name): James Cottrill *Signature:* James Cottrill

Title: Principal, Internal Audit, IT Audit & Risk Consulting *Release Date: 10 June 2025*

8. DETAILED AUDIT ASSESSMENT

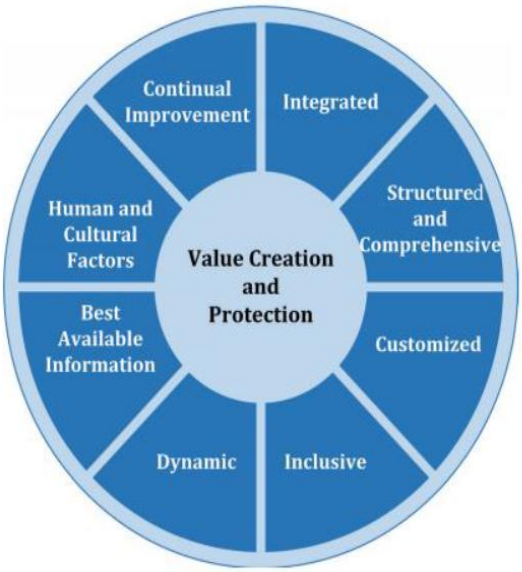
8.1 EXAMINE RISK MANAGEMENT SYSTEMS POLICIES, PROCEDURES AND PLANS.

Overall Outcome	A formal risk management framework and policy is in place, along with a Work Health and Safety policy, IT policy and adequate insurance cover. However, several business improvements can be made over the policy review process, risk appetite, the strategic risk register, and fraud and corruption training.

The City has in place a Risk Management Framework which indicated the next update was due on 2 November 2024, but this is still in progress. The framework sets out the City's approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on the standard AS/NZS ISO 31000:2018 Risk Management – Guidelines.

The City uses a "Three Lines of Defence" model to manage risk, ensuring clear roles, responsibilities, and accountabilities for decision-making. This model supports effective governance and assurance. By adhering to the approved risk appetite and framework, the Council, Administration, and Community can be confident that risks are being managed to support the City's Strategic, Corporate, and Operational Plans.

Principles for creation and protection of value are identified as –



AS ISO31000:2018

A governance structure has been established for risk management which encompasses all areas of the organisation as depicted below.

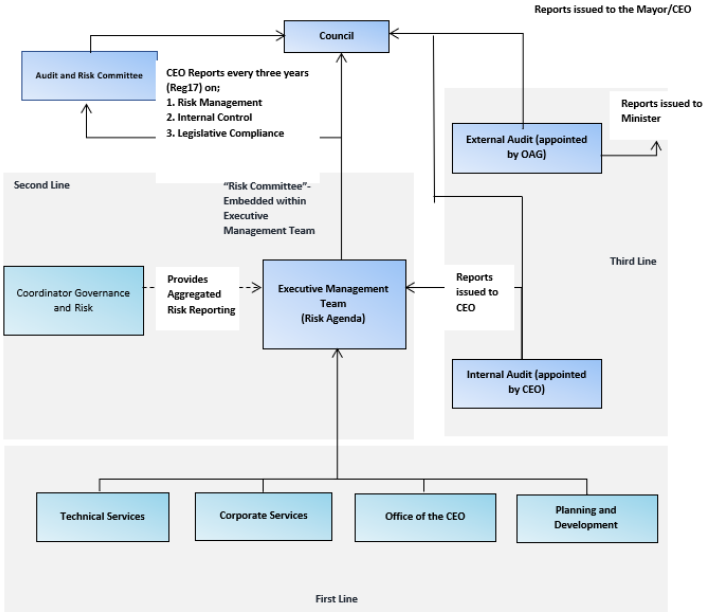


Figure 2 - Operating Model

The City also conducts risk management inductions and has a standard set of PowerPoint slides which cover the standard ISO 31000 risk management process in use and aligns to the standard's model.

