

**LATE ITEM NO 2 – COUNCIL MEETING
14 MARCH 2006**

**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 7 MARCH
2006 - [50068]**

WARD: All

RESPONSIBLE Mr Garry Hunt
DIRECTOR: Office of the CEO

PURPOSE

To submit the minutes of the Audit Committee to Council for noting.

EXECUTIVE SUMMARY

A meeting of the Audit Committee was held on 7 March 2006, with the following items being discussed:

- 2005 Compliance Audit Return
- Quarterly Report – Corporate Credit Card Usage

It is recommended that Council NOTES the minutes of the Audit Committee meeting held on 7 March 2006 forming Attachment 1 to this Report.

BACKGROUND

The Council's Audit Committee was established in May 2001 to oversee the internal and external Audit, Risk Management and Compliance functions of the City. The City has also employed an internal auditor since May 2002.

DETAILS

A meeting of the Audit Committee was held on 7 March 2006, and the minutes are attached for noting – Attachment 1 refers.

Issues and options considered:

As contained within the minutes of the Audit Committee.

Link to Strategic Plan:

- 4.2.1 Provide efficient and effective service delivery
- 4.3.3 Provide fair and transparent decision-making processes

Legislation – Statutory Provisions:

Section 5.8 of the Local Government Act 1995 provides for a local government to establish a committee to assist Council.

Local Government Amendment Act 2004

Amendments to the Act regarding audit include the insertion of a new division 7.1A entitled “Audit Committee”. The new division deals with the establishment, membership, decision-making and duties that a local government can delegate to an Audit Committee. It also includes a new section 7.12A dealing with “Duties of local government with respect to audits”.

Local Government (Audit) Amendment Regulations 2005

Amendments have been made on several minor issues such as definitions and interpretations. The most significant change has been the inclusion of new regulation 16, which deals with the “Functions of the Audit Committee”

Risk Management considerations:

Not Applicable.

Financial/Budget Implications:

Not Applicable.

Policy implications:

Not Applicable.

Regional Significance:

Not Applicable.

Sustainability implications:

Not Applicable.

Consultation:

Not Applicable.

COMMENT

The minutes of the Audit Committee meeting held on 7 March 2006 are submitted to Council for noting.

ATTACHMENTS

Attachment 1 Minutes of the Audit Committee meeting held 7 March 2006.

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That Council NOTES the minutes of the Audit Committee meeting held on 7 March 2006 forming Attachment 1 to this Report.

CITY OF JOONDALUP

**MINUTES OF MEETING OF THE AUDIT COMMITTEE HELD IN CONFERENCE ROOM 2,
JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY, 7 MARCH 2006**

ATTENDANCE

Committee Members:

CMR M ANDERSON - Chairman
CMR J PATERSON
CMR P CLOUGH *from 1725 hrs*
CMR S SMITH

Officers:

MR G HUNT	Chief Executive Officer	<i>Absent from 1744 hrs to 1750 hrs</i>
MR P SCHNEIDER	Director, Corporate Services	
MR K ROBINSON	Manager, Audit & Executive Services	
MR M SMITH	Manager, Marketing, Communications & Council Support	
MR B BARTSH	Internal Auditor	
MRS L TAYLOR	Minute Clerk	

DECLARATION OF OPENING

The Chairman declared the meeting open at 1708 hrs.

APOLOGIES/LEAVE OF ABSENCE

Apology - Cmr Fox

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 28 NOVEMBER 2005

MOVED Cmr Smith, SECONDED Cmr Paterson that the Minutes of the meeting of the Audit Committee held on 28 November 2005 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (3/0)

In favour of the Motion: Cmr Anderson, Paterson and Smith

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil.

DECLARATIONS OF INTERESTS

Disclosure of Financial Interests

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter the subject of the declaration. An employee is required to disclose their financial interest and if required to do so by the Council must disclose the extent of the interest. Employees are required to disclose their financial interests where they are required to present verbal or written reports to the Council. Employees are able to continue to provide advice to the Council in the decision making process if they have disclosed their interest.

Name/Position	Mr Garry Hunt - Chief Executive Officer
Item No/Subject	Item 2 – Quarterly Report – Corporate Credit Card Usage
Nature of interest	Financial
Extent of Interest	Relates to CEO credit card expenditure

Disclosure of interest affecting impartiality

Commissioners and staff are required under the Code of Conduct, in addition to declaring any financial interest, 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 Commissioner/employee is also encouraged to disclose the nature of the interest.

Name/Position	Mr Peter Schneider – Director Corporate Services
Item No/Subject	Item 1 – 2005 Compliance Audit Return
Nature of interest	Interest that may affect impartiality
Extent of Interest	Mr Schneider is an auditee of the 2005 Compliance Return

Name/Position	Mr Peter Schneider - Director Corporate Services
Item No/Subject	Item 2 – Quarterly Report – Corporate Credit Card Usage
Nature of interest	Interest that may affect impartiality
Extent of Interest	Reporting nature to the CEO

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

Nil.

