

minutes

Audit Committee

MEETING HELD ON **MONDAY 13 OCTOBER 2014**

TABLE OF CONTENTS

Item No.	Title	Page No.
	Declaration of Opening	3
	Declarations of Interest	3
	Apologies/Leave of absence	4
	Confirmation of Minutes	4
	Announcements by the Presiding Member without discussion	4
	Identification of matters for which the meeting may be closed to the public	4
	Petitions and deputations	4
	Reports	5
1	2013-14 Annual Financial Report – [104378]	5
2	Chief Executive Officer's Review of Systems regarding Risk Management, Internal Control and Legislative Compliance – [49586]	11
3	Status Report – Cost Efficiency and Service Reviews Program – [103906]	19
4	Confidential Report - Incident at Craigie Leisure Centre (21 August 2014) – [104415]	23
	Urgent Business	24
	Motions of which previous notice has been given	24
	Requests for Reports for future consideration	24
	Closure	24

CITY OF JOONDALUP

MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2,
JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY
13 OCTOBER 2014.

ATTENDANCE

Committee Members

Cr Tom McLean, JP	<i>Presiding Member</i>
Cr Geoff Amphlett, JP	
Cr Mike Norman	
Cr Teresa Ritchie, JP	<i>Deputy Presiding Member</i>
Cr Philippa Taylor	

Officers

Mr Garry Hunt	Chief Executive Officer	
Mr Mike Tidy	Director Corporate Services	
Mr Brad Sillence	Manager Governance	
Ms Christine Robinson	Manager Executive and Risk Services	
Mr Mike Smith	Manager Leisure and Cultural Services	
Mr Said Hafez	Manager Financial Services	<i>to 7.20pm</i>
Mr John Byrne	Governance Coordinator	<i>from 7.01pm</i>
Mrs Lesley Taylor	Governance Officer	

Guest

Mr Michael Hillgrove	Director – Audit and Assurance Grant Thornton Audit Pty Ltd	<i>to 7.20pm</i>
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DECLARATION OF OPENING

The Presiding Member declared the meeting open at 7.00pm.

DECLARATIONS OF INTEREST

Nil.

APOLOGIES/LEAVE OF ABSENCE

Apologies

Mayor Troy Pickard.
Cr Brian Corr.

Leave of Absence previously approved

Cr Teresa Ritchie, JP	6 November to 14 November 2014 inclusive;
Cr Christine Hamilton-Prime	5 November to 20 November 2014 inclusive;
Cr Christine Hamilton-Prime	6 December 2014 to 5 January 2015 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT COMMITTEE HELD 4 AUGUST 2014

MOVED Cr Amphlett, SECONDED Cr Norman that the minutes of the meeting of the Audit Committee held on 4 August 2014 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs McLean, Amphlett, Norman, Ritchie and Taylor.

Governance Coordinator entered the room at 7.01pm.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS**ITEM 1 2013-14 ANNUAL FINANCIAL REPORT**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	104378
ATTACHMENT	Attachment 1 Annual Financial and Auditor Report 2013-14 Attachment 2 Auditors Report (Management Letter) for Year Ended 30 June 2014
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 consider the *Annual Financial Report and Auditor's Report*.

EXECUTIVE SUMMARY

In accordance with Section 6.4 of the *Local Government Act 1995*, the *2013-14 Annual Financial Report* has been prepared and, together with the City's accounts, has been submitted to the City's auditors to conduct their annual audit.

The City's auditors have completed their audit, in accordance with the terms of their engagement and the requirements of Part 7 Division 3 of the *Local Government Act 1995*, and have submitted their audit report. A concise Financial Report (Financial Statements without supporting notes) will form part of the *2013-14 Annual Report*.

