

minutes

Audit Committee

MEETING HELD ON **MONDAY, 18 MARCH 2013**

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CITY OF JOONDALUP

MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY, 18 MARCH 2013 COMMENCING AT 6.00PM.

ATTENDANCE

Committee Members:

Cr Tom McLean, JP	<i>Presiding Member</i>
Mayor Troy Pickard	
Cr Brian Corr	<i>Deputy Presiding Member</i>
Cr Christine Hamilton-Prime	
Cr Teresa Ritchie	
Cr Sam Thomas	

Observers:

Cr John Chester
Cr Russ Fishwick, JP

Officers:

Mr Garry Hunt	Chief Executive Officer
Mr Mike Tidy	Director Corporate Services
Mr Peter McGuckin	Internal Auditor
Mr Brad Sillence	Manager Governance
Mrs Lesley Taylor	Governance Officer

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.00pm.

APOLOGIES/LEAVE OF ABSENCE

Leave of Absence previously approved

Cr Geoff Amphlett, JP	16 March to 24 March 2013 inclusive.
Cr Kerry Hollywood	1 May to 26 May 2013 inclusive.

CONFIRMATION OF MINUTES**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 3 OCTOBER 2012**

MOVED Cr Hamilton-Prime, SECONDED Cr Thomas that the minutes of the meeting of the Audit Committee held on 3 October 2012 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

DECLARATIONS OF INTEREST**Disclosure of Financial Interest/Proximity Interest**

Nil.

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.

Name/Position	Mayor Troy Pickard.
Item No/Subject	Item 5 - Emergency Management Risk Register.
Nature of interest	Interest that may affect impartiality.
Extent of Interest	Mayor Pickard is the President of the Western Australian Local Government Association, who were engaged to prepare the Risk Register.

Name/Position	Mr Garry Hunt, Chief Executive Officer
Item No/Subject	Item 8 – Confidential - Chief Executive Officer's Credit Card Expenditure for the quarter ended 30 September 2012.
Nature of interest	Interest that may affect impartiality.
Extent of Interest	The Chief Executive Officer is the card holder.

Name/Position	Mr Garry Hunt, Chief Executive Officer
Item No/Subject	Item 9 – Confidential - Chief Executive Officer's Credit Card Expenditure for the quarter ended 31 December 2012.
Nature of interest	Interest that may affect impartiality.
Extent of Interest	The Chief Executive Officer is the card holder.

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

In accordance with Clause 76 of the City's *Standing Orders Local Law 2005*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

CONSIDERATION OF CHANGE TO ORDER OF BUSINESS - [02154]

MOVED Mayor Pickard, **SECONDED** Cr Hamilton-Prime that the Audit Committee **SUSPENDS** clause 14(4) of the City's *Standing Orders Local Law 2005* – Order of Business to allow Item 7 – 2012 Compliance Audit Return to be considered out of sequence as listed on the agenda prior to considering Item 1 – Adoption of Meeting Dates for 2013 – Audit Committee.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

REPORTS**ITEM 7 2012 COMPLIANCE AUDIT RETURN**

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Chief Executive Officer
FILE NUMBER	09492, 50068, 101515
ATTACHMENT	Attachment 1 2012 Compliance Audit Return
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to approve the 2012 Compliance Audit Return (CAR) for its submission to the Department of Local Government.

EXECUTIVE SUMMARY

The Department of Local Government (“the Department”) CAR for the period 1 January 2012 to 31 December 2012 has been completed by the City and is required to be reviewed by the Audit Committee and Council before being submitted to the Department by 31 March 2013.

It is therefore recommended that Council adopts the 2012 Compliance Audit Return and submits it to the Department of Local Government prior to 31 March 2013.

BACKGROUND

The 2012 CAR was made available to local governments by the Department on its website 19 December 2012 for online completion.

The structure of the CAR is similar to previous years and as with the CAR for 2011 has been restricted to areas of compliance considered high risk. This incorporates all the statutory requirements prescribed in Regulation 13 of the *Local Government (Audit) Regulations 1996*.

Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* prescribe the requirements for local governments when carrying out the compliance audit, reporting to the Audit Committee and Council, and, certification and submission of the CAR to the Department.

DETAILS

The 2012 Compliance Audit Return contains the compliance categories of:

- Commercial Enterprises by Local Governments
- Delegation of Power / Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Local Government Employees
- Official Conduct
- Tenders for Providing Goods and Services.

The 2012 CAR incorporates all the statutory requirements listed in Regulation 13 of the *Local Government (Audit) Regulations 1996*.

