



City of Nedlands

# AGENDA

## Special Council Meeting

Monday, 11 March 2024

### Notice of Meeting

Mayor & Councillors

A Special Council Meeting of the City of Nedlands is to be held at 6pm on Monday, 11 March 2024 in the Council Chamber at 71 Stirling Highway, Nedlands for the purpose of considering the following items:

1. To receive the Annual Report and Annual Financial Statements for the year ended 30 June 2023; and
2. To consider the response to the Auditor's opinion.

This meeting will be livestreamed [Livestreaming Council & Committee Meetings » City of Nedlands](#)

**Tony Free | Acting Chief Executive Officer**  
6 March 2024



## Information

Special Council 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 Council or attending meetings please contact the Executive Officer on 9273 3500 or [council@nedlands.wa.gov.au](mailto:council@nedlands.wa.gov.au)

## Public Question Time

Public question time at a Special Council 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 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 particular item on a Special Council 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 Council Meetings Agenda Forum 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 taking action on any matter that they may have before Council.

Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.



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## 1. Declaration of Opening

The Presiding Member will declare the meeting open at 6.00pm 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 1 and advise the meeting is being livestreamed.

## 2. Present and Apologies and Leave of Absence (Previously Approved)

Leave of Absence (Previously Approved)	Nil.
Apologies	None as at distribution of this agenda.

## 3. Public Question Time

Public questions submitted to be read at this point.

## 4. Address by Members of the Public

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

## 5. Disclosures of Financial Interest

The Presiding Member to 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 to remind 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).

As a consequence, 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. Divisional Reports

### 8.1 CPS16.03.24 – Annual Report 2022/23

<b>Meeting &amp; Date</b>	Special Council Meeting – 11 March 2024
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Michael Cole – Director Corporate Services
<b>CEO</b>	Tony Free – Acting Chief Executive Officer
<b>Attachments</b>	1. Annual Report 2022/23

#### Purpose

The purpose of this report is to present the Annual Report for the financial year 2022/23.

The Annual Report, including the Annual Financial Statements for the year ending 30 June 2023 will be presented to the Annual Meeting of Electors scheduled to be held on Monday 29 April 2024, commencing at 6.00pm.

#### Recommendation

**That Council accepts the Annual Report, including the Annual Financial Statements for the year ending 30 June 2023.**

#### Voting Requirement

Absolute Majority.

#### Background

Local Governments must prepare an Annual Report for each financial year. The Annual Report is to contain the following –

- a report from the Mayor,
- a report from the Chief Executive Officer,
- an overview of the plan for the future of the district including major initiatives that are proposed to commence or continue in the next financial year,
- the annual Financial Report,
- Auditor's Report prepared under section 7.9(1) or 7.12AD(1) for the financial year, and
- such other information as prescribed.



Section 5.54 of the Act requires the annual report for a financial year to be accepted by the local government no later than 31 December after that financial year, however, if the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December, the annual report is to be accepted no later than two months after the auditor's report becomes available.

As reported to the Audit and Risk Committee on 19 February 2024, the 2022/23 Annual Financial Statements were unable to be finalised in time for the audit to be completed by 31 December 2023.

The Office of the Auditor General have issued a Disclaimer of Opinion in relation to the Annual Financial Report for the year ended 30 June 2023. A separate report to Council has been prepared to address this matter.

## Discussion

The Annual Report and the 2022/23 Annual Financial Statements provide an overview of the activities of the City. The City has prepared the Annual Report in accordance with section 5.53 of the *Local Government Act 1995*.

## Consultation

In accordance with section 5.55 of the *Local Government Act 1995*, the CEO is to give local public notice of the availability of the Annual Report as soon as practicable after the report has been accepted by the local government.

The Annual Report and the Audited Financial Statements for the year ending 30 June 2023 have been considered by the Audit and Risk Committee at its meeting on 19 February 2024. The Annual Report will be presented to the Annual Meeting of Electors scheduled to be held on Monday 2 April 2024 commencing at 6.00pm.

## Strategic Implications

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

<b>Vision</b>	Sustainable and responsible for a bright future
<b>Pillar</b>	Performance
<b>Outcome</b>	11. Effective leadership and governance. 12. A happy, well-informed and engaged community.



## Budget/Financial Implications

The cost associated with the graphic design of the Annual Report and the giving of local public notice, can be met from the City's operational budget.

## Legislative and Policy Implications

[Section 5.53 of the \*Local Government Act 1995\*](#) requires a Local Government to prepare an Annual Report for each financial year.

Sections 5.27, 5.29, 5.53, 5.54 and 6.4 of the *Local Government Act 1995* respectively deal with the requirement for a General Meeting of Electors each financial year and the requirement for an Annual Financial Report.