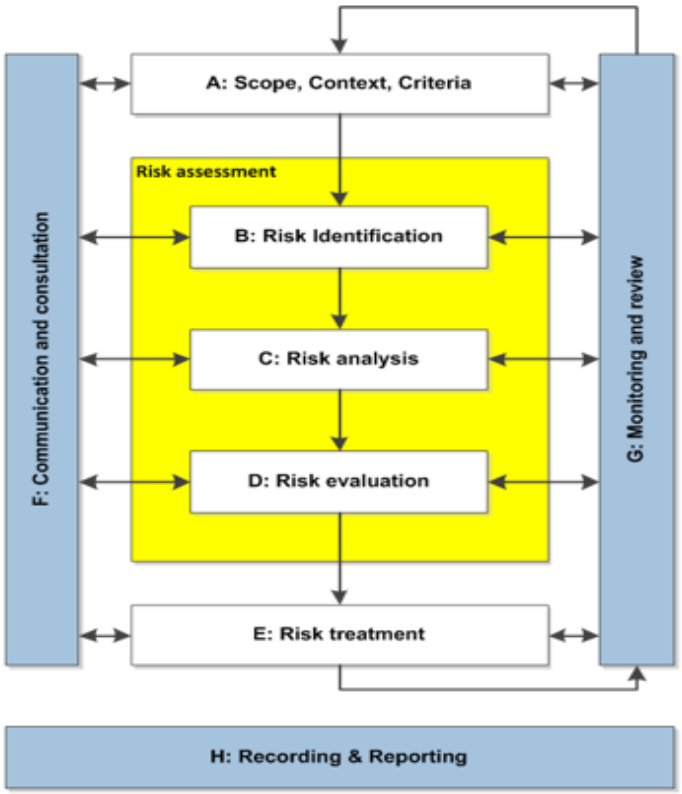


Figure 4 – Risk Management Process ISO 31000:2018

A risk matrix has been formulated for the City:

Measures of Likelihood:

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

Risk Rating:

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

Risk Acceptance Criteria:

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

Financial thresholds have also been defined as part of consequences.

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

The City manages risks continuously using a process involving the identification, analysis, evaluation, treatment and the monitoring and review of risks as outlined in the Risk Management Framework and in line with the AS/NZS ISO 31000 standard. It will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

The Executive Management Team (EMT) oversees the framework, promoting a positive risk management culture within the City. The Chief Executive Office and EMT monitor the highest-level risks and are responsible for implementing mitigation strategies in alignment with the risk management governance structure. However, we noted that neither the policy nor the framework provides any detail regarding the risk appetite of the City.

Business Improvement Suggestion 1	It is suggested that the City considers the formulation of a risk appetite statement which could include risk appetite ratings, tolerances and categories, as well as outlining responsibilities.

Audit found that a Risk and Issues Register was established; however, many of the risks are not up to date with the strategic risks dated around five years ago. In discussions with the City's Governance Officers, we understand the register is actively being worked on and will be tabled at the Audit Committee meeting once it is updated. However, no timeline on the completion of the register has been provided.

Finding 1	Strategic risk register is out of date and not aligned to current strategy.
Risk Rating	Moderate
Recommendation 1	The City needs to review the strategic risks for each Directorate regarding currency and update the register accordingly. Supporting operational risk registers also require review across business units and corporate.

A Risk Management Policy is in place and was established on 26 September 2023 and is due for review in 2025. The City has based its principles, framework and process of managing risk

as outlined in AS/NZS ISO 31000 2018 and places emphasis on the risk management objectives and responsibilities of elected members and employees as well as integrating a monitoring and review process.

A Terms of Reference (ToR) for the Risk Working Group is in place to facilitate effective collaboration in the identification, assessment, management, reporting and monitoring of risks. The Risk Working Group will meet as required and report to the Audit Committee. The ToR includes a short purpose, officer membership, meeting governance, meeting details (frequency) and the liaison officer. However, there are no details regarding any responsibilities or oversight regarding the identification, assessment, management, reporting and monitoring of risks to the working group.

Finding 2	Terms of Reference for the Risk Working Group is not comprehensive and does not cover identification, assessment, management, reporting and monitoring of risks back to the group.
Risk Rating	Minor
Recommendation 2	The City to expand the Terms of Reference for the Risk Working Group to cover the identification, assessment, management, reporting and monitoring of risks back to the group.