Regulation 14 of the *Local Government (Audit) Regulations 1996* prescribes the requirements for undertaking the compliance audit including review by the Audit Committee and presenting to Council for adoption. Regulation 15 prescribes the requirements for the certification and submission of the CAR to the Department.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* state as follows:

14 Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be:
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and

- (c) recorded in the minutes of the meeting at which it is adopted.

15 Compliance audit return, certified copy of etc. to be given to Executive Director

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with:

- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
- (b) any additional information explaining or qualifying the compliance audit,

is to be submitted to the Executive Director by 31 March next following the period to which the return relates.

- (2) In this regulation:

certified in relation to a compliance audit return means signed by -

- (a) The mayor or president; and
- (b) The CEO.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Demonstrate accountability through robust reporting that is relevant and easily accessible by the community.

Policy Not applicable.

Risk management considerations

The risk associated with the Council failing to adopt the CAR would result in non-compliance with the legislative requirements of the *Local Government (Audit) Regulations 1996*.

Financial/budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The responses to the questions in the CAR were provided by the relevant Managers to their Director for their review and approval before being forwarded to the Internal Auditor for further review and entry on the Department's website.

The 2012 CAR reveals a high level of compliance with legislation by the City. However there was one instance of non-compliance in the Disclosure of Interest category when a newly designated employee was issued with a Primary Return but lodged it thirteen days after the deadline. Processes have been enhanced to assist all designated employees to lodge their returns in a timely manner.

To ensure that the CAR is submitted to the Department of Local Government before 31 March 2013, this report has been listed on the agenda of Council for its meeting on 19 March 2013 and will be subject to the decision of the Audit Committee.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Thomas, SECONDED Cr Hamilton-Prime that Council:

- 1 ADOPTS the Local Government Compliance Audit Return for the period 1 January 2012 to 31 December 2012 forming Attachment 1 to this Report;**
- 2 in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*, SUBMITS the completed Compliance Audit Return to the Department of Local Government.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

Appendix 4 refers

To access this attachment on electronic document, click here: [Attach4AUDIT180313.pdf](#)

ITEM 1 ADOPTION OF MEETING DATES FOR 2013 – AUDIT COMMITTEE

WARD	All
RESPONSIBLE DIRECTOR	Mr Jamie Parry Governance and Strategy
FILE NUMBER	50068, 101515
ATTACHMENT	Nil.
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For the Audit Committee to consider the proposed schedule of Committee meeting dates for 2013, up until the Local Government Elections.

EXECUTIVE SUMMARY

In order to assist with forward planning for all Elected Members, management and staff, a schedule of meeting dates has been prepared for the Audit Committee, ensuring synergy between meeting dates and the flow of information and decision-making.

It is recommended that the Audit Committee adopts the meeting dates and times for the Audit Committee of the City of Joondalup to be held at the Joondalup Civic Centre, Boas Avenue, Joondalup.

BACKGROUND

The Audit Committee was established at the Ordinary Council Meeting held on 14 March 2000 (CJ042-03/00 refers). The purpose of the committee is to oversee the internal and external audit; risk management; and compliance functions of the City.

At its meeting held on 20 November 2012 (CJ228-11/12 refers) Council adopted the meeting dates for the Strategy and Briefing sessions, and Ordinary Council meetings.

The schedule of Council meeting dates was based on the format used for the last five years; a monthly meeting format with Strategy Sessions held on the first Tuesday of each month; Briefing Sessions held on the second Tuesday and Council meetings on the third Tuesday.

This enables committee meetings to be scheduled on the Monday, Tuesday or Wednesday of weeks one, two and three so as to minimise potential conflicts with other Council activities and provide a 'meeting-free' week in the fourth week of each month.

DETAILS

In 2012, the Audit Committee met quarterly with the start time being 6.00pm. It is proposed that this meeting time and scheduling be retained for 2013.

Due to the local government elections in October there are no meetings scheduled after September 2013. A report will be submitted to the Audit Committee to propose the meeting dates for the remainder of the year after new members are appointed to the committee by Council following the Local Government Elections.

Issues and options considered

The Audit Committee can either:

- adopt the meeting dates as proposed in this report
or
- amend the meeting dates.

Legislation / Strategic Community Plan / policy implications

Legislation *Local Government Act 1995*
Local Government (Administration) Regulations 1996
Standing Orders Local Law 2005

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

Should forward planning of committee meetings not be identified, then there is a risk for meetings to be held on an ad-hoc basis; lacking coordination with other key meetings and corporate planning processes.

Financial/budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The dates proposed have been designed on the basis of the 2012 meeting cycle and are intended to provide Council, Committee members and staff with an indicative meeting timeline for the Audit Committee.