## Decision Implications

Should Council endorse the recommendation:

1. The CEO will give local public notice of the availability of the Annual Report as soon as practicable.
2. The Annual Meeting of Electors will be convened.
3. The Annual Report will be presented at the Annual Meeting of Electors.

If Council does not endorse the recommendation, the City will be in breach of its above statutory obligations.

## Conclusion

Council's acceptance of the Annual Report for the City of Nedlands for the year ended 30 June 2023 comprising the Annual Report and Financial Report is recommended.

## Further Information

Nil.





## 8.2 CPS17.03.24 Response to Audit Opinion on Annual Financial Statements for the year ended 30 June 2023

<b>Meeting &amp; Date</b>	Special Council Meeting – 11 March 2023
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Michael Cole - Director Corporate Services
<b>CEO</b>	Tony Free – Acting Chief Executive Officer
<b>Attachments</b>	Nil.

### Purpose

This report presents to Council the City’s response to the Audit Opinion for the Annual Financial Report for the year ended 30 June 2023. In addition, the report seeks Council endorsement for the resources proposed to address this matter.

In summary, the proposal includes:

- The creation of a Project Team to December 2024;
- The creation of a Project Plan, with reporting of progress against the plan to the Audit and Risk Committee;
- Extending the OneCouncil ERP Project time to February 2025; and
- Additional funding required in 2023/24 and 2024/25.

### Recommendation

That Council:

1. notes the Administration’s response to the Disclaimer of Opinion in relation to the Annual Financial Report for the year ended 30 June 2023, with progress against the Project Plan to be reported via the Audit and Risk Committee;
2. approves by absolute majority a variation in the 2023/24 Annual Budget of \$142,000 for the dedicated Project Team to be funded from anticipated savings at the end of June 2023;
3. notes additional funding for the dedicated Project Team for 2024/25 will be included in the draft 2024/25 Annual Budget; and
4. notes future resourcing of the Finance Team to be reviewed in October 2024 at the conclusion of the audit for 2023/24.



## Voting Requirement

Absolute Majority.

## Background

The Auditors have provided a Disclaimer of Opinion in relation to the Annual Financial Report for the year ended 30 June 2023. An extract from the opinion is as follows:

### Disclaimer of Opinion

I do not express an opinion on the accompanying financial report of the City. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

#### Basis for Disclaimer of Opinion

Financial report not supported with complete and accurate underlying records I was unable to obtain sufficient appropriate audit evidence regarding the financial report as a whole as the financial report was submitted for audit purposes without complete and accurate underlying records. I was unable to audit the financial report by alternative means.

Consequently, I am unable to determine whether any adjustments were necessary to the financial report as a whole for the year ended 30 June 2023.

## Discussion

### Presentation to Audit and Risk Committee – Monday 19 February 2024

The Auditors from RSM and Office of the Auditor General presented their findings to the Audit and Risk Committee at its meeting of 19 February 2024.

In their presentation the Auditors advised that the Disclaimer of Opinion was due to the audit being unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report. The Auditors added that the Annual Financial report for the year ended 30 June 2023 was not supported with complete and accurate underlying records. Accordingly, they were unable to obtain sufficient appropriate audit evidence regarding the financial report as a whole as the financial report was submitted for audit purposes without complete and accurate underlying records. The audit of the financial report was not able to be undertaken by alternative means.

This year was the first audit undertaken by RSM on behalf of the Office of the Auditor General. The previous year audit was undertaken by KPMG.



The Auditors informed the Audit and Risk Committee that in their view, there were several factors contributing to the Disclaimer of Opinion. In summary, these were:

1. Turnover of key staff during the audit year
2. Migration to the new OneCouncil system
3. Revenue transactions still required to be processed in legacy system
4. Lack of skill and knowledge in Finance team due to turnover of key staff during the year with the result that:
  - a. Staff lacked knowledge and understanding of OneCouncil,
  - b. Staff lacked confidence in identifying what went into the system and how to extract it.
  - c. Many basic reconciliations expected for an annual audit financial were not completed
5. Depreciation of assets and additions and disposals of assets not undertaken in a timely manner due to effort to establish the assets module in OneCouncil during the audit year with an overreliance on asset revaluations.
6. Infrastructure revaluation undertaken by third party contained errors and was received too late for any meaningful review by Management
7. Availability of staff during the audit period and willingness to respond promptly. The Auditors commented that while some staff were very helpful, others were not. Other day to day commitments attended to instead of 100% attention to audit matters.

