

# minutes

## Audit Committee

MEETING HELD ON **MONDAY, 25 JUNE 2012**

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**Note:****Clause 77 of the City's Standing Orders Local Law 2005 states:**

*“Unless otherwise provided in this local law, the provisions of this local law shall apply to meetings of committees with the exception of:*

- (a) Clause 29 (Members seating) and*
- (b) Clause 54 (Limitation on members speaking)”*

## CITY OF JOONDALUP

### MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY, 25 JUNE 2012

#### ATTENDANCE

##### Committee Members:

Cr Tom McLean, JP	<i>Presiding Member</i>	
Cr Brian Corr	<i>Deputy Presiding Member</i>	
Mayor Troy Pickard		<i>from 6.05pm</i>
Cr Geoff Amphlett, JP		
Cr Sam Thomas		
Cr Teresa Ritchie		
Mr Robert (Andy) Cowin	<i>External Member</i>	

##### Officers:

Mr Garry Hunt	Chief Executive Officer	
Mr Mike Tidy	Director Corporate Services	<i>Absent from 6.17pm to 6.21pm</i>
Mr Peter McGuckin	Internal Auditor	
Mr John Byrne	Governance Coordinator	
Mrs Deborah Gouges	Governance Officer	

##### Guests:

Ms Michelle Spain	Audit Manager, Grant Thornton	<i>up until 6.17pm</i>
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#### DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.02pm.

#### APOLOGIES/LEAVE OF ABSENCE

##### Leave of Absence previously approved

Cr Philippa Taylor	14 June to 25 June 2012 inclusive.
Cr Christine Hamilton-Prime	1 June to 30 June 2012 inclusive.
Cr Liam Gobbert	12 July to 29 July 2012 inclusive.
Cr Russ Fishwick, JP	23 July to 28 July 2012 inclusive.
Cr Kerry Hollywood	23 July to 29 July 2012 inclusive.

**CONFIRMATION OF MINUTES****MINUTES OF THE AUDIT COMMITTEE HELD 8 MARCH 2012**

**MOVED** Cr Amphlett, **SECONDED** Cr Ritchie that the minutes of the meeting of the Audit Committee held on 8 March 2012 be confirmed as a true and correct record.

**The Motion was Put and**

**CARRIED (6/0)**

**In favour of the Motion:** Crs McLean, Amphlett, Corr, Ritchie, Thomas and Mr Cowin.

**ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**

Nil.

**DECLARATIONS OF INTEREST****Disclosures of interest affecting impartiality**

Elected Members (in accordance with Regulation 11 of the Local Government [Rules of Conduct] Regulations 2007) and employees (in accordance with the Code of Conduct) are required 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 process. The Elected Member/employee is also encouraged to disclose the nature of the interest.

<b>Name/Position</b>	Mr Garry Hunt, Chief Executive Officer
<b>Item No/Subject</b>	Item 1, Chief Executive Officer's Credit Card Expenditure (January – March 2012).
<b>Nature of interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	The Chief Executive Officer is the card holder.

**IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS**

Nil.

**PETITIONS AND DEPUTATIONS**

Nil.

*Mayor Pickard arrived at the meeting, the time being 6.05pm.*

## REPORTS

*The Committee agreed to discuss the items in the following order:*

- Item 3 Pre-Audit Planning - 2011/12 Annual Financial Statements*  
*Item 1 Confidential - Chief Executive Officer's Credit Card Expenditure (January – March 2012)*  
*Item 2 Confidential - Recent Internal Audit Activity 2011/2012*

## **ITEM 3 PRE-AUDIT PLANNING - 2011/12 ANNUAL FINANCIAL STATEMENTS**

**WARD:** All

**RESPONSIBLE DIRECTOR:** Mr Mike Tidy  
Corporate Services

**FILE NUMBER:** 102503, 101515

**ATTACHMENTS:** Nil.

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## PURPOSE

To enable the Audit Committee to be briefed on the annual audit plan and to discuss with the Auditor any issue of concern prior to the commencement of the audit of the 2011/12 Annual Financial Statements.

## EXECUTIVE SUMMARY

The City is on schedule to have the 2011/12 Annual Financial Report prepared in accordance with Section 6.4 of the *Local Government Act 1995*, and, to have the City's accounts made available for the annual audit by the City's auditors, Grant Thornton, by the end of August 2012.

Grant Thornton normally commences the annual audit in mid September. The auditors will undertake the audit, in accordance with the terms of the audit engagement and the requirements of Part 7 Division 3 of the *Local Government Act 1995*.

Grant Thornton's representative, Michelle Spain, Associate Director – Audit and Assurance (and the audit manager for the City of Joondalup assignment) will be in attendance to discuss the up-coming audit with the Committee.

*It is recommended that the Audit Committee DISCUSS the planning for the audit of the 2011/12 Annual Financial Statements with the City's auditor, Grant Thornton.*

## BACKGROUND

Section 6.4 of the *Local Government Act 1995* requires local governments to prepare an annual financial report and to submit both the report and its accounts to its auditor by the 30 September each year. The City is on schedule to submit these to Grant Thornton by the end of August 2012.

Grant Thornton normally commences the annual audit in mid September. The auditors will undertake the audit, in accordance with the terms of the audit engagement and the requirements of Part 7 Division 3 of the *Local Government Act 1995*.

## DETAILS

### Issues and options considered:

The purpose of a pre-audit planning meeting between the City's auditor and the Audit Committee is to enable the Auditor to discuss with the Committee, the proposed audit plan and provides an opportunity for Committee members to discuss with the Auditor any issue of concern they may have and wish to bring to the Auditor's attention.