It should be noted that no meeting dates have been set after October 2013 due to the impact of the local government elections. A further report will be submitted to the Audit Committee to propose the meeting dates for the remainder of the year, following the elections.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Pickard, SECONDED Cr Hamilton-Prime that the Audit Committee ADOPTS the following meeting dates and times for the Audit Committee of the City of Joondalup to be held at the Joondalup Civic Centre, Boas Avenue, Joondalup:

Audit Committee To be held in Conference Room 2
6.00pm on Monday, 10 June 2013
6.00pm on Monday, 12 August 2013
5.30pm on Tuesday, 1 October 2013

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

ITEM 2 RESIGNATION OF MEMBER FROM AUDIT COMMITTEE

WARD	All
RESPONSIBLE DIRECTOR	Mr Jamie Parry Governance and Strategy
FILE NUMBER	50068, 101515
ATTACHMENT	Nil.
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to note the resignation of Mr Robert (Andy) Cowin from the Audit Committee and consider appointing a replacement member.

EXECUTIVE SUMMARY

Mr Cowin submitted notice of his resignation from the Audit Committee in a letter dated 10 January 2013, as he is relocating interstate.

Consideration needs to be given as to whether the external member position is replaced, noting any appointment will be limited to October 2013 as a result of the Local Government Elections.

BACKGROUND

The Audit Committee was established at the Ordinary Council Meeting held on 14 March 2000 (CJ042-03/00 refers). The purpose of the committee is to oversee the internal and external audit, risk management and compliance functions of the City.

Membership of the Audit Committee consists of Mayor Pickard; one Councillor from each Ward; and an external member. Mr Cowin was most recently appointed as the external member by Council at its meeting held on 3 November 2011 (JSC2-11/11 refers). Mr Cowin held the position prior to the 2011 local government elections, having first been appointed by Council at its meeting held on 17 February 2009 (C06-02/09 refers).

Mr Cowin submitted notice of his resignation from the Audit Committee in a letter dated 10 January 2013, as he is relocating interstate.

DETAILS

Subsequent to the resignation of Mr Cowin, Council needs to consider whether or not to replace the external member position on the committee; leave the committee position vacant until after the 2013 Local Government Elections; or amend the composition of the Audit Committee by removing the position of external member.

It is possible to commence an expression of interest process immediately, seeking interested applicants for the position for consideration by Council. The term of office would expire in October 2013, with the option open to Council at that time to re-appoint the same person or alternatively re-commence the appointment process.

It is anticipated that three scheduled meetings of the Audit Committee will be held prior to the October Local Government Elections.

Issues and options considered

Council can either:

- advertise expressions of interest for the position of external member of the Audit Committee for a term to expire in October 2013
- leave the position of external member of the Audit Committee vacant and reconsider an appointment after the October 2013 local government elections
or
- amend the composition of the Audit Committee and remove the position of external member.

Should Council opt to remove the external member position from the committee, it would need to amend the Audit Committee Charter.

Legislation / Strategic Community Plan / policy implications

Legislation *Local Government Act 1995.*
Local Government (Audit) Regulations 1996.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Active democracy.

Strategic initiative Optimise opportunities for the community to access and participate in decision-making processes.

Policy Although not a policy, the Audit Committee Charter makes provision for the objectives, functions and operation of the Audit Committee. Section 4 of the charter sets out provisions in relation to membership and that includes clauses making provision for the appointment of an external member to the Audit Committee.

Risk management considerations

The Audit Committee is an important element of risk management and a contributor to the mitigation of risk. It plays a significant oversight role. Having an external member on that committee adds an additional element to that oversight role by bringing a focus that is not influenced by other issues before Council. It offers the opportunity for input from a fresh perspective.

Financial/budget implications

Advertising costs seeking an expression of interest to fill the position of external member can be accommodated in operational budgets.

Regional significance

Not applicable.

Sustainability implications

The Audit Committee plays a role in providing financial oversight of the City's activities and thereby helps in securing the long-term sustainability of the City.

Consultation

Should Council determine to commence the process to recruit a replacement external member to the Audit Committee, the position will be advertised in the local paper. There is also the opportunity to contact CPA Australia and the Institute of Chartered Accountants, requesting they circulate the vacancy to their members.

COMMENT

Council would need to consider any expressions of interest received in appointing an external member to the committee.

VOTING REQUIREMENTS

Simple Majority.

OFFICER'S RECOMMENDATION:

That Council:

- 1 NOTES the resignation of Mr Robert (Andy) Cowin from the Audit Committee;
- 2 THANKS Mr Cowin for his contribution to the City of Joondalup in his position of external member of the Audit Committee;
- 3 DETERMINES whether to commence the expression of interest process to fill the position of external member to the Audit Committee now, or following the Local Government Elections in October 2013.