In their view, the resourcing of the Finance team needs to be addressed. In the view of the Auditors the Finance team are under-resourced in skill and personnel and the City needed to invest in skills, capability, and resources. They believe there are months of work to attend to the outstanding issues from 2022/23 and to prepare for the 2023/24 audit. A focus for this year should be the balance sheet to ensure that the opening balances for 2023/24 are all reconciled.

The Audit and Risk Committee noted the Disclaimer of Opinion and agreed with suggestions to put in place a dedicated team to address these shortcomings.

### **Administration's Response**

Since late October and early November 2023 the following has taken place:

1. Following the resignation of Manager Financial Services at the end of November, the City has secured the services of Manager Financial Services on a six-month contract to finalise annual financials for 2022/23, pending formal advertising of the role in January 2024.
2. Secured the services of contract staff on long-term contracts with the City to ensure the City's investment in their development was not wasted.
3. Appointed a consultant for 2 days per week to support and train finance team members on daily/weekly and month-end tasks required as business as usual,
4. Advertised and recruited a permanent Manager Financial Services, who will commence towards the end of March 2024. The new Manager has extensive experience in local government financial management and is proficient in the OneCouncil ERP system of the City.



5. Addressed culture of the Finance Team, including regular team meetings attended by both the Director Corporate Services and the A/CEO to identify learnings from the audit and clarifying roles and responsibilities.

In addition to the above and in response to the Audit and Risk Committee meeting, the Administration has identified the following additional Human Resources, Asset Management Module and the OneCouncil project actions.

### **Human Resources**

The Audit and Risk Committee noted that the backlog of work required to bring the City's financial records up to an acceptable standard would require additional resources as existing staff also had their day-to-day tasks to perform. It is proposed to appoint a dedicated Project Team in Financial Services and Technical Services

- Project Manager – Senior Financial Accountant
- Financial Accountant
- Finance Officer
- Assets Officer

It is proposed to appoint the Project Team for a term ending 31 December 2024. This will ensure staff involved in bringing the financial records up to an acceptable standard are available during the audit to respond to any audit queries. In this regard the City has already appointed a Project Manager and one Financial Accountant with the Finance Officer and Assets Officer roles to be filled.

Note that the annual financial statements for the year ending 30 June 2024 must be completed and forwarded to the Auditors by 30 September 2024. In effect, the Administration has less than six months to bring these accounts up to standard.

A Project Plan has been developed to address each of the following:

1. Each audit finding has been listed with an action item and responsible officer. The first priority will be the significant findings
2. A checklist of standard local government financial management tasks has been included. The checklist identifies the basic reconciliations, tasks and processes that need to be undertaken in preparation on end-of-year financial reports.
3. Training in OneCouncil and refresher training where appropriate.

The project plan identifies responsible officer and a status to allow the progress of these actions to be monitored.



## Asset Management Module

As noted by the Auditors, during the audit year there were no assets additions or disposals undertaken during the year and depreciation was not done in the system. The focus for Administration was the implementation of the Assets Module as part of Phase Two of the OneCouncil implementation. There was too much emphasis placed on receiving the revaluation of infrastructure assets to provide balances for 2022/23 but the revaluation was received too late for any meaningful review by Management and during the audit, several errors in the data were found.

Included in the Human Resources above is an Assets Officer role to assist with the backlog in assets data and the development of the Assets Module in OneCouncil.

## OneCouncil – Review of implementation and next steps

Administration have been implementing OneCouncil over a three-year period with 2023-24 being Phase Three of the implementation. In response to questions on the OneCouncil Project and Deliverables, the following is a summary of the key deliverables for each phase.

### Phase 1: 2021/22

Finance Management **Completed**  
Supply Chain Management **Completed**  
Human Resources - Employee Portal **Completed**  
Payroll **Completed**  
Customer Request Management **Completed**  
Electronic Content Management – Attachments **Completed**

### Phase 2: 2022/23

Business Intelligence Reporting **Completed**  
Enterprise Budgeting **Completed**  
e-Recruitment **Completed**  
Contracts Management **(Carried forward to Phase 3 due to internal resourcing)**  
Asset Lifecycle Management **(Partial Completion due to data availability)**  
DXP Meetings **Completed (Paused due to change readiness and system functionality)**  
Performance Planning Local Government **(Carried forward to Phase 3 due to pending Council Plan adoption)**

### Phase 3: 2023/24

Revenue Stream  
Property Management  
Names Management  
Billing Management  
Debtors Management  
Waste Management  
Enterprise Cash Receipting  
Compliance Stream  
Planning and Development  
Licenses and Permits  
Enforcements



Property Leases  
Policy and Compliance  
Animal Management  
Infringements  
Customer Portal

### **OneCouncil Project Deliverables**

The implementation of a modern integrated Enterprise Resource Planning System transcends mere efficiency gains; it heralds a paradigm shift in operational effectiveness. It promises:

- Enhanced customer services and administrative efficiencies.
- Improved transparency and governance processes, ensuring accountability through efficient information and process reporting for auditing purposes.
- Reduced capital costs and equipment replacement.
- Streamlined processes fostering more efficient operations.
- Centralised access to information, facilitating better business decisions.
- Enhanced data collection, recall, and reporting mechanisms.