It is therefore recommended that Council:

- 1 *BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup and the accompanying audit report for the financial year 2013-14, forming Attachment 1 to this Report,*
- 2 *NOTES the Auditors Report for the Year Ended 30 June 2014 forming Attachment 2 to this Report and that there are no deficiencies, irregularities or other matters that the auditor wishes to bring to the attention of the Council.*

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 30 September each year. The City of Joondalup has met those requirements and the City's auditors have completed their audit of the accounts and the Annual Financial Report for the financial year 2013-14.

As has been past practice, a concise Financial Report has also been prepared for inclusion in the City's Annual Report. The *Annual Financial Report* for the financial year 2013-14 is included as Attachment 1 to this Report.

DETAILS

Issues and options considered

The preparation of an *Annual Financial Report* and the submission of the report and the City's accounts to the auditors for audit are statutory requirements of the *Local Government Act 1995*.

The *Annual Financial Report* needs to be accepted by Council in order to enable the holding of a General Meeting of Electors, at which the City's Annual Report containing the concise Financial Report will be considered. The *Annual Financial Report* is also required to be submitted to the Department of Local Government and Communities.

Outcome of the Audit

The audit has been completed with no issues of significance raised and the audit report is unqualified (Attachment 1 refers). The auditor has also provided a report (generally referred to as the Management Letter, Attachment 2 refers) in which he advises that there are no deficiencies, irregularities or other matters that the auditor wishes to bring to the attention of the Council.

In terms of form and presentation, there are no significant changes to the *Annual Financial Report* from the previous year other than the application of the Equity Method to account for the City's investment in the Tamala Park Regional Council.

The only notable change to the requirements under Regulation 17A of the *Local Government (Financial Management) Regulations 1996* and the Accounting Standards in terms of disclosure is the progressive application of the Fair Value concept to City assets. The assets re-valued in 2013-14 were road networks, footpath networks, car parks, drainage networks and bridges and passes. The net effect of these revaluations was \$363,171,530. This is recognised in the Statement of Comprehensive Income as well as the Statement of Financial Position. There are no other significant accounting changes.

End of Financial Year Position

The City has finished the financial year with a Rate Setting Statement surplus greater than estimated. An estimated 30 June 2014 end of year surplus of \$146,474 was used as the opening balance in the 2014-15 Budget. The final end of year Rate Setting Statement surplus for 2013-14 is \$1,065,447, being \$918,973 more than estimated.

When comparing the actual end of year result to the estimated result shown in the 2014-15 Budget, in summary terms the \$918,973 surplus is made up of the following:

Description	Sub Total	Total
Increased Operating Cash Surplus	\$2,216,527	
Decreased Capital Revenue	(\$ 656,855)	
Reduced Capital Expenditure	\$3,555,372	\$5,115,044
Less Reduced Net Funding Requirements		(\$4,196,071)
Net Variance		\$918,973

There are a number of offsets between revenue, expenditure and funding requirements the major ones being the following:

- Profit and loss on asset sales have been significantly impacted by property disposal transactions through Tamala Park land sales, offset by equity transactions.
- Decreased capital expenditure for works and plant, the bulk representing carry forwards totalling \$2,651,825 which is offset by a transfer to the Capital Works Carried Forward Reserve.
- A number of operating and capital reserve funded projects that did not advance as far as anticipated or for which there was no reserve funded expenditure, resulting in low expenditure offset by lower draw down on reserves.
- Significant reduction in waste management costs resulting in a transfer into the waste management reserve of \$233,405 instead of a draw down of \$602,700.

After allowing for these and other minor offsets the adjusted variance in surplus is made up of:

Description	Sub Total	Total
Increased Operating Cash Surplus	\$994,562	
Increased Capital Revenue	\$243,145	
Reduced Capital Expenditure	\$442,003	\$1,679,710
Less Reduced Funding Requirements		(\$ 760,737)
Net Variance		\$918,973

The increased Capital Revenue and reduced Capital Expenditure and Funding Requirements are generally related and offset each other in total. The primary driver for the net increased surplus of \$918,973 is largely operating revenue and expenditure. The main net contributor to the increased operating cash surplus of \$994,562 is reduced Materials and Contracts expenditure of \$665,408. Other operating variations are made up of additional revenue from Fees and Charges and Grants and Subsidies, as well as reduced Employee Costs.