MOVED Mayor Pickard, SECONDED Cr Hamilton-Prime that Council:

- 1 NOTES the resignation of Mr Robert (Andy) Cowin from the Audit Committee;**
- 2 THANKS Mr Cowin for his contribution to the City of Joondalup in his position of external member of the Audit Committee;**
- 3 INITIATES an expression of interest process to fill the position of external member to the Audit Committee.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

ITEM 3 HALF YEARLY REPORT - CONTRACT EXTENSIONS – 1 JULY 2012 TO 31 DECEMBER 2012

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	07032, 101515
ATTACHMENT	Attachment 1 Bi-Annual Figures for Contract Extensions - 1 July 2012 to 31 December 2012 – Council Approved Contracts
AUTHORITY / DISCRETION	Information - Includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Audit Committee to note the details of contracts extended by the Chief Executive Officer between 1 July 2012 and 31 December 2012.

EXECUTIVE SUMMARY

The schedule of contracts extended by the Chief Executive Officer during the half-year ended on 31 December 2012 is provided in Attachment 1.

It is recommended that the Audit Committee NOTES the report detailing Contracts extended by the Chief Executive Officer during the period 1 July 2012 and 31 December 2012, forming Attachment 1 to this Report.

BACKGROUND

At its meeting held on 1 November 2005, (CJ231-11/05 refers) Council resolved that a half-yearly report be prepared for the Audit Committee detailing contracts that were originally approved by Council and have subsequently been extended by the Chief Executive Officer.

DETAILS

Council has delegated to the Chief Executive Officer the authority to approve all contract extensions on tenders approved by Council subject to a report to the Audit Committee being prepared on a half-yearly basis providing details of those contracts extended.

During the period 1 July 2012 to 31 December 2012 three contracts were extended.

Issues and options considered

The option to extend the contracts by the Chief Executive Officer is required to maintain continuity of the applicable services to the City.

Legislation / Strategic Community Plan / policy implications

Legislation The City's legal advice is that under section 5.41(d) of the *Local Government Act 1995*. The Chief Executive Officer may be delegated the power to extend a Contract – provided the Chief Executive Officer does not extend the Contract beyond the “total term of the Contract” specified by the Council in the resolution.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Demonstrate accountability through robust reporting that is relevant and easily accessible by the community.

Policy Not applicable.

Risk management considerations

The delegated authority to extend contracts is limited to the original terms and conditions approved by resolution of Council when the tender was first awarded.

Financial/budget implications

In accordance with each individual contract and approved budget limits.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

This report provides the Audit Committee with details of contracts originally approved by Council or by the Chief Executive Officer under delegated authority, which have subsequently been extended by the Chief Executive Officer during the period 1 July 2012 and 31 December 2012.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Thomas, **SECONDED** Cr Hamilton-Prime that the Audit Committee **NOTES** the report detailing Contracts extended by the Chief Executive Officer during the period 1 July 2012 and 31 December 2012, forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1AUDIT180313.pdf](#)

**ITEM 4 HALF YEARLY REPORT WRITE OFF
OF MONIES (1 JULY 2012 TO
31 DECEMBER 2012)**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	07032, 101515
ATTACHMENT	Nil.
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Audit Committee to note monies written off under delegated authority.

EXECUTIVE SUMMARY

The total amount written off under delegated authority during the six months ended 31 December 2012 came to \$6,787.85, mainly comprising 4,813 small amounts of unpaid rates below the \$100 reportable limit totalling \$5,647.54.

The total amount includes the following reportable items written off on the recommendation of the City's debt collection agency:

- Three items of unpaid leisure centre membership fee totalling \$946.22.
- One item of unpaid room hire fees of \$194.09.

It is recommended that the Audit Committee RECEIVES the report of amounts written off under delegated authority for the period July to December 2012.

BACKGROUND

Section 6.12 (1)(c) of the *Local Government Act 1995* gives Council the power to write off any amount of money owing to the City.

At its meeting held on 6 June 2006 (CJ079-06/06 refers) Council approved to delegate to the Chief Executive Officer the authority to write off monies owed to the City, subject to a report being provided to the Audit Committee on a six monthly basis on the exercise of this delegation for amounts between \$100 and \$20,000.

The Chief Executive Officer under section 5.44 of the *Local Government Act 1995* has delegated his authority to nominated employees, up to the limits provided in the instrument of delegation.

