



Audit Risk and Improvement Committee Meeting Monday, 26 May 2025

These Minutes are subject to confirmation

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



Information

Audit 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 Committee in relation to an item on the agenda must complete the online registration form available on the City's website: [Public Address Registration Form | City of Nedlands](#)

The Presiding Member will determine the order of speakers to address the Committee and the number of speakers is to be limited to 2 in support and 2 against any item on an Audit Committee Meeting Agenda. The Public address session will be restricted to 15 minutes unless the Council, by resolution decides otherwise.

Disclaimer

Members of the public who attend Audit Committee Meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. For example, by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to acting on any matter that they may have before Council.

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1. Declaration of Opening

The Presiding Member declared the meeting open at 5.31pm and acknowledged the Whadjuk Nyoongar people, Traditional Custodians of the land on which we meet, and pay respect to Elders past, present and emerging.

The Presiding Member drew attention to the disclaimer on page 2 and advised the meeting was being livestreamed.

2. Apologies and Leave of Absence (Previously Approved)

Councillors	Councillor R A Coghlan (Presiding Member)	Melvista Ward
	Mayor F E M Argyle	
	Councillor B Brackenridge	Melvista Ward
	Councillor K A Smyth	Coastal Ward

Staff	Mr J Vojkovich	Chief Finance Officer
	Mr C Ross	Financial Services Consultant
	Ms A Martin	Coordinator Governance Legal and Risk
	Ms V Wilkins	PA to Director Corporate Services

External Nil

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

Press 0

Leave of Absence (Previously Approved)	Councillor H Amiry	Coastal Ward
	Councillor N R Youngman	Dalkeith Ward

Apologies	Ms K Tonich	OAG
	Mr M Beevers	RSM Partner
	Ms A Alderson	Director Corporate Services
	Ms D Hile	Manager ICT

Absent Cr F Bennett Dalkeith Ward

3. Public Question Time

There were no questions received from members of the public.



4. Address by Members of the Public

There were no addresses from members of the public

5. Disclosures of Financial Interest

The Presiding Member will remind Committee Members and Staff of the requirements of Section 5.65 of the Local Government Act to disclose any interest during the meeting when the matter is discussed.

There were no disclosures of financial interest from Committee Members or Staff.

6. Disclosures of Interest Affecting Impartiality

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

There were no disclosures affecting impartiality from Committee Members or Staff.

7. Declaration by Members That They Have Not Given Due Consideration to Papers

Members who have not read the business papers to make declarations at this point.

Nil.

8. Confirmation of Minutes

8.1. Audit Risk and Improvement Committee Meeting Minutes – 14 April 2025

Moved by Mayor Argyle seconded by Cr Smyth

The Audit, Risk and Improvement Committee Meeting Minutes of 14 April 2025 be received.

CARRIED UNANIMOUSLY



Matters for which the meeting may be closed

For the convenience of the public, the following Confidential items are identified to be discussed behind closed doors, as the last items of business at this meeting.

- **Confidential item 9.3**
- **Confidential items which section 10**



9. Finance

9.1. ARC 69.05.25 External Audit – FY24 audit status

Meeting & Date	ARIC Meeting – 26 May 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	A. Alderson – Director Corporate Services
CEO	K. Shannon
Attachments	1. FY23 OAG findings remediation status

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.

Administration Recommendation

That the Committee:

1. Receives the report.

Voting Requirement

Simple majority

Committee Resolution

Administration Recommendation moved as the substantive motion

Moved Mayor Argyle, seconded Cr Smyth

CARRIED UNANIMOUSLY

1. 30 June 2024 audit status



The City's 30 June 2024 draft financial report was provided to OAG/RSM on 9 December 2024 in line with the extension granted by DLGSC, with the audit fieldwork phase now completed, and supporting documentation has been provided.

RSM/OAG review processes are currently underway. 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.

In line with RSM/OAG review and administrative processes, the formal technical accounting financial report matters, and 30 June 2024 audit findings are expected to be finalised by the end of June 2025.

2. 30 June 2023 OAG findings

The major change since the previous month has been the recruitment of a Systems Accountant to assist the Financial Services team in OneCouncil extraction of information, resolving implementation issues, and reconciliation of legacy system data. The following items remain open at May 2025.