Legislation / Strategic Community Plan / policy implications

Legislation

Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996* states:

“A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government’s CEO of the auditor’s report on that financial report.”

Section 5.53 of the *Local Government Act 1995* states:

5.53 Annual Reports

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain:*
 - (f) *the financial report for the financial year;*

Section 5.54 of the *Local Government Act 1995* states:

5.54. Acceptance of annual reports

- (1) *Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.*

* *Absolute majority required.*

- (2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.*

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 3—*
 - (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 Community Plan

Key theme	Financial Sustainability.
Objective	Effective management.
Strategic initiative	Not applicable.
Policy	Not applicable.

Risk management considerations

Not applicable.

Financial / budget implicationsCurrent financial year impact

Account no.	Not applicable.
Budget Item	Closing Surplus.
Budget amount	\$ 146,474
Actual amount	\$1,065,447
Proposed cost	Not applicable.
Balance	\$ 918,973

Future financial year impact

Annual operating cost	Not applicable.
Estimated annual income	Not applicable.
Capital replacement	Not applicable.
20 Year Strategic Financial Plan impact	This is subject to how the surplus funds are applied.
Impact year	Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

There is no legislative requirement to consult on the preparation of the *Annual Financial Report*, but the *Local Government Act 1995* requires an Annual General Meeting of Electors to be held and the City's Annual Report, incorporating the concise Financial Report, to be made available publicly. The full *Annual Financial Report* will also be publicly available.

COMMENT

The *Annual Financial Report* will be made available on the City's public website. A minimal number of printed, bound colour copies will be available for viewing at libraries, leisure centres and customer service centres.

In order for the City to meet its legislative requirements, it is recommended that the Council accepts the Annual Financial Report for the financial year 2013-14.

VOTING REQUIREMENTS

Absolute Majority.

MOVED Cr Norman, SECONDED Cr Amphlett that Council:

- 1 BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup and the accompanying audit report for the financial year 2013-14, forming Attachment 1 to this Report;**
- 2 NOTES the Auditors Report for the Year Ended 30 June 2014 forming Attachment 2 to this Report and that there are no deficiencies, irregularities or other matters that the auditor wishes to bring to the attention of the Council.**

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs McLean, Amphlett, Norman, Ritchie and Taylor.

Mr Michael Hillgrove of Grant Thornton Audit Pty Ltd and the Manager Financial Services left the room at 7.20pm.

Appendix 1 refers

To access this attachment on electronic document, click here:

[Attach1agnAUDIT131014.pdf](#)

ITEM 2 CHIEF EXECUTIVE OFFICER'S REVIEW OF SYSTEMS REGARDING RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	49586
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 Council to note the results of the Chief Executive Officer's review of the appropriateness and effectiveness of the City's systems in regard to risk management, internal control and legislative compliance.

EXECUTIVE SUMMARY

At its meeting held on 12 August 2013 a report was presented to the Audit Committee providing details of amendments to the *Local Government (Audit) Regulations 1996* that required a local government's Chief Executive Officer to review, at least once every two years, the appropriateness and effectiveness of the local governments systems and procedures in regard to risk management, internal control and legislative compliance.

It is therefore recommended that Council NOTES the results of the Chief Executive Officer's review of the appropriateness and effectiveness of the City's systems in regard to risk management, internal control and legislative compliance.

BACKGROUND

The *Local Government (Audit) Regulations 1996* prescribe the requirements for local governments in relation to the engagement of auditors, the annual compliance audit return and the functions of the audit committee.