DETAILS

During the six months ended 31 December 2012 a total amount of \$6,787.85 was written off. This was made up by the following:

- 4,813 items of small Rates balances that are below the reportable limit, totalling \$5,647.54, representing in the main rounding decimals or minor penalty interest charges for a few days late payment where ratepayers did not pay the penalty or the full penalty and the cost of collection was, for all practical purposes, proving to be un-economical.
- Three items totalling \$946.22 of unpaid leisure centre membership fees. The amounts due in all three cases were for gym membership fee arrears and cancellation fee. The charges dated back to 2010 and debt recovery was initiated when payments were overdue. Efforts by the City's debt collection agency to contact the customers or arrange for instalment options did not succeed. Debts were written off on the advice of the City's debt collection agency once it became un-economical to take any legal action.
- One item of \$194.09 representing unpaid room hire fees. The original amount owing from 30 April 2010 was \$1,719. Debt recovery was initiated when amount was overdue. An instalment option was arranged and \$1,500 was collected over an eight month period. Instalments were defaulted from December 2011 and debtor could not be contacted. Debt was written off when the City's debt collection agency advised that it was un-economical to initiate any legal action.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation Section 6.12 (1)(c) of the *Local Government Act 1995*.
Section 5.42 of the *Local Government Act 1995*.
Section 5.44 of the *Local Government Act 1995*.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

The amounts written off are immaterial in value and are either unrecoverable or uneconomical to recover, none of which represent a noteworthy financial risk to the City.

Financial/budget implications

Account no.	3256
Budget Item	Bad Debts written off
Annual Budget	\$ 13,700
Year to Date Budget	\$ 9,355
Year to Date Actual	\$ 6,788
Year to Date variance	\$ 2,567

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

Monies written off under delegated authority comprised 4,813 small items of unpaid rates totalling \$5,647.54, all of which were below the \$100 reportable limit. The remaining four items totalling \$1,140.31 were all above the reportable limit but written off subsequent to debt recovery action undertaken, and ultimately proving to be either un-economical or impossible to recover.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Pickard, SECONDED Cr Thomas that the Audit Committee RECEIVES the report of monies written off under delegated authority for the period July to December 2012.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

Disclosure of interest affecting impartiality

Name/Position	Mayor Troy Pickard.
Item No/Subject	Item 5 - Emergency Management Risk Register.
Nature of interest	Interest that may affect impartiality.
Extent of Interest	Mayor Pickard is the President of the Western Australian Local Government Association, who were engaged to prepare the Risk Register.

ITEM 5 EMERGENCY MANAGEMENT RISK REGISTER

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	33514, 101515
ATTACHMENT	Attachment 1 Emergency Management Risk Register
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Audit Committee to note the Emergency Management Risk Register (Risk Register) to be submitted to the Local Emergency Management Committee (LEMC).

EXECUTIVE SUMMARY

The *Emergency Management Act 2005* requires local governments to ensure that local emergency management arrangements are prepared for their district. The arrangements include the requirement for a risk register that includes a description of the emergencies that could potentially impact on local government and the strategies for emergency management.

The City engaged the Western Australian Local Government Association (WALGA) to assist with the preparation of the Risk Register.

It is therefore recommended that the Audit Committee NOTES the Emergency Management Risk Register included within this report as Attachment 1.

BACKGROUND

The information contained within the Risk Register is the result of two analysis workshops held using the combined subject matter knowledge of emergency management agencies and supporting agency personnel along with key City officers. Risk management guides including the *Western Australian Emergency Risk*

Management Guide 2005 and the *National Emergency Risk Assessment Guide 2010* were used as reference material during the process.

The risks identified and the justifications for inclusion, along with the associated analysis and evaluations were determined from the workshops.

The Risk Management Taskforce further reviewed these assumptions and determined the business units with management responsibility associated with the Risk Statement.

During the review process further improvements were identified for the Bushfire Risk. The initial draft listed the Department of Environment and Conservation (DEC) as the only other agency having emergency management responsibilities for bushland under their control within the City. Research highlighted that there are other pockets of significant bushland within the City that are managed by other agencies including:

- Department of Sport and Recreation such as Ern Halliday Centre
- Water Corporation such as Beenyup Wastewater Treatment Plant (includes surrounding bushland)
- Department of Education and Training such as Warwick Senior High School (manages its own section of bushland in Warwick Open Space).

These areas of bushland will be highlighted on the Vulnerable Communities map and completed in preparation for the annual review of the register.

DETAILS

Issues and options considered

A final draft of the Risk Register was reviewed by the Executive and subsequently approved by the Chief Executive Officer.

The Risk Register will now form part of the City's Emergency Management Arrangements and will be submitted to the next LEMC meeting.

Legislation / Strategic Community Plan / policy implications

Legislation *Emergency Management Act 2005.*

Strategic Community Plan

Key theme Community Wellbeing.

Objective Community safety.

Strategic initiative Build a community that works in partnership with government and non-government organisations to achieve real and long lasting improvements in safety and wellbeing.