PETITIONS AND DEPUTATIONS

Nil.

Disclosure of interest affecting impartiality

Name/Position	Mr Peter Schneider – Director Corporate Services
Item No/Subject	Item 1 – 2005 Compliance Audit Return
Nature of interest	Interest that may affect impartiality
Extent of Interest	Mr Schneider is an auditee of the 2005 Compliance Return

ITEM 1 2005 COMPLIANCE AUDIT RETURN - [09492] [50068]**WARD:** All**RESPONSIBLE** Mr Garry Hunt
DIRECTOR: Office of CEO**PURPOSE**

To present the completed 2005 Compliance Audit Return to the Audit Committee prior to its submission to the Council for final adoption.

EXECUTIVE SUMMARY

The City has completed the Department of Local Government's compliance audit return for the period 1 January 2005 to 31 December 2005.

BACKGROUND

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

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

DETAILS**Issues and options considered:**

The completed return is an attachment to this report.

To enable all of its statutory requirements to be met necessary initiatives have been put in place to ensure a thorough and ongoing compliance process.

Link to Strategic Plan:

4.1 To manage the business in a responsible and accountable manner.

Legislation – Statutory Provisions:

The completed return is an attachment to this report.

To enable all of its statutory requirements to be met necessary initiatives have been put in place to ensure a thorough and ongoing compliance process.

The return indicates compliance, with the exception of:

- Section F (Meeting Process) number 22;
- Section I (Finance) number 25;

With regard to non-compliant sections, the following explanatory notes are offered:

Section F (Meeting Process):

22 On two occasions, motions were not supported by at least 1/3 of Council. However on both occasions the decisions to revoke were carried by an absolute majority.

Section I (Finance):

25 It appears that the advertisement for the Night Markets Fees and Charges was not placed. The Fees and Charges have been subsequently advertised.

Risk Management considerations:

The risk associated with the Council failing to consider the Compliance Audit Return would result in non-compliance with the legislative requirements of the Local Government Act 1995.

Policy implications:

Not Applicable.

Regional Significance:

Not Applicable.

Sustainability implications:

Not Applicable.

Consultation:

Not Applicable.

COMMENT

The Internal Auditor has undertaken a review and the return is now presented to the Audit Committee for consideration prior to submitting it to the Council for final adoption. Following the adoption of the Compliance Audit Return, the Chairman and the Chief Executive Officer will jointly certify it.

ATTACHMENTS

Attachment 1 2005 Compliance Audit Return

VOTING REQUIREMENTS

Simple Majority

Note: It is a requirement of the Return that details of voting be recorded in the Minutes.

OFFICER'S RECOMMENDATION: That the Audit Committee recommends to the Council that it:

- 1 ADOPTS THE COMPLETED LOCAL GOVERNMENT COMPLIANCE RETURN FOR THE PERIOD 1 JANUARY 2005 TO 31 DECEMBER 2005;
- 2 IN ACCORDANCE WITH REGULATION 15 OF THE LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996, SUBMITS THE COMPLETED LOCAL GOVERNMENT COMPLIANCE RETURN TO THE EXECUTIVE DIRECTOR.

DISCUSSION ENSUED IN RELATION TO THE 2005 COMPLIANCE AUDIT RETURN WITH A NUMBER OF QUESTIONS BEING RAISED WITH REGARD TO NON-COMPLIANCE ISSUES WITHIN THE RETURN.

Cmr Clough entered the Room at 1725 hrs.

MOVED Cmr Paterson, SECONDED Cmr Clough that:

- 1 in relation to discussions and comments at the Audit Committee meeting held on 7 March 2006 in respect to the 2005 Compliance Return, the officers investigate queries raised and make any appropriate amendments prior to the Council meeting scheduled to be held on 14 March 2006;
- 2 it be noted that Pages 11 – 16 are supporting documents only to the summary as shown on stamped page 9 and should be deleted;
- 3 subject to the queries in (1) above being investigated, the Audit Committee subsequently recommends to the Council the adoption of the completed Local Government Compliance return for the period 1 January 2005 to 31 December 2005;

- 4 in accordance with Regulation 15 of the Local Government (Audit) Regulations 1996, Council submits the completed Local Government Compliance Return to the Executive Director.

The Motion was Put and

CARRIED (4/0)

In favour of the Motion: Cmr Anderson, Paterson, Clough and Smith

Disclosure of Financial Interests

Name/Position	Mr Garry Hunt - Chief Executive Officer
Item No/Subject	Item 2 – Quarterly Report – Corporate Credit Card Usage
Nature of interest	Financial
Extent of Interest	Relates to CEO credit card expenditure

Disclosure of interest affecting impartiality

Name/Position	Mr Peter Schneider - Director Corporate Services
Item No/Subject	Item 2 – Quarterly Report – Corporate Credit Card Usage
Nature of interest	Interest that may affect impartiality
Extent of Interest	Reporting nature to the CEO

Chief Executive Officer left the Room at 1744 hrs.