The core functionality has been uniformly delivered across all modules, owing to the comprehensive integration of the system. Each stream has undergone a structured program of works with delineated milestones, including module commencement, configuration design, ITT(Implementation Team Training), UAT (User Acceptance Testing), configuration and migration completion, go-live, and project closure.

The deliverables are modelled on core functionalities to establish a robust framework, conducive to continuous improvements. The project thus far has led to:

- Increased transparency of City information and business activities for internal administration.
- Enhanced compliance in capturing business activities.
- Reduction in the proliferation of standalone systems, thereby reducing operational costs.

In light of the project outcomes, the City has reviewed the schedule to ensure alignment with recent audit findings for finance and assets to ensure business readiness for the integrated system's expanded functionalities.

Moreover, the City has reassessed the Phase 3 go-live date due to indications of change saturation across the organisation. This is a natural response to the rapid implementation pace, exacerbated by changes in resourcing, corporate knowledge retention, and workload management within a hybrid environment during system development.

Proposed Actions:

- Address resource gaps and provide ongoing training.
- Ensure internal readiness and confidence in current modules.
- Resolve issues before involving external stakeholders.



- Communicate clearly about changes and project status.
- Consider postponing go-live to address challenges effectively.

The City has decided to postpone go-live to August 2025, with impacts on team employment contracts and configuration. Pausing project delivery in May 2024. This means all core system configuration will be complete. The next phase; testing will recommence in January 2025, ready for revised go-live date. The period between May 2024 and January 2025 will be addressing the proposed actions above.

### Consultation

The Auditors have met with the Audit and Risk Committee to present their findings from the 2022/23 audit of the Annual Financials.

The Executive have engaged with the Financial Services team to ensure roles and responsibilities are clarified and outlining expectations of the team.

The ERP (OneCouncil) Team have been consulted and their input on actions to address shortcomings in the OneCouncil skills across the organisation have been included in this report.

### 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.  
12. A happy, well-informed and engaged community.

### Budget/Financial Implications

The following resources are proposed to address the matters raised during the audit of the Annual Financial Report for the year ended 30 June 2023.

Resource	Balance 2023/24 (3 to 4 months)	Estimate 2024/25 (6 Months)
Senior Financial Accountant (Project Manager)	\$42,000	\$82,000
Financial Accountant	\$35,000	\$70,000



Finance Officer	\$30,000	\$60,000
Technical Officer - Assets	\$35,000	\$70,000
Sub-total	\$142,000	\$282,000
ERP Team	Nil – Already budgeted for 2023/24	Budgeted to February 2025. Additional 12 months to Feb 2026 proposed

The resources needed will be resourced using short-term contract appointments of appropriately skilled and qualified contract staff.

The Mid-Year review for the period ended 31 January 2024 is being presented to Council in March 2024. In that review, the Administration projects a balanced budget after considering requested variations arising from a review of the City’s finances at the end of January 2024. With 4 months of the financial year remaining, it is anticipated there will be further savings identified from turnover of staff and resulting impacts on operational expenditure. The savings will be enough to fund the extra expenditure proposed in this report for the 2023/24 balance.

### Legislative and Policy Implications

Section 6.8. Of the Local Government Act 1995 provides that:

1. A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
  - a. is incurred in a financial year before the adoption of the annual budget by the local government; or
  - b. is authorised in advance by resolution\*; or
  - c. is authorised in advance by the mayor or president in an emergency.

\* Absolute majority required.

In this instance, an absolute majority is required for the additional resources requested for 2023/24. The resources required for 2024/25 will be listed for consideration by the Council in the draft 2024/25 Annual Budget.

### Decision Implications

Should the Council agree with the proposed response, additional resources will be engaged to address the findings in 2022/23 audit. Should the Council not endorse this recommendation, the Financial Services team will not be able to deliver a satisfactory annual financial report for 2023/24 nor satisfactorily address the findings from the 2022/23 audit.





## **Conclusion**

The disclaimer of opinion for the 2022/23 annual financial report has identified several matters that require to be addressed. Additional resources have been proposed by Administration.

## **Further Information**

Nil.



**9. Declaration of Closure**

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