The risk management meeting minutes dated 25 October 2024 were reviewed as part of assessing governance mechanisms in relation to risk. The meeting agenda was as follows:

- Plan to move forward
- Risk Calendar – in the Governance SP site to reflect City's risk meeting dates, training, reporting to Council etc.
- Risk Induction – new and existing staff
- Risk workshop - Managers responsibility to update the operational risk register with their Business Unit risks/mitigation/training and deadlines
- Audit & Risk Committee Update.

The document also contained several links to policies, frameworks, the risk induction, risk register and a repository (SharePoint) of risk documents. There were also meeting notes documenting various risk tasks being allocated and staff and shows that an active risk management regime is in place.

A Fraud and Corruption Control Framework is in place and was last reviewed in May 2022. This outlines that the key control strategies for implementing an effective fraud and corruption control environment are –

1. Prevention
   Design measures to prevent fraud and corruption from occurring initially.
2. Detection
   Implement strategies to discover fraud and corruption as early as possible after it occurs.
3. Response
   Establish systems and processes to respond appropriately to detected fraud and corruption.

The document provides a comprehensive framework covering leadership and ethical culture, fraud and corruption control strategies as well as technicalities, fraud and corruption detection, evaluation of key reports, fraud and corruption response and linkages to other policies,

procedures and legislation. It would be useful to ensure that this document is reviewed periodically and when it is adopted by Council.

Business Improvement Suggestion 2	It is suggested that the City sets a review date for the Fraud and Corruption Control Framework and notes the adoption date by Council.

As part of good risk management, the City notes in its framework that fraud awareness training can be an effective method of ensuring that all employees are aware of their responsibilities for fraud control and to set expectations regarding ethical behaviour in the workplace. The City will implement regular training programs for all staff and will enforce the zero-tolerance attitude towards fraud and corruption by implementing the tool of regular reminders via various communication means. We note that there has been limited formal training in relation to fraud and corruption, as well as risk management. However, we understand that staff are able to self-enrol for some cyber security training.

Finding 3	There is a lack of formal training on risk management, cybersecurity, fraud and corruption which may result in a higher level of complacency to risk identification, fraud and cyber-attacks.
Risk Rating	Moderate
Recommendation 3	The City to implement annual formal training on fraud and corruption, risk management, and cybersecurity awareness for all staff.

A Fraud and Corruption Policy has been developed for stakeholders to provide guidance to avoid fraud and corruption, manage conduct and behaviour which may be regarded as unethical. It includes the scope, key definitions, implementation, appropriate protection measures, management, reporting and disclosures. However, the policy does not have any evidence that it has been reviewed, nor was any date of approval provided.

Business Improvement Suggestion 3	It is suggested that the City sets a review date for the Fraud and Corruption Policy and records the approval date.

We also noted that a Fraud Prevention Implementation Program is in place to communicate the personnel responsible for the implementation. This is supported by the Fraud Reporting and Investigation Procedure that sets out the principles and responsibilities for investigations of alleged fraud and corruption. This procedure is underpinned by the Fraud and Corruption Control Framework.

In terms of risks relation to infrastructure, the City has a Business Continuity Response Plan in place which was last reviewed in February 2023. It also has the Information Systems Disaster Recovery Procedure that aims to create, test, and document a clear plan to help the organisation quickly and effectively recover from unexpected disasters or emergencies that disrupt information systems and business operations. This is supported by a Disaster Recovery Test Plan that describes the testing approach and overall framework that drives the testing of the IT Disaster Recovery Exercise of the City and assist in the event of a disaster at the administration centre. Testing is conducted every December by the IT service provider.

A Work Health and Safety (WHS) Policy Statement is in place. The purpose of the policy is to ensure the CEO and Executive Management Team maintain their commitment to provide a

safe work environment by fostering a positive safety culture, consulting with workers, and ensuring adequate resources and training. They aim to exceed performance indicators, continuously improve WHS systems, and promote a strong reporting culture. Additionally, they conduct thorough investigations to prevent recurrences of safety issues.