ITEM 2 QUARTERLY REPORT- CORPORATE CREDIT CARD USAGE - [09882] [18049]

WARD: All

RESPONSIBLE DIRECTOR: Mr Peter Schneider
Corporate Services

PURPOSE

The purpose of this report is to provide the Audit Committee with details of the corporate credit card usage of the CEO for the quarter ended 30 September 2005.

EXECUTIVE SUMMARY

At its meeting held on 11 October 2005, Council resolved inter alia that a quarterly report on the corporate credit card usage of the CEO and Mayor is to be prepared and presented to the Audit Committee - CJ210-10/05 refers. The report for the quarter ended 30 September 2005 is attached.

It is recommended that Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 30 September 2005.

BACKGROUND

The information to be provided in the Warrant of Payments on the usage of corporate credit cards was the subject of extensive investigation by the City, details of which were reported to Council on 11 October 2005.

Following its deliberation, it was resolved that Council:

- 1 *AGREES THAT THE PAYEE NAME BE PROVIDED ON THE SINGLE LINE CREDIT CARD PAYMENTS INCLUDED IN THE WARRANT OF PAYMENTS;*
- 2 *AMENDS THE WORDING OF THE RECOMMENDATION IN THE WARRANT OF PAYMENTS REPORT TO REFLECT THE CEO'S DELEGATED POWER TO MAKE PAYMENTS AND COUNCILS PROCEDURAL ROLE IN NOTING THE REPORT;*
- 3 *REQUESTS THAT THE DIRECTOR OF CORPORATE SERVICES PREPARE A QUARTERLY REPORT FOR THE AUDIT COMMITTEE ON THE CORPORATE CREDIT CARD USAGE OF THE CEO AND MAYOR.*

DETAILS

At its meeting held on 11 October 2005, Council considered the advice received from the City's legal representatives, the City's Auditors and the Department of Local Government on the details to be provided in the Warrant of Payments in relation to credit cards. Following its deliberation Council, inter alia, requested the Director of Corporate Services to prepare a quarterly report for the Audit Committee on the corporate credit card usage of the CEO and Mayor.

The quarterly report as requested is provided at Attachment 1.

Issues and options considered:

As provided in CJ210 – 10/05.

Link to Strategic Plan:

The list of payments links to the Strategic Plan outcome of: "The City of Joondalup is a sustainable and accountable business" and in particular objective 4.1 which is "to manage the business in a responsible and accountable manner".

Legislation – Statutory Provisions:

Regulation 13 of the Local Government (Financial Management) Regulations 1996

Risk Management considerations:

Council has delegated authority to the CEO to develop procedures for the authorisation, payment and approval of accounts. The City currently has in place procedures to cover the above, inclusive of Corporate Procedure 5.9 Use of Credit/Charge Cards. These procedures were reviewed following an internal directorate examination, forensic audit and internal audit, which was the subject of a separate report to the audit committee. The procedure covers

matters such as the issue and return of credit cards, lost or stolen cards, what purchases can be made by credit cards, credit card limits and approval of expenditure, documentation requirements and management review.

Financial/Budget Implications:

Not Applicable.

Policy Implications:

Not Applicable.

Regional Significance:

Not Applicable.

Sustainability Implications:

By ensuring that expenditure is incurred in accordance with procedures and within budget parameters, financial viability and sustainability is maintained.

Consultation:

Not Applicable.

COMMENT

The CEO's credit card usage is in accordance with procedure 5.9 Use of Credit/Charge Cards and the Contract of Employment of the CEO, with all expenditure being business related.

ATTACHMENTS

Attachment 1 CEO Quarterly Credit Card Expenditure for the Quarter Ended 30 September 2005

OFFICER'S RECOMMENDATION: That the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 30 September 2005.

MOVED Cmr Paterson, SECONDED Cmr Clough that:

- 1 the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 30 September 2005;**
- 2 any expense item in accordance with the CEO's employment contract be noted as authorised by the Director Corporate Services.**

Discussion ensued regarding credit card usage by the CEO and it was noted that all credit card usage had been authorised by the Director Corporate Services and was in accordance with the CEO's Contract of Employment and the City's credit card usage guidelines.

The Motion was Put and

CARRIED (4/0)

In favour of the Motion: Cmrs Anderson, Paterson, Clough and Smith

Chief Executive Officer entered the Room at 1750 hrs.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

CLOSURE

There being no further business, the Chairman declared the Meeting closed at 1751 hrs; the following Commissioners being present at that time:

CMR J PATERSON
CMR P CLOUGH
CMR M ANDERSON
CMR S SMITH