In February 2013 the Department of Local Government and Communities released Circular No. 05-2013 advising local governments of amendments to the *Local Government (Audit) Regulations 1996*. The amendments were gazetted 8 February 2013 and came into effect 9 February 2013.

The amendments extend the responsibilities of the Audit Committee and Chief Executive Officer of local governments in relation to the reviewing and reporting of the local government's systems and procedures in regard to risk management, internal control and legislative compliance.

Regulation 16 – Functions of Audit Committee

Regulations 16(a) and 16(b) in relation to the Audit Committee providing assistance to the local government remained unchanged. A new section 16(c) was inserted and states as follows:

“16 Audit Committee, functions of

An Audit Committee –

- (c) *is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to –*
- (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council.”*

Regulation 17 – CEO to review certain systems and procedures

A new regulation 17 has been inserted and states as follows:

“17 CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –*
- (a) *risk management;*
 - (b) *internal controls;*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.”*

This report provides the results of the Chief Executive Officer's review.

DETAILS

The Chief Executive Officer has reviewed the City's systems in relation to risk management, internal control and legislative compliance and considers that they are appropriate and effective. The details of the review are outlined below:

Informing / Guiding Documents

Risk Management Framework

The City has had a *Risk Management Framework* (the framework) in place since January 2009 which was updated and presented to the Audit Committee on 12 August 2013. The framework was endorsed by Council at its meeting 24 September 2013. The framework describes the principles of risk management and details the roles and responsibilities of risk management from the Audit Committee to individual employees. The framework includes a risk level matrix and criteria for assessing risks in terms of likelihood and consequences. The Internal Auditor reviews the framework to ensure it is current and reflects the latest Australian Standards.

Risk Management Policy

The City developed a *Risk Management Policy* which states the objectives for, and commitment to, risk management. The policy is designed to align with this and make a statement on the City's objectives, approach and commitment to effective risk management across all its operations. The policy includes the following statement:

“The City is committed to ensuring that effective risk management remains central to all its operations while delivering a wide and diverse range of services to its residents and visitors. The management of risk is the responsibility of everyone and should be an integral part of organisational culture and be reflected in the various policies, protocols, systems and processes used to ensure efficient and effective service delivery. The Risk Management Framework will reflect good practice and sound corporate governance and be consistent with AS/NZS ISO 31000:2009 Risk management – Principles and guidelines.”

The draft policy was presented to the Audit Committee at its meeting held on 12 August 2013 prior to being adopted by Council at its meeting held on 24 September 2013 (CJ190-09/13 refers).

Corporate Risk Register

The City has developed a Corporate Risk Register (the register) which captures risks that may prevent the achievement of the City's key strategic objectives and major systems and projects. The register includes financial and non-financial systems and helps ensure compliance with key legislation, details key current controls and identifies new controls to reduce risks. The register is an important element of risk management that assists the City in capturing and recording risks that threaten the major systems and the delivery of major projects.

The register was presented the Audit Committee at its meeting on 10 March 2014 and endorsed by Council at its meeting held on 18 March 2014 (CJ044-03/14 refers). The register is continually monitored by Executive and Risk Services and updated on a quarterly basis to ensure agreed actions are implemented and that new and emerging risks are captured. The Chief Executive Officer will provide updates on the *Corporate Risk Register* to the Audit Committee on an annual basis.

Business Unit Risk Registers

Each business unit develops their own risk register as part of the annual business planning process. Each risk register identifies, assesses and describes control actions for risks that may impinge on the key objectives of the business unit.

Emergency Management Risk Register

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 City developed an *Emergency Management Risk Register* (the risk register) in conjunction with WALGA which identifies the actions that should be instigated to reduce the probability and potential impact of the identified risks. The risk register was presented to the Audit Committee on 18 March 2013 prior to being submitted to the Local Emergency Management Committee.