Management's guiding principles include being dedicated to upholding high standards of safety and health by fostering continuous improvement in behaviours and processes. They also need to ensure effective consultation mechanisms, safe work systems, and a robust safety management system. Clear accountability under Work Health and Safety legislation, comprehensive training, and compliance with statutory obligations are prioritized. Additionally, all workers, volunteers, contractors, and visitors are made aware of their duty of care under the *Work Health and Safety Act 2020*.

Supporting WHS is an Occupational Safety and Health policy that was established to ensure that the City of Nedlands maintains its commitment to provide a safe and healthy work environment for employees, councillors, contractors, customers and visitors. This commitment extends to ensuring that the City's operations do not place the local community at risk of injury or illness. It was last reviewed on 28 July 2015 and is overdue for a review and potentially an update.

Business Improvement Suggestion 4	It is suggested that the City reviews and where necessary updates the Occupational Safety and Health policy to ensure currency.

In addition to the risk management framework in place, the City has insurance certificates to cover the following aspects:

- Commercial Crime and Cyber Liability – coverage includes first party, third party and extensions protections which expires on 30 June 2025.
- Motor Vehicles – coverage includes cost of repairs, market value at time of loss, declared value stated in register, whichever is the lesser. The third part liability for all claims is $35,000,000 unless used for transportation of dangerous good, then is $5,000,000.
- Property protection – coverage for protected risks of physical loss, destruction or damage to property not specifically excluded, machinery breakdown, electronic equipment breakdown, and general property as well as consequential loss (section two). Limits of $600,000,000 for any event for combined section one and two, with exceptions for cyclones ($100,000,000) north of the 26th parallel, flood ($100,000,000) and acquired properties ($5,000,000).

The insurance is provided through LGIS and uses standard policies applicable to all local government entities who are members of WALGA. Other limits also noted on policies are applicable to all members. Various sub-limits are also specified. There is also cover for business interruption with various limits for events with up to $35,000,000 p.a. for loss of revenue/rent receivable. We examined the certificates of currency and all were current.

8.2 EXAMINE FINANCIAL INTERNAL CONTROL SYSTEMS AND PROCEDURES.

Overall Outcomes	The City has adequate controls in place over financial controls systems but we noted the internal control framework relies on the risk management framework.

As part of our Regulation 17 work, we placed reliance on the work conducted by Moore for the Regulation 5(2)(c) review of Financial Management Systems which was to assess the appropriateness and effectiveness of the City's financial management systems and procedures as required by Financial Management Regulation 5(2)(c).

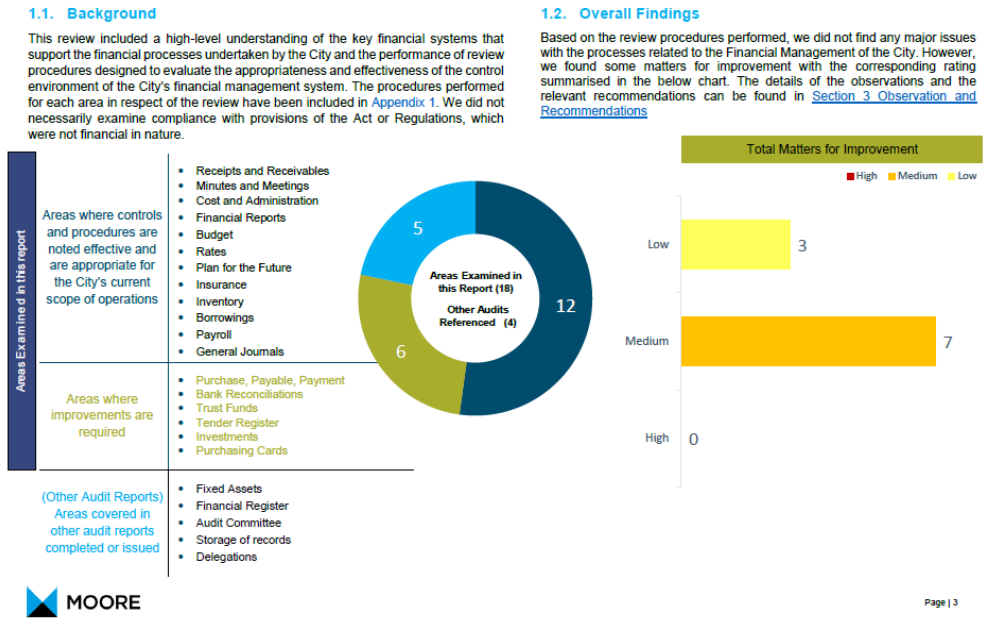
Areas which were covered included:

• Purchases, Payments, and Payables	• Plan for the Future
• Receipts and Receivables	• Tender Register
• Payroll	• Budgets
• Rates	• Insurance
• Bank reconciliations	• Borrowings
• Trust Funds	• Inventory
• Cost and Administration Allocations	• Investments
• Minutes and Meetings	• General Journals
• Financial Reports	• Purchasing cards*

The review did not include detailed procedures performed in prior internal audits and those performed in recent times. It was indicated that readers should refer to these reports for details of work performed and results of the reviews. These included:

• Fixed Assets	Asset Management Audit
• Financial Register	Conflict of Interest Audit
• Audit Committee	Review of Effectiveness of the Audit and Risk Committee
• Storage of records	Records Management Audit
• Delegations	Regulation 17 Audit

A separate Regulation 5(2)(c) report has been formulated by Moore Australia on 23 January 2023 and can be referred to regarding financial internal controls. An overall executive summary was provided regarding controls.



1.1. Background

This review included a high-level understanding of the key financial systems that support the financial processes undertaken by the City and the performance of review procedures designed to evaluate the appropriateness and effectiveness of the control environment of the City's financial management system. The procedures performed for each area in respect of the review have been included in Appendix 1. We did not necessarily examine compliance with provisions of the Act or Regulations, which were not financial in nature.

1.2. Overall Findings

Based on the review procedures performed, we did not find any major issues with the processes related to the Financial Management of the City. However, we found some matters for improvement with the corresponding rating summarised in the below chart. The details of the observations and the relevant recommendations can be found in Section 3 Observation and Recommendations

We have examined other internal control aspects not covered by Moore and have included these in this section of the report.

Based on the review procedures performed, there were no major issues with the processes related to the Financial Management of the City. We noted from the work performed by Moore the following matters for improvement identified.

	Summary of Findings				Recommendations
Risk Rating	Total	High	Medium	Low	Total
Purchase Payments and Payables	1	-	1	-	1 - 2
Bank Reconciliations	1	-	-	1	3 - 4
Trust Funds	1	-	1	-	5 - 6
Contract and Tender Register	1	-	1	-	7 - 8
Investments	1	-	-	1	9
Purchasing Cards	5	-	4	1	10 - 16
Total	10	-	7	3	

The key findings of the review are:

1. Control gaps in purchase order and quotation requirements
2. Inconsistencies in the signoffs of the bank reconciliation and few unresolved long outstanding reconciling items
3. Lack of adequate controls for trust funds
4. Incomplete documentation related to contract extensions and incomplete registers maintained
5. Updates required related to investment policy
6. Observations that are deemed noncompliance with the requirements in the procedures
7. Updates required on the ‘Use of Corporate Purchasing Card’ document
8. Potential recurring subscriptions that could extend over long period paid for via the purchasing card
9. Re-evaluation of purchasing cards required
10. Lack of adequate documentation on handover and cancellation of purchasing cards

We note that supporting internal audit controls, the City has created a Fraud and Corruption Control Framework which was created in March 2022 and has been discussed earlier. The framework defines an integrated set of activities to manage, prevent, detect, investigate, and respond to the fraud and corrupt activity. Further, it sets out supporting processes such as staff training and the management of identified allegations. It also links to the Fraud and Corruption Policy that was established to provide a framework for Elected Members, Committee Members, Employees and External Parties associated with the Council, to avoid fraud and corruption and management of situations which may be regarded as unethical conduct or behaviour.

The City has also in place a Code of Conduct for elected members that is established to guide the behaviour of Council Members, Committee Members and Candidates. It specifies general principles for standards of behaviour which are expected of Council Members, Committee Members and Candidates and Rules of Conduct which is complementary to the requirements of the *Local Government Act 1995*. Moreover, the Code of Conduct for Employees has been adopted to ensure all employees understand and respect their roles and responsibilities. This enables professional relationships to be established and maintained in the interest of providing good governance and overall integrity in all work-related activities.