### Legislation/Strategic Plan/Policy Implications

#### Legislation

*Section 6.4 of the Local Government Act 1995* states:

#### **6.4 Financial report**

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to -*
  - (a) *be prepared and presented in the manner and form prescribed; and*
  - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor -*
  - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
  - (b) *the annual financial report of the local government for the preceding financial year.*

**Strategic Plan**

**Key Focus Area:** Leadership and Governance.

**Objective:** 1.1 To ensure that the processes of local governance are carried out in a manner that is ethical, transparent and accountable.

**Policy:** Not Applicable.

**Risk Management Considerations:**

The external audit of the City's Annual financial Statements and accounts is an essential element of the Risk Management Framework. It provides the Council and the residents of the City of Joondalup with an independent opinion on the City's financial position as reported in the Annual Financial Statements and its compliance with applicable Accounting Standards and relevant provisions of the *Local Government Act 1995* and related Regulations.

**Financial/Budget Implications:**

The audit fee for 2011/12 is expected to be in accordance with the contract entered into with Grant Thornton.

<b>Account No:</b>	322-A3202-3261
<b>Budget Item:</b>	Audit Fees
<b>Budget Amount:</b>	\$ 32,500
<b>Amount Spent To Date:</b>	\$ 1,510
<b>Proposed Cost:</b>	\$ 31,000
<b>Balance:</b>	\$ Nil

All figures quoted in this report are exclusive of GST.

**Regional Significance:**

Not Applicable.

**Sustainability Implications:**

Not Applicable.

**Consultation:**

This meeting of the Audit Committee enables the Auditor to discuss with the Committee, the proposed audit plan and provides an opportunity for Committee members to raise and discuss with the Auditor any issues or concerns they may have or wish to bring to the Auditor's attention.

**COMMENT**

The City is on schedule to prepare the 2011/12 Annual Financial Report and this pre-audit planning meeting will assist the conduct of the annual audit by Grant Thornton.

**VOTING REQUIREMENTS**

Simple Majority.

Prior to voting on Item 3, Pre-Audit Planning – 2011/12 Annual Financial Statements, Ms Michelle Spain, Audit Manager from Grant Thornton provided a brief overview of the Audit Plan.

**MOVED Cr Amphlett, SECONDED Cr Thomas that the Audit Committee DISCUSS the planning for the audit of the 2011/12 Annual Financial Statements with the City's auditor, Grant Thornton.**

**The Motion was Put and**

**CARRIED (7/0)**

**In favour of the Motion:** Cr McLean, Mayor Pickard, Crs Amphlett, Corr, Ritchie, Thomas and Mr Cowin.



*The Director Corporate Services and Ms Michelle Spain left the meeting, the time being 6.17pm.*

*The Director Corporate Services returned to the meeting, the time being 6.21pm.*

**ITEM 1                      CONFIDENTIAL - CHIEF EXECUTIVE OFFICER'S  
CREDIT CARD EXPENDITURE (JANUARY – MARCH  
2012)**

**WARD:** All

**RESPONSIBLE  
DIRECTOR:** Mr Mike Tidy  
Corporate Services

**FILE NUMBER:** 09882, 18049

**ATTACHMENTS:** Attachment 1      Chief            Executive            Officer's            Credit  
Card            Expenditure            –            Quarter            Ended  
31 March 2012

***(Please Note:      The Report and Attachment is confidential and will  
appear in the official Minute Book only)***

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This report is confidential in accordance with Section 5.23 (2)(a) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

*a matter affecting an employee.*

**MOVED Mayor Pickard, SECONDED Cr Amphlett that the Audit Committee NOTES the report on the corporate credit card usage of the Chief Executive Officer for the quarter ended 31 March 2012 forming Attachment 1 to this Report.**

**The Motion was Put and**

**CARRIED (7/0)**

**In favour of the Motion:** McLean, Mayor Pickard, Crs Amphlett, Corr, Ritchie, Thomas and Mr Cowin.

**ITEM 2                      CONFIDENTIAL - RECENT INTERNAL AUDIT  
ACTIVITY 2011/2012****WARD:** All**RESPONSIBLE  
DIRECTOR:** Mr Garry Hunt  
Office of the Chief Executive Officer**FILE NUMBER:** 89528, 50068, 101515**ATTACHMENTS:** Attachment 1          Recent Internal Audit Activity

**(Please Note:**          *The Report and Attachment is confidential and will  
appear in the official Minute Book only)*

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This report is confidential in accordance with Section 5.23 (2)(f)(i) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

*a matter that if disclosed, could reasonably expected to impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of law.*

**MOVED** Cr Amphlett, **SECONDED** Cr Ritchie that the Audit Committee **NOTES** the main areas of recent Internal Audit Activity for 2011/2012 forming Attachment 1 to this Report.

**The Motion was Put and****CARRIED (7/0)****In favour of the Motion:** McLean, Mayor Pickard, Crs Amphlett, Corr, Ritchie, Thomas and Mr Cowin.

## **MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil.

## **REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION**

Nil.

## **CLOSURE**

There being no further business, the Presiding Member declared the Meeting closed at 6.46pm; the following Committee Members being present at that time:

Cr Tom McLean, JP  
Mayor Troy Pickard  
Cr Geoff Amphlett, JP  
Cr Brian Corr  
Cr Teresa Ritchie  
Cr Sam Thomas  
Mr Robert (Andy) Cowin - *External Member*