Business Continuity Plan

The City's current *Business Continuity Plan* was developed and tested in conjunction with Local Government Insurance Services during 2012 and 2013 to ensure the City can prepare for, and continue to operate after an incident or crisis. This plan is a significant component of the City's overall management of risk and increases the City's recovery capabilities ensuring decisions are made quickly minimising financial, environmental and reputational impacts.

Directorate plans are scheduled for annual reviews to be completed by 31 October each year, with the *Business Continuity Plan* to then be updated by 31 December 2014. A desktop exercise of the updated plan will be arranged during 2015.

Purchasing Policy

During 2014 the City developed a *Purchasing Policy* which was adopted by Council at its meeting held on 15 July 2014. The *Purchasing Policy* includes the statement:

"The City is committed to developing and maintaining purchasing systems and practices that ensure goods and services are obtained in an equitable and transparent manner that complies with applicable legislation and delivers value for money."

The policy gives the City's commitment and approach to risk management principles, systems and processes.

Purchasing Protocols

During 2014 the City updated its purchasing protocols with regard to:

Relevance – Inserting relevant information and deleting duplicated information. Also including amendments to reflect system changes and clarification of information

Consolidation – Incorporating information from related protocols into one protocol, where possible

Update references – Information on the front page, including listing related policies, protocols and forms

Alignment with related policies – Ensuring consistency with the *Purchasing Policy* approved in July 2014 (CJ126-07/14 refers), the amended *Sustainability Policy* approved in June 2013 (CJ115-06/13 refers) and the City's Code of Conduct.

Compliance Calendar

A Compliance Calendar has been developed which outlines the City's obligations for statutory reporting, legislative compliance or formal submissions that are required under various legislative provisions. This was endorsed by the Chief Executive Officer in July 2014 and progress will be reported to the Chief Executive Officer on a monthly basis.

Taskforces and Audit Committee

Risk Management Taskforce

The City has in place a Risk Management Taskforce that meets on a quarterly basis to discuss major risk issues that may arise within the City. The Terms of Reference and membership of the Taskforce has recently been reviewed and updated. The membership includes the Chief Executive Officer, Director Corporate Services, Director Infrastructure Services, Manager Executive and Risk Services, Internal Auditor and other various City officers.

Financial Review Taskforce

The Financial Review Taskforce has a clear focus on best practice financial management and the future financial sustainability of the City. Permanent agenda items include salaries and wages, capital expenditure, fleet and plant replacement, maintenance operation expenditure, Capital Works Program and purchasing compliance.

The membership includes the Director Corporate Services, Director Infrastructure Services, Director Governance and Strategy, Manager Financial Services and Internal Auditor. The Chief Executive Officer is an ex-officio member. Managers and financial officers responsible for those agenda items listed above also attend to provide clarification to issues raised.

External Member of Audit Committee

In January 2013 the external member of the Audit Committee submitted his resignation and attempts to appoint a replacement have been unsuccessful. This has resulted in the City losing an additional independent oversight element to risk management that is not influenced by other issues before Council. A report by the Chief Executive Officer will be presented to the Audit Committee to consider options for the appointment of a new external member.

Audits / Reviews / Assessments

2014-15 Executive and Risk Services Program

The Executive and Risk Services Program sets out the program of audits to guide audit activity and other monitoring and reviewing activities to be undertaken and was presented to the Audit Committee at its meeting held on 4 August 2014.

The program incorporates the Internal Audit Program which sets out the internal audit activity to be carried out by the City's Internal Auditor (who reports directly to the Chief Executive Officer for assigned activities). The Internal Audit Program is established in consultation between the Chief Executive Officer and the Internal Auditor and where appropriate includes input from Directors or Managers to address areas that present risks to the City's operations. Internal audit is an independent appraisal service, and audit activity is an important element of risk management and a contributor to the mitigation of risk. The Internal Audit Program and relevant audits are also reviewed by an external auditor as part of the annual financial audit.