The Code for employees sets out principles and standards of behaviour to assist and guide all workers (employees and volunteers) in determining appropriate and ethical standards of behaviour across a range of circumstances. In addition, a Complaint Handling Policy is in place to set out the processes for the management of complaints involving Council Members, Committee Members and Candidates for election in matters relating to breaches of the behaviour requirements of Division 3 of the City's Code of Conduct.

From an IT control perspective, we note that the City has an ICT Access and Account Management Policy that was created on 22 July 2024 and reviewed on 22 October 2024. The purpose of this policy is to define control requirements surrounding user access (staff, contractors, volunteers or personnel), mobile access, computer access, remote access and teleworking, password configuration settings and managing fixed passwords used on any City computing, communications and technology platforms. In addition, an ICT Password Policy which was last reviewed on 23 July 2024 is in place to outline the requirements for selecting strong passwords or passphrases and the use of user login credentials, including how they are stored and managed within the City.

An Email Management Policy is in place and provides a framework for the effective management of emails at the City. This is to ensure all electronic correspondences are captured, stored, securely managed and disposed to and from the information and resources available to government organisations and the public.

An ICT Access and Account Management Policy is also in place which was last reviewed in October 2024. In addition, a Cyber Security Policy is in place including referencing the ISO AS/NZS 27002 standard on Information Management Security. Policy elements include managing confidential data, protecting personal and company devices, keeping emails and managing passwords properly and transfer of data securely. Further, information on remote access and disciplinary action is discussed to provide more detail on those areas of security management. We note that passwords are to be chosen with at least eight characters with a combination of capital and lower-case letters, numbers and symbols, using two factor authentication and changing passwords when the system directs. In addition, users are required to remember passwords instead of writing them down and safeguard credentials.

We note that requests for new users and user termination are handled by Jira Management Services (Atlassian). We reviewed the process of new employee requests as well as user terminations through some sampling and noted alignment with the requirements of policies.

The service provider to the City is Office Solutions IT Pty Ltd based in Perth. A contract is in place between the service provider and the City. The term of the contract is one year, from 1 December 2024 to 30 November 2025 and was signed off by the CEO. The service provider has proposed a Managed Services Agreement (MSA) to proactively maintain the City's IT and utilise a Business Optimisation Architecture (BOA) to help maximise the City's IT investments. The contract is structed based on fixed monthly charges.

The features of the MSA include best practices, maintenance, updates, device management, support app, monitoring and vCIO services. Additionally, the package includes Security Basics, Shared IT, On Demand Services, Helpdesk, consulting and service request.

In the Service Level Agreement, a priority matrix is used to define response and resolution targets for the provision of services as noted below.

SLA Priority Matrix	High Urgency	Medium Urgency	Low Urgency
High Impact	Immediate Response 4 Hour Resolution	1 Hour Response 8 Hour Resolution	4 Hour Response 16 Hour Resolution
Medium Impact	Immediate Response 4 Hour Resolution	1 Hour Response 8 Hour Resolution	4 Hour Response 16 Hour Resolution
Low Impact	1 Hour Response 8 Hour Resolution	4 Hour Response 16 Hour Resolution	As agreed with Client

The service provider will assess each issue and request and assign a suitable priority based upon urgency and impact. The City can assist in allowing a suitable priority to be determined by providing information about urgency and impact, and by advising their expectation around the response and resolution time for the issue or request.

At the City the roles and responsibilities of Manager of ICT, ICT staff and employees are clearly defined. The ICT team will liaise with the service provider but also has responsibilities for advising staff on how to detect scam emails, breaches and malware, protect systems and ensure data security.

As part of internal controls, we also assessed the financial delegations within the City. We have reviewed a financial delegations extract from the finance system that was provided. The aim of delegated authority is to assist with improving the time taken to make financial decisions within the constraints allowed by relevant legislation and to ensure financial decisions are made lawfully by the delegate.

Financial delegation spending limits as per the schedule are as follows:

- CEO: $250,000
- Director Corporate Services: $100,000
- Director Planning and Development: $100,000
- Director Technical Services: $100,000
- General Manager: $40,000
- Manager IT: $40,000
- Coordinator Governance Legal and Risk: $15,000.

