

CITY OF JOONDALUP

MINUTES OF MEETING OF THE AUDIT COMMITTEE HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON THURSDAY, 14 MARCH 2002

ATTENDANCE AND APOLOGIES

Committee Members:

CR G KENWORTHY *Chairman*
MAYOR J BOMBAK
CR D CARLOS
CR C BAKER
CR C MACKINTOSH
CR T BARNETT

Officers:

MR D SMITH Chief Executive Officer
MR J TURKINGTON Director, Corporate Services and Resource Management
MR K ROBINSON Manager, Audit and Executive Services
MR M LOADER Manager, Human Resources
MRS L TAYLOR Minute Clerk

APOLOGIES

Nil

The Chairman declared the meeting open at 1805 hrs.

DECLARATIONS OF FINANCIAL INTEREST/INTEREST THAT MAY AFFECT IMPARTIALITY

Nil

ITEM 1 CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT COMMITTEE HELD ON 12 DECEMBER 2001

MOVED Cr Carlos, **SECONDED** Cr Barnett that the minutes of the meeting of the Audit Committee held on 12 December 2001 be confirmed as a true and correct record.

The Motion was Put and

CARRIED

ITEMS OF BUSINESS

ITEM 2 FINANCIAL SYSTEMS - AUDIT- [07882]

WARD - All

PURPOSE

The purpose of this report is to advise the Audit Committee and Council of the completion of the Financial Management Systems and Procedures Review carried out by Haines Norton, Chartered Accountants and to provide a copy of the report as required under the Local Government (Financial Management) Regulations 1996.

EXECUTIVE SUMMARY

The attached report provides details of the findings of a review of City's Financial Systems and Processes as required under the Local Government (Financial Management) Regulations 1996.

The review was undertaken by an independent firm of chartered accountants that specialise in consulting to local governments. While the findings indicate the City is financially well managed and sound and generally reflects well on the administration, it does indicate some areas where improvement can be achieved.

BACKGROUND

The CEO of a local government is to review the City's Financial Systems and Processes and reporting the findings of that review to the local government, is a statutory requirement under the Local Government (Financial Management) Regulations 1996. The CEO of a local government is also charged with the responsibility of ensuring appropriate systems and procedures are in place to effectively record all financial transactions and facilitate proper management of financial matters in keeping with the various statutes applicable to financial management of a local government.

Accordingly, in December 2001, Haines Norton Chartered Accountants and Consultants to Local Government was engaged to undertake the independent review of the City's Financial Management Systems and Processes and report on the appropriateness and effectiveness of the control environment in place. A copy of the report on financial systems is attached.

DETAILS

Statutory Provision:

Provision of the attached report is in compliance with the requirement under Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 which requires the CEO to:

“undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews.”

COMMENT

The independent report provided on the City's financial systems and processes is positive to the City and its financial management. Several matters of a minor nature need to be addressed in order to fully comply with Accounting legislation requirements. Positive action has already been initiated to address the two items of concern mentioned in the covering correspondence to the report, being Employee Entitlements Liabilities and General Access Security.

VOTING REQUIREMENTS

Simple Majority

MOVED Cr Carlos, SECONDED Cr Baker that it be recommended that Council:

- 1 NOTES the report on the Review of the City's Financial Systems and Processes undertaken by Haines Norton on behalf of the CEO in accordance with Local Government (Financial Management) Regulation 5(2)(c);**

The Chief Executive Officer advised that legal advice is being sought in relation to the applying of the minimum rating on commercial properties with a view to refunding that portion of rates overcharged.

Discussion ensued, during which the Chief Executive Officer advised that Management are also currently investigating formulating a policy in relation to the matter of the accrual of annual leave.

The Motion was Put and

CARRIED

ITEM 3 STATUTORY COMPLIANCE RETURN - [09492]

WARD - All

PURPOSE

To adopt the completed 2001 Compliance Audit Return.

EXECUTIVE SUMMARY

The Joint Certification by the Mayor and the Chief Executive Officer to be read aloud at the meeting of the Council

"We, John Bombak being the Mayor and Denis Ian Smith being the appointed Chief Executive Officer of the City of Joondalup hereby certify that:

The information contained in Parts A and B of this Return is true and correct to the best of our knowledge.

The Return was included in the agenda papers and considered by the Council at the Ordinary Meeting of the Council held in 26 March 2002.

The contents of this Certification was read out aloud to the meeting.

The particulars of any matters of concern relating to the Return were recorded in the Minutes of the meeting.

The Appendix attached to this Return is a true and correct copy of the relevant section(s) of those minutes

Subject to the matters of concern raised and recorded, the Council adopted the Compliance Return as the official Return of the Council for the period 1 January 2001 to 31 December 2001.”

The City has completed the Department of Local Government’s compliance audit return for the period 1 January 2001 to 31 December 2001.

Presentation of this report and adoption of its recommendations will allow the City to meet all the necessary requirements, which are part of the audit process.

BACKGROUND

Some years ago, the Local Government Department introduced a voluntary statutory compliance assessment as a result of its concerns at the level of non-compliance within the industry.

To ensure requirements of the Local Government Act S.7.13(i) are followed sections 13, 14 and 15 of the Local Government (Audit) Regulations have been amended. This means that there is now a legal requirement to annually complete a Compliance Audit Return and return it to the Local Government Department by 31st March each year.

DETAILS

The City places a high level of importance on being open and accountable and believes that the compliance audit return is a valuable tool to help achieve that outcome. The completed return is an attachment to this report.