Audits that have been completed or currently being undertaken include:

- systems and processes in relation to the operation of CCTV and surveillance devices
- gift registers and primary returns
- financial counselling service (emergency relief funding)
- risk management plans for major City events
- review of access rights within the City's purchasing system

Purchasing Compliance

The City identified issues relating to non-compliance in purchasing practices which was investigated internally and by engaging independent consultants William Buck. The consultant's report was presented to the Audit Committee at its meeting held on 18 March 2013. A further follow-up audit was requested by the Audit Committee and this report was presented to the Audit Committee at its meeting held on 10 March 2014. The City continues to monitor purchasing compliance by way of weekly reports and an agenda item at every monthly meeting of the Financial Review Taskforce.

Fraud and Misconduct Risk Assessment

The City has engaged KPMG to undertake a fraud and misconduct risk assessment into its procurement practices. This assessment is intended to identify any gaps in the current internal controls for which mechanisms will be implemented to further reduce risks in this area and is due for completion by 30 June 2015.

Compliance Audit Return

The City continues to complete the annual Compliance Audit Return and return it to the Department of Local Government and Communities by the required deadline. The Return focuses on key areas of legislation and the City has consistently demonstrated a high level of compliance. The Return is presented to the Audit Committee, even before the legislative requirement to do so was introduced, and the Council.

External Audit Services

Annual financial audit – As required by section 7.2 of the *Local Government Act 1995*, the City appointed Grant Thornton for a three year period to audit its accounts and annual financial report. Grant Thornton is a well-established audit firm with significant industry experience and the capacity to provide the services to the City.

Four yearly review of financial management systems – As required by Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, the City is currently seeking quotations from suitable independent consultants to undertake a four yearly review of the City's financial management systems.

Legislation / Strategic Community Plan / policy implications

Legislation	<i>Local Government (Audit) Regulations 1996.</i>
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 amendments to the *Local Government (Audit) Regulations 1996* will enhance the reporting of the City's approach to risk management, internal controls and legislative compliance with increased transparency and involvement for the Elected Members.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

Before the amendments to the *Local Government (Audit) Regulations 1996* the City's normal practice has been to bring to the attention of the Audit Committee issues and developments relating to internal control, risk management and legislative compliance. Since the amendments were introduced the City has continued to review and improve its systems to ensure effective monitoring of risk management programs, the maintenance of sound internal controls, and that a strong attitude toward legislative compliance persists.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Amphlett, **SECONDED** Cr Ritchie that Council **NOTES** the results of the Chief Executive Officer's review of the appropriateness and effectiveness of the City's systems in regard to risk management, internal control and legislative compliance.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs McLean, Amphlett, Norman, Ritchie and Taylor.

ITEM 3 STATUS REPORT – COST EFFICIENCY AND SERVICE REVIEWS PROGRAM

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	103906
ATTACHMENT	Attachment 1 Progress of Cost Efficiency and Service Reviews Program Attachment 2 Full List of Activities
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 Council to note the progress of the cost efficiency and service reviews program.

EXECUTIVE SUMMARY

Since July 2013 the City has been undertaking reviews of activities in order to identify areas to reduce costs by eliminating and identifying waste and improving efficiency and effectiveness throughout the City's operations.

It is therefore recommended that Council NOTES the progress of the cost efficiency and service reviews program.

BACKGROUND

At the Audit Committee meeting held on 4 August 2014 the Chief Executive Officer provided an update of the activities relating to the program of cost efficiency, service reviews and the approach to be undertaken.

The Chief Executive Officer initiated an extensive program of reviews to be undertaken of a number of the City's activities in order to identify opportunities for increasing efficiencies, reducing waste and reducing the costs of the services.

The intent of the cost efficiency and service reviews program is to enable the City to demonstrate effectiveness and efficiency of services provided. The reviews are aimed at identifying opportunities for:

- service and activity improvements
- assisting longer-term financial sustainability
- ensuring value for money and operational efficiency

- service level adjustments
- considering alternative modes of service delivery
- improved utilisation of available resources.