We cross checked the loaded delegations within the Finance One financial system extract against the delegation schedule and confirmed alignment.

No issues were noted.

8.3 EXAMINE SYSTEMS AND PROCESSES FOR MAINTAINING LEGISLATIVE COMPLIANCE.

Overall Outcomes	Adequate processes are in place for maintaining legislative compliance for the City, although it was noted some policies are either out of date or require review and we have been advised this is in progress. We note that the Compliance Audit Return (CAR) is overdue and has not been lodged by the City.

The City is subject to numerous legislative requirements in addition to the *Local Government Act 1995*. As per the Director Corporate Services, the City uses the update services provided by WALGA to keep up to date with legislative requirements. This is distributed to the Executive Officer mailbox plus several other group emails which allows the updates to be sent to numerous recipients. These ensures staff are aware of any changes to legislative instruments.

A Legislative Compliance Policy was created in March 2024 and is in place with the aim to promote a culture of compliance, identify and respond to breaches and achieve high standards of governance. The policy is reviewed annually. In the policy, the scope, general principles, procedure, roles and responsibilities are set out clearly to assist in compliance with applicable legislation requirements.

A Governance Framework Policy is also in place to provide a transparent, efficient, participatory and statutorily compliant meeting framework for Council Members, the Administration and community members with review of the document last conducted on 26 March 2024.

In terms of legislative compliance, as noted above, an update service is provided through WALGA that the City subscribes to, providing the City with details of new legislative requirements to several group emails to allow all staff to be aware of changes. These group emails have been successfully established to ensure that all relevant stakeholders receive timely updates on procurement processes and local laws from WALGA. This setup aims to streamline communication and keep everyone informed about the latest developments and regulatory changes.

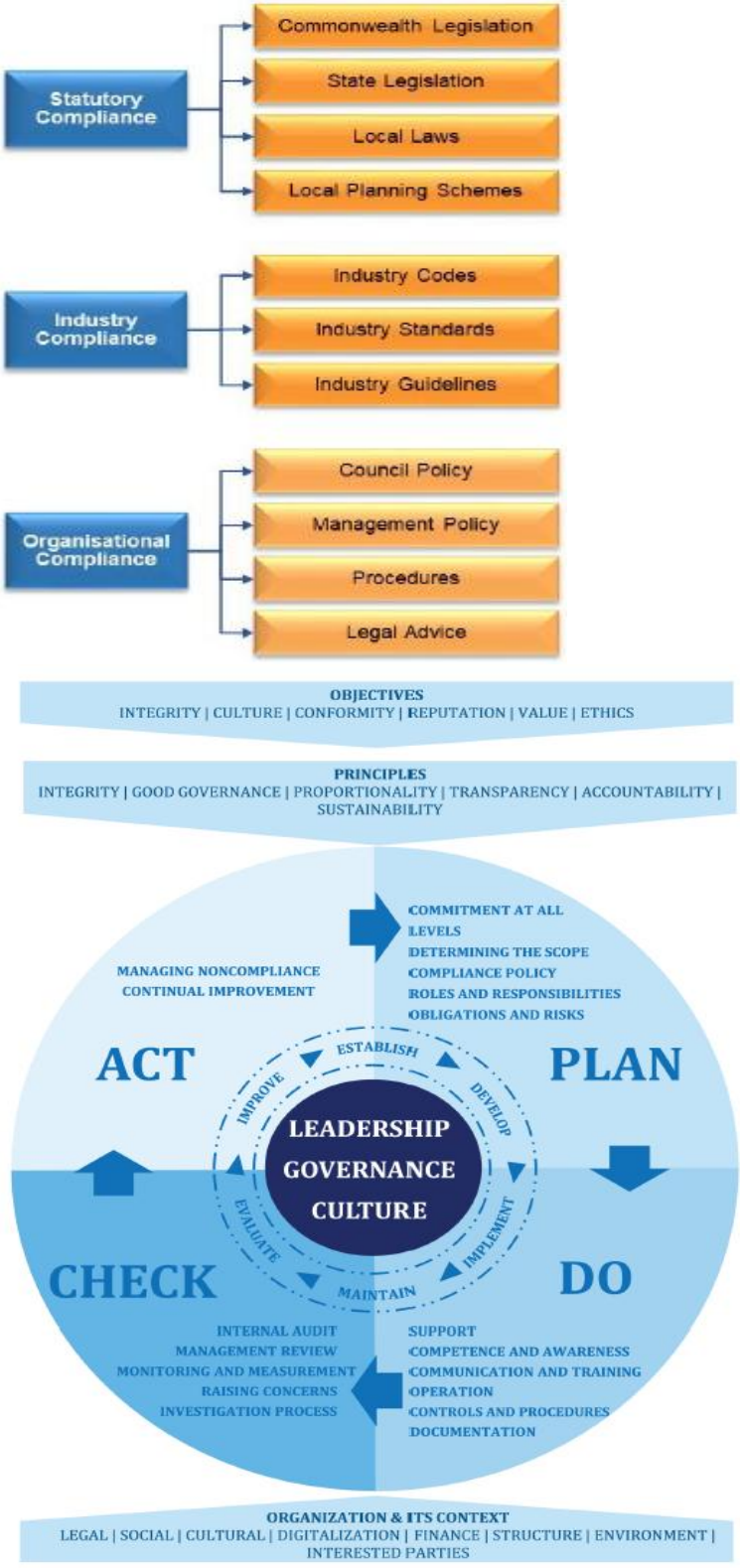
We reviewed the role description of the Coordinator Governance Legal and Risk, who is responsible for the managing and overseeing the implementation of the Governance Framework systems and processes. Other responsibilities include providing transparent, efficient, participatory, and statutory compliant governance, in accordance with the *Local Government Act 1995*, subsequent regulations and best practice standards.