Policy Not applicable.

Risk management considerations

Local government has statutory obligations for emergency management and the risk register is essential to identify risks, their severity and to identify the agencies responsible for mitigation of the risk. The register identifies the actions that should be instigated to reduce the probability and potential impact of the identified risks.

Financial/budget implications

Not applicable.

Regional significance

The City of Joondalup and City of Wanneroo are combined to form the Wanneroo/Joondalup LEMC. The LEMC deals with emergency management within the Cities to plan and prepare for emergency management incidents and to meet the requirements of relevant legislation, policy statements and other emergency management related standards.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The completion of the Risk Register now forms part of the City's Emergency Management Arrangements and will be submitted to the next LEMC meeting.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Hamilton-Prime, **SECONDED** Cr Thomas that the Audit Committee **NOTES** the Emergency Management Risk Register included forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2AUDIT180313.pdf](#)

DETAILS

The new Accounting Standards applicable to the City's Financial Report for the year ending on 30 June 2013 are as follows:

1 AASB 13 – Fair Value Measurement

A new AASB 13 – Fair Value Measurement standard has been introduced requiring a change to the approach to valuing the City's assets.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At present, the City recognises its plant and equipment at cost and depreciates the asset systematically over its useful life. Land and buildings, artworks and certain infrastructure assets were valued at cost when acquired but have subsequently been revalued regularly. It's probable that their carrying values are not materially different from their fair value.

The concept of 'fair value' for the valuation of assets is not a new concept and how to establish and disclose fair value has been provided for in various other Accounting Standards previously although it wasn't mandated. The new AASB 13 however has combined the provisions relating to 'fair value' in other Standards and provides further clarity in the measurement and disclosure processes. It also mandates the requirement to apply fair value.

AASB 13 defines the term fair value, establishes a framework for measuring fair value and requires certain disclosures about its measurements in the Financial Reports.

AASB 13 is applicable for the annual reporting periods beginning on or after 1 January 2013. However, Regulation 17A of the *Local Government (Financial Management) Regulations 1996* provides a progressive timeframe for its implementation.

Regulation 17A (3), provides that a local government must show in each financial report:

- (a) *for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and*
- (b) *for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government:*
 - (i) *that are plant and equipment; and*
 - (ii) *that are Land and buildings; or Infrastructure and*
- (c) *for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.*

The City is therefore required to establish and disclose the fair value of its plant and equipment for the current financial year ending 30 June 2013. Adequate arrangements have been made to meet this statutory requirement.

2 AASB 2011-9 – Amendments to Australian Accounting Standards

AASB 2011-9 was issued to make amendments to certain Australian Accounting Standards as a consequence of amending International Accounting Standard 1 “Presentation of Items of Other Comprehensive Income” in June 2011.

The main changes introduced by this pronouncement are:

- 1 The title of ‘Statement of Comprehensive Income’ appearing in other accounting Standards has changed to ‘Statement of Profit or Loss and Other Comprehensive Income’. However entities still have the option to use the title ‘Statement of Comprehensive Income’.
- 2 Requirement to group items presented in ‘Other Comprehensive Income’ on the basis of whether they will or will not be subsequently reclassified to the ‘Profit or Loss’ section of the Statement of Comprehensive Income.

The reference to the Profit or Loss section and the Other Comprehensive Income section is best illustrated by the City of Joondalup Statement of Comprehensive Income for the Year Ended 30 June 2012 at Attachment 1. The Profit or Loss section is the items listed under Revenue, Expense and Non-Operating Activities giving a total for Profit/(Loss). Other Comprehensive Income then appears separately below this.

Using the example at Attachment 1, if the item ‘Changes on revaluation of Non Current Assets \$2,293,624’ included a component which may be later transferred to the ‘Profit or Loss’ section of the Statement of Comprehensive Income then amendment AASB 2011-9 would require the components to be shown separately. As it so happens, ‘Changes on revaluation of Non Current Assets \$2,293,624’, does not include a component which may be later transferred to the ‘Profit or Loss’ section of the Statement of Comprehensive Income.

In practical terms the most common Other Comprehensive Income item is changes from asset revaluations which are not required to be later transferred to Profit or Loss and therefore the changes do not have any material effect on the City’s financial reporting at 30 June 2013.

Other Accounting Standards affected by amendment AASB 2011-9 and their impact for the City of Joondalup are as follows:

Standard	Description	Impact
AASB 1	First-time Adoption of Australian Accounting Standards	Nil.
AASB 5	Non-current Assets Held for Sale and Discontinued Operations	Nil.
AASB 7	Financial Instruments: Disclosures	Nil.
AASB 101	Presentation of Financial Statements	Minor.
AASB 112	Income Taxes	Nil.
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance	Nil.
AASB 121	The Effects of Changes in Foreign Exchange Rates	Nil.
AASB 132	Financial Instruments: Presentation	Nil.
AASB 133	Earnings per Share	Nil.
AASB 134	Interim Financial Reporting	Nil.
AASB 1039	Concise Financial Reports	Minor.