To enable the City to meet all of its statutory requirements, performance measures such as the corporate compliance calendar and monthly compliance reports to the executive have been put in place. Along with these organisational measures the business unit initiatives ensure a thorough and ongoing compliance process.

With the exception of Clauses 6.21 (Administration), 6.33 (Code of Conduct), 7.3 (Local government employees), 9.5 (Primary Returns), 10.1 (Annual Report) and 12.12 (Rates) the return indicates total compliance. In regards to Clauses 6.21, 6.33, 7.3, 9.5, 10.1 and 12.12 of the return, the following explanatory notes are offered:

6.21 - ADMINISTRATION

With the exception of two minor committee meetings Council complied with this clause. The appropriate officers have been notified and inconsistencies will be rectified to ensure total compliance in the future.

6.33 - CODE OF CONDUCT

The Council is required to review its Code of Conduct within 12 months of each ordinary election (May 2001). At the completion of this return, the Code of Conduct had not been reviewed with a report to be presented to the Council in April 2002.

7.3 - LOCAL GOVERNMENT EMPLOYEES

In 2001 there was a considerable increase in the number of staff who had completed their performance review. Greater emphasis was placed on establishing processes and procedures to advise managers of impending reviews. This ensured the majority of employees received their annual performance review in the given timeframe. However there were some staff who did not receive their review within the timeframe. Every effort will be made to ensure that the performance of every employee will be reviewed in 2002 by putting in place stricter timeframes and guidelines.

9.5 - PRIMARY RETURNS

On one occasion, an employee in August 2001 completed an Annual Return, when in fact the employee was a 'new' employee and should have completed a Primary Return.

10.1 - ANNUAL REPORT

The 2000/01 Annual Report omitted to provide information as required by the National Competition Policy and Disability Services Act.

12.12 - RATES

The Minimum Payments on Commercial properties were levied on only 2.8% properties. The Local Government Act 1995 requires minimum payment to be on not less than 50%. This should have been undertaken by levying a differential rate.

COMMENT

Following the adoption of the Compliance Audit Return, the Mayor and the Chief Executive Officer will jointly certify it.

Return Audit

Arrangements have been made for an independent audit to be undertaken of the various reporting items included in the Statutory Compliance Return. A further report on the results of the audit will be provided to the Audit Committee.

VOTING REQUIREMENTS

Simple Majority

Note: It is a requirement of the Return that details of voting (ie carried 12/3) be recorded in the minutes.

MOVED Cr Baker, SECONDED Cr Barnett that it be recommended that Council ADOPTS the completed Local Government Compliance Audit Return for the period 1 January 2001 to 31 December 2001 and appended notes attached to this Report.

The Motion was Put and

CARRIED

ITEM 4 THIS ITEM WAS CONFIDENTIAL AND NOT FOR PUBLICATION

GENERAL BUSINESS

ENTERPRISE BARGAINING AGREEMENT

Cr Carlos requested a report be submitted to the next meeting of the Audit Committee in relation to the remuneration arrangement for staff not covered by the current EBA.

MOVED Cr Carlos, SECONDED Cr Barnett that a report be submitted to the next meeting of the Audit Committee in relation to the remuneration arrangement for staff not covered by the current Enterprise Bargaining Agreement (EBA).

The Motion was Put and

CARRIED

ELECTED MEMBERS' EXPENSES

Cr Mackintosh moved the following Motion in relation to Elected Members' expenses.

MOVED Cr Mackintosh, SECONDED Cr Baker that in view of:

- **widespread concerns in the local community regarding the possibility of a substantial rate increase as part and parcel of the 2002/03 Council Budgetary measures;**
- **the need for Councillors to set a good example for the staff at the City of Joondalup in reigning in unnecessary or exorbitant expenditure;**

the Audit Committee recommends that a detailed report be prepared setting out:

- 1 the expenditure for the current financial year incurred by each Councillor regarding:
 - (a) Councillors expenditure on training;**
 - (b) Councillors expenditure on childcare;****
- 2 the current acquittal process in place regarding 1 (a) and (b) above;**
- 2 that the minutes of this meeting and the said report be included in the agenda for the next ordinary meeting of Council.**

The Manager, Audit and Executive Services explained the process now in place for claiming expenses in relation to childcare.

AMENDMENT MOVED Cr Barnett, SECONDED Cr Kenworthy that Point 3 be amended to read that the report relating to the issues of expenditure on training and childcare be submitted to the Audit Committee for further consideration.

The Amendment was Put and

CARRIED

The original Motion, as amended being:

That in view of:

- widespread concerns in the local community regarding the possibility of a substantial rate increase as part and parcel of the 2002/03 Council Budgetary measures;**
- the need for Councillors to set a good example for the staff at the City of Joondalup in reigning in unnecessary or exorbitant expenditure;**

the Audit Committee recommends that a detailed report be prepared setting out:

- 1 the current expenditure for the current financial year incurred by each Councillor regarding:
 - (a) Councillors expenditure on training;**
 - (b) Councillors expenditure on childcare;****
- 2 the current acquittal process in place regarding 1 (a) and (b) above;**
- 3 that the report relating to the issues of expenditure on training and childcare be submitted to the Audit Committee for further consideration.**

The Motion was Put and

CARRIED

DATE OF NEXT MEETING

The next meeting of the Audit Committee will be held at a date to be determined.

CLOSURE

There being no further business, the Chairman declared the meeting closed at 1915 hrs.