The City also has a formalised Legislative Compliance Process and Compliance Calendar system using Attain and we examined an extract dated March 2024 that is issued to all officers to communicate the responsibilities and actions on how legislative compliance is monitored and reviewed.

We also noted that a review of Local Laws under s3.16 of the *Local Government Act 1995* and subsequent policy drafts requires local governments to undertake a review of their local laws every eight years. The City council has previously resolved to initiate the review and issue a call for comments from the public as required by the legislation. We examined a presentation pack on local laws dated November 2022 that was created for training purposes. The City's local laws are due for review, and it was recommended that Council be approved to commence the review process as required under the *Local Government Act 1995*.

The Legislative Compliance Process and Compliance Calendar system Attain details the various tasks, responsibilities, progress and status of items pertaining to legislative requirements. The calendar lists out the responsibilities of all officers involved including actions

taken and can generate reminders as required. The Attain system is also used to monitor compliance with additional obligations relating to statutory, industry and organisational compliance in the context of the AS ISO 37301:2023 as depicted below.



We noted that the City has submitted its budget to the Department of Local Government, Sport and Cultural Industries in accordance with requirements. However, we noted during audit fieldwork in early May 2025 that its Compliance Audit Return (CAR) has been delayed due to late receipt of the Auditor's report which was not received prior to 31 December 2024 as the City was granted an extension by the Minister. This has subsequently impacted the lodgement of the Compliance Audit Return.

Further, we have been advised that several staff who left the organisation prior to 1 July 2024 may not have completed their allocated components of the annual return. Searches are still ongoing to locate physical copies of hard copy returns. We understand that relevant staff were requested to complete allocated questions of the CAR that related to their service areas. All responses were then to be collated and incorporated into the CAR by the designated officer.

Finding 4	The City has yet to lodge the Compliance Audit Return (CAR) for 2024 to the Department of Local Government, Sport and Cultural Industries in accordance with the requirements of regulation 15 of the Local Government (Audit) Regulations 1996.
Risk Rating	Moderate
Recommendation 4	The City to expedite the completion of the outstanding Compliance Audit Return for 2024 in compliance with regulation 15 of the Local Government (Audit) Regulations 1996.

12. Any Other Business

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

13. Date of Next Meeting

The date of the next meeting of the Audit Committee Meeting is 14 July 2025.

14. Declaration of Closure

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