Standard	Description	Impact
AASB 1049	Whole of Government and General Government Sector Financial Reporting	Nil.

Other pronouncements, namely AASB 2011-3 and AASB 2011-13, introduce changes to AASB 1049 only, which deals with Whole of Government Reporting and does not have any impact on the reporting of the operations of the City.

Legislation / Strategic Community Plan / policy implications

Legislation *Local Government Act 1995*
Local Government (Financial Management) Regulations 1996
Australian Accounting Standards

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

Non compliance with the requirements of Australian Accounting Standards will breach the statutory obligation prescribed by the provisions of the *Local Government (Financial Management) Regulations 1996* and lead to possible audit qualification.

Financial/budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

Adequate action plan has been put in place to meet the changes introduced by the AAS and satisfy the statutory reporting requirements.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Hamilton-Prime, **SECONDED** Cr Ritchie that the Audit Committee **NOTES** the:

- 1** changes to the Australian Accounting Standards that are applicable to the City of Joondalup Financial Report for the year ending 30 June 2013;
- 2** *Local Government (Financial Management) Regulations 1996* provides for the phasing in of the application of AASB 13 – Fair Value Measurement over the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3AUDIT180313.pdf](#)

ITEM 7 2012 COMPLIANCE AUDIT RETURN

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Chief Executive Officer
FILE NUMBER	09492, 50068, 101515
ATTACHMENT	Attachment 1 2012 Compliance Audit Return
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This Item was dealt with earlier in the meeting prior to Item 1 – Adoption of Meeting Dates for 2013 – Audit Committee.

ITEM 10 INTERNAL AUDITS UNDERTAKEN BY CONSULTANTS

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Chief Executive Officer
FILE NUMBER	89528, 101515
ATTACHMENT	Attachment 1 Audit Recommendations and Management Comments
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For the Audit Committee to receive information relating to a number of internal audit assignments undertaken by external consultants.

EXECUTIVE SUMMARY

Internal audit activity is guided by the annual Internal Audit Plan but is subject to modification during the year on the authorisation of the Chief Executive Officer. During 2011-12 a number of additional internal audit assignments were undertaken at the direction of the Chief Executive Officer which resulted in areas of the Internal Audit Plan not being completed. The Chief Executive Officer instructed that external consultants be engaged to undertake these audit assignments. This report provides details of these audits and their findings.

BACKGROUND

The audit areas assigned to external consultants were:

- parking meter cash collection
- planning and building application processes
- Elected Members entitlements and expenses.

A detailed scope was developed for each audit and requests for submissions and quotations issued to a number of consultants selected using the WALGA Preferred Suppliers Panel and the Government Contract Directory Common Use Agreement.

Following the assessment of submissions and quotations the consultants engaged to undertake the respective audit assignments were:

- Deloitte
- 2020 Global
- Stantons International.

The audit reports for planning and building application processes and Elected Members entitlements and expenses have been finalised. The audit report for parking meter cash collection is still in draft format.

DETAILS

Parking Meter Cash Collection

Deloitte were engaged to undertake the audit of the City's parking meter cash collection.

Objectives and Scope – To undertake an assessment of the City's arrangements for the collection of income from parking ticket machines to consider whether appropriate controls have been implemented to address the key risks relating to:

- 1 All income due being collected, accounted for and lodged to the City's bank account in a timely manner.
- 2 Management of the applicable contracts or service agreements to ensure that payments to the contractors are accurate and in line with the contract or service agreements.

This audit has been completed and a draft report received. The overall conclusions in the draft report is that the City has stable procedures and systems in place in relation to the timely collection, accounting and lodging of income. A number of improvement opportunities have been identified and recommendations made which the City is in the process of reviewing in order to provide management comment for inclusion in the final report.

Planning and Building Application Processes

2020 Global were engaged to undertake the audit of the City's planning and building application processes. The audit has been completed and a final report agreed.

Objectives and Scope - To undertake an audit review of the City's systems for considering, processing, and determining development applications and issuing decisions to determine if they are in accordance with statutory requirements and agreed internal service level timeframes.

The final audit report includes an opinion on management control as follows:

“Overall we believe that the control environment over the acceptance, processing and reporting of the development and planning applications is of a very high standard.

The results of testing show that for all categories approximately 95% of applications are processed within the internal service standards which have an 85% benchmark.

