



City of Nedlands

# AGENDA

## **Audit Risk and Improvement Committee Meeting Monday, 26 May 2025**

### **Notice of Meeting**

#### **To Mayor & Councillors**

A Meeting of the Audit Risk and Improvement Committee (ARIC) of the City of Nedlands is to be held on Monday, 26 May 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  
14 May 2025**



## Information

Audit Risk and Improvement Committee Meetings are run in accordance with the City of Nedlands Standing Orders Local Law. If you have any questions in relation to items on the agenda, procedural matters, public question time, addressing the Committee or attending meetings please contact the Governance Officer on 9273 3500.

## Public Question Time

Public question time at an Audit Risk and Improvement Committee Meeting is available for members of the public to ask a question about items on the agenda. Questions asked by members of the public are not to be accompanied by any statement reflecting adversely upon any Council Member, Committee Member or Employee.

Questions should be submitted as early as possible via the online form available on the City's website: [Public question time | City of Nedlands](#)

Questions may be taken on notice to allow adequate time to prepare a response and all answers will be published in the minutes of the meeting.

## Addresses by Members of the Public

Members of the public wishing to address 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 Risk and Improvement Committee Meeting Agenda. The Public address session will be restricted to 15 minutes unless the Council, by resolution decides otherwise.

## Disclaimer

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

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## 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)**                      Crs Amiry, Youngman

**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 reconvened Audit Risk and Improvement Committee (ARIC) Meeting 14 April 2025 held on 29 April 2025 are to be accepted as a true and correct record of that meeting.



## 9. Finance

### 9.1. ARC 69.05.25 External Audit – FY24 audit status

<b>Meeting &amp; Date</b>	ARIC Meeting – 19 May 2025
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
<b>Report Author</b>	C. Ross – Financial Services Consultant
<b>Director</b>	A. Alderson – Director Corporate Services
<b>CEO</b>	K. Shannon
<b>Attachments</b>	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.

### Recommendation

That the Committee RECEIVES the report.

### Voting Requirement

Simple majority

### Background

#### 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

<b>Meeting &amp; Date</b>	ARIC Meeting – 19 May 2025
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
<b>Report Author</b>	J. Vojkovich – Chief Finance Officer
<b>Director</b>	A. Alderson – Director Corporate Services
<b>CEO</b>	K. Shannon
<b>Attachments</b>	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 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.

**9.3 ARC 71.05.25 Internal Audit Update (confidential)**

<b>Meeting &amp; Date</b>	ARIC Meeting – 19 May 2025
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
<b>Report Author</b>	C. Ross - Financial Services Consultant
<b>Director</b>	A. Alderson – Director Corporate Services
<b>CEO</b>	K. Shannon
<b>Attachments</b>	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)

<b>Meeting &amp; Date</b>	ARIC Meeting – 14 April 2025
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
<b>Report Author</b>	D. Hile - Manager ICT
<b>Director</b>	A. Alderson – Director Corporate Services
<b>Attachments</b>	Nil.

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

<b>Meeting &amp; Date</b>	ARIC Meeting – 19 May 2025
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
<b>Report Author</b>	D. Hile - Manager ICT
<b>Director</b>	A. Alderson – Director Corporate Services
<b>Attachments</b>	Nil.

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

<b>Meeting &amp; Date</b>	ARIC Meeting – 26 May 2025
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Employee disclosure required where there is an interest in any matter of which the employee is providing advice or a report.
<b>Report Author</b>	Amanda Alderson
<b>CEO</b>	Keri Shannon
<b>Attachments</b>	1. Office Solutions IT Incident Report

**11. Any Other Business**

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

**12. Date of Next Meeting**

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

**13. Declaration of Closure**

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