At its meeting held on 18 March 2014 (Item C10-03/14 refers), Council requested the Chief Executive Officer to prepare a report (among other things) on the options and alternative mechanisms to review and analyse levels of expenditure of City services and activities with the objective of improving efficiency (cost reduction) of the City's operations and services.

DETAILS

The resources to undertake the reviews listed below have been a mix of internal expertise (as there is a need of familiarity with the City's operations and challenges faced) and an external consulting firm:

- City's Fleet Utilisation and Operating Costs.
- Building Maintenance, Cleaning and Utility Consumption of City Buildings.
- Selected Civic Events and Cultural Events.
- Traffic Management Control.
- Plumbing Services Tender.
- Electrical Services Tender.
- Christmas Decorations.
- City Building Rental.
- Domestic and Recycling Collections.
- Street Lighting (Decorative and Non-Western Power Assets).
- Street Tree Maintenance.

Attachment 1 provides details of the review scopes and progress of the cost efficiency and service reviews program.

A further consultant commenced on 6 October 2014 to interview staff members, detail observations and recommendations, determine whether any cost reductions can be realised and determine process improvements and the associated implementation plans. This consultant has extensive expertise in continuous and business improvement, quality management and the *Australian Business Excellence Framework* (which is an integrated leadership and management system that describes the elements essential to organisations sustaining high levels of performance). The addition of this independent consultant will eliminate any internal influence of the review findings.

Additionally, the City has engaged Deloitte to undertake an independent appraisal of its approach to reviewing its services and activities.

Attachment 2 provides a full list of activities of the Cost Efficiency and Service Reviews Program.

Legislation / Strategic Community Plan / policy implications

Legislation Not applicable.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Continuously strive to improve performance and service delivery across all corporate functions.

Policy Not applicable.

Risk management considerations

The review of the City's activities will ensure the effective and efficient allocation of resources and service levels. Cost efficiency targets are essential to ensure the City's *20 Year Strategic Financial Plan* and *Strategic Community Plan* is achievable.

Financial / budget implications2014-15 financial year impact

Account no.	1.210.A2101.3265.0000
Budget Item	Consultancy.
Budget amount	\$50,000
Amount spent to date	\$16,357
Proposed cost	\$48,125

Account no.	1.210.A2301.3265.0000
Budget Item	Consultancy.
Budget amount	\$50,000
Amount spent to date	\$0
Proposed cost	\$21,260

Regional significance

Not applicable.

Sustainability implications

Cost efficiency and service reviews will contribute to the long term financial sustainability of the City and strengthen capacity to achieve the key objectives of the *Strategic Community Plan*.

Consultation

Not applicable.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Amphlett, **SECONDED** Cr Taylor that Council **NOTES** the progress of the cost efficiency and service reviews program.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs McLean, Amphlett, Norman, Ritchie and Taylor.

Appendix 2 refers

To access this attachment on electronic document, click here:
[Attach2agnAUDIT131014.pdf](#)

ITEM 4 CONFIDENTIAL REPORT - INCIDENT AT CRAIGIE LEISURE CENTRE (21 AUGUST 2014)

WARD	Central
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	104415
ATTACHMENT	Attachment 1 Preventative Maintenance Contractor Report Attachment 2 Further Detailed Inspection Report
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 permits the meeting to be closed to the public for business relating to the following:

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.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Norman, SECONDED Cr Amphlett that the Audit Committee NOTES the details of an incident at Craigie Leisure Centre on 21 August 2014.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs McLean, Amphlett, Norman, Ritchie and Taylor.

URGENT BUSINESS

Nil.

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 8.15pm; the following Committee Members being present at that time:

Cr Tom McLean, JP
Cr Geoff Amphlett, JP
Cr Mike Norman
Cr Teresa Ritchie, JP
Cr Philippa Taylor