Internal processes and systems are well documented and are generally closely followed. However, we did note some minor issues in respect of some system maintenance tasks for more complex applications that need to be addressed.

Overall, we assess an “A” rating for the control environment.”

The scale of opinion rating defines “A” as “Control framework effectively managing risk.”

The audit report includes two recommendations to address issues rated as “Minor” i.e. “Those findings that are not of primary concern but still warrant action being taken.”

Both recommendations have been accepted by the City and control actions will be implemented.

Elected Members Entitlements and Expenses

Stantons International were engaged to undertake the audit of the City’s systems for paying Elected Members entitlements and expenses. The audit has been completed and a final report agreed.

Objectives and Scope - To undertake an audit of the City’s systems for providing support and allowances to its Elected Members. The audit will seek to establish if appropriate controls have been implemented to address key risks and ensure that systems operate in compliance with relevant legislation, policies, protocols and procedures.

The scope of the audit included:

- payments of fees and allowances
- attendance at conferences and training within Australia and overseas
- reimbursement of expenses
- issue and return of IT equipment.

The final audit report includes the following conclusion:

“It is pleasing to note that the City has developed a robust Elected Members Entitlements Policy which has been designed to operate in accordance to applicable legislation. The policy further details provisions controlling expenditure which is not regulated (such as training and office furniture) for better governance practices. Appropriate controls have been established for the key risks to ensure that the policy, and in turn the applicable legislation, are being complied with. The City tracks all expenditure in relation to Elected Members entitlements and could implement further business improvements in its reliability by continuously reconciling expenditure on a spread sheet to the accounting system. Apart from the minor areas noted that require improvements in our recommendations, we have concluded that appropriate controls have been implemented and systems operate in compliance with relevant legislation, policies, protocols and procedures.”

The audit identified an underpayment of \$200 to one Elected Member which will be reimbursed during the March 2013 payments to Elected Members. A number of observations were made relating to improving internal reconciliation and approval processes. The risks were assessed as either “Moderate” (poses less significant risk if not appropriately and timely addressed) or “Minor” (poses minimal risk if not appropriately and timely addressed).

The recommendations have been accepted and control actions will be implemented as described in the action plan included in the final report.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation Not applicable.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Demonstrate accountability through robust reporting that is relevant and easily accessible by the community.

Policy Not applicable.

Risk management considerations

Internal audit is an independent, objective assurance activity that is an important element in evaluating and improving the effectiveness of risk management, control and governance processes.

Financial/budget implications

Account no.	1.210.A2101.3265.0000
Budget Item	Consultancy
Budget amount	\$130,900
Amount spent to date	\$21,510
Proposed cost	\$21,510

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

Audit reports have been finalised for the audits of the City's planning and building application processes and Elected Members entitlements and expenses. The reports have made recommendations which have all been assessed as either minor or moderate for which the City has developed action plans for implementation. Overall opinions given in the reports indicate that the City's control environments are of a high standard and effectively manage key risks. The audit report for the City's parking meter cash collection is still at draft stage.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Thomas, SECONDED Cr Ritchie that the Audit Committee NOTES the audits undertaken by external consultants and their findings.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

Appendix 5 refers

To access this attachment on electronic document, click here: [Attach5AUDIT180313.pdf](#)

ITEM 11 CONFIDENTIAL REPORT - AUDIT REPORT ON NON-COMPLIANCE IN CITY'S PROCUREMENT PRACTICES

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Chief Executive Officer
FILE NUMBER	89528, 101515
ATTACHMENT	Attachment 1 William Buck Audit Report Including Management Comments <i>(Please Note: This attachment is confidential and will appear in the official Minute Book only)</i>
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

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 be 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 the law.

A full report was provided to Elected Members under separate cover. The report is not for publication.

OFFICER'S RECOMMENDATION:

That the Audit Committee NOTES the findings of the William Buck Audit Report following their review of the City's purchasing practices, as detailed in Attachment 1 to this Report.

MOVED Mayor Pickard, SECONDED Cr Hamilton-Prime that the Audit Committee:

- 1 NOTES the findings of the William Buck Audit Report and action taken by the City following their review of the City's purchasing practices, as detailed in Attachment 1 to this Report;**
- 2 REQUESTS that an update report on the actions taken in relation to the City's procurement practices recommendations of the audit consultant be submitted to the Audit Committee in March 2014.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr McLean, Mayor Pickard, Crs Corr, Hamilton-Prime, Ritchie and Thomas.

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 6.50pm the following Committee Members being present at that time:

Cr Tom McLean, JP
Mayor Troy Pickard
Cr Brian Corr
Cr Christine Hamilton-Prime
Cr Teresa Ritchie
Cr Sam Thomas