- 1.5b. Preparation of infrastructure Asset Masterfile for OneCouncil implementation and financial reporting purposes is delayed pending resource reallocation
- 4. Bank signatories have ongoing updates in progress due to staff changes
- 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		Rating			Summarised findings (30 June 2023)	Summarised proposed action/progress comments	Status (May 2025)	Person responsible	Completion date
	Potential impact on audit opinion	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	31-Dec-25
2. Controls regarding the Property, Plant & Equipment and Infrastructure process	Yes	✓			Reconciliations of the fixed assets register and the infrastructure asset register not undertaken. Regular depreciation posting to the general ledger, additions and capitalisation of capital works in progress not processed.	1. Accounting Services Coordinator recruited. Position responsible for day-to-day financial accounting processes, monthly reporting including fixed asset reconciliations.	Complete	Chief Finance 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.	Ongoing	Chief Finance Officer	31-May-25
5. Balance sheet reconciliations	Yes	✓			Lack of month end balance sheet reconciliations between detailed listings and sub-ledgers to the general ledger, and clearing of suspense accounts.	1. End-of-month balance sheet reconciliation process has been introduced and to be further formalised and embedded in future month ends.	Complete	Chief Finance 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	31-Aug-25
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	1-Jul-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	31-Aug-25
15. Record of verbal quotations				✓	For purchases <\$5,000 no record of verbal quotes kept on file.	Procurement policy to be updated and refresher training provided.	Ongoing	Chief Finance Officer	1-Jul-25



9.2. ARC 70.05.25 External Audit – FY25 audit preparation and status

Meeting & Date	ARIC Meeting – 26 May 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	J. Vojkovich – Chief Finance Officer
Director	A. Alderson – 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.

Administration Recommendation

That the Committee:

1. Receives the report.

Voting Requirement

Simple majority

Committee Resolution

Administration Recommendation moved as the substantive motion
Moved Mayor Argyle, seconded Cr Brackenridge

CARRIED UNANIMOUSLY

1. 30 June 2025 audit status

The CFO is presently liaising with RSM/OAG to arrange 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 for the year ending 30 June 2025 will commence in the week beginning 19 May 2025. This allows the City's annual audit process to move back on track to meet expected local government reporting and compliance deadlines. The



focus of the interim audit will focus on internal control and compliance testing, together with a selection of transactions up to 31 March 2025.

The IT general controls preparation list has been received from RSM/OAG.

2. Key staff update

A new Management Accountant commenced on 5 May 2025. The recruitment process for Coordinator Accounting Services remains 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.



Confidential items

Motion to close the Meeting

Mover: Mayor Argyle Seconded: Cr Smyth

CARRIED UNANIMOUSLY

9.3 ARC 71.05.25 Internal Audit Update (confidential)

Meeting & Date	ARIC Meeting – 26 May 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	A. Alderson – Director Corporate Services
CEO	K. Shannon
Attachments	1. CONFIDENTIAL – Tender Evaluation and Recommendation Report RFT 2024-25.09

10. Information, Communication & Technology

10.1. ARC 72.05.25 Annual External Audit – ICT Update (Confidential)

Meeting & Date	ARIC Meeting – 26 May 2025
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
Report Author	D. Hile - Manager ICT
Director	A. Alderson – Director Corporate Services
Attachments	Nil.

**10.2.ARC 73.05.25 Major outage impact report – Authority 11 April 2025 (Confidential)**

Meeting & Date	ARIC Meeting – 26 May 2025
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
Report Author	D. Hile - Manager ICT
Director	A. Alderson – Director Corporate Services
Attachments	Nil.

10.3.ARC 74.05.25 ICT Internet Fortigate Incident Report (Confidential)

Meeting & Date	ARIC Meeting – 26 May 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	Amanda Alderson
CEO	Keri Shannon
Attachments	1. Office Solutions IT Incident Report – Confidential



11. Reopening the meeting to the public

Motion to reopen the meeting to the public

Mover: Cr Smyth, Seconded Argyle

CARRIED UNANIMOUSLY

13 Date of Next Meeting

The date of the next meeting of the Audit Risk and Improvement Committee Meeting is to be 16 June 2025.

14 Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 6.16pm.