

AGENDA

Audit Committee

MEETING OF THE AUDIT COMMITTEE

TO BE HELD ON

MEETING DATE



THURSDAY 16 AUGUST 2007

commencing at 6.30 pm

in Conference Room 2
JOONDALUP CIVIC CENTRE,
BOAS AVENUE, JOONDALUP



GARRY HUNT
Chief Executive Officer
10 August 2007

www.joondalup.wa.gov.au



City of
Joondalup

CITY OF JOONDALUP

Notice is hereby given that a meeting of the **AUDIT COMMITTEE** will be held in Conference Room 2, Joondalup Civic Centre, Boas Avenue, Joondalup on **THURSDAY 16 AUGUST 2007** commencing at 6.30 pm.

GARRY HUNT
Chief Executive Officer
10 August 2007

Joondalup
Western Australia

AGENDA

Committee Members

Cr Tom McLean – Presiding Person
Cr Steve Magyar – Deputy Presiding Person
Mayor Troy Pickard
Cr Marie Macdonald
Cr Michele John
Cr Sue Hart
Cr Richard Currie

Terms of Reference

To oversee the internal and external Audit and Risk Management and Compliance functions of the City.

DECLARATION OF OPENING

APOLOGIES/LEAVE OF ABSENCE

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT COMMITTEE HELD 6 MARCH 2007

RECOMMENDATION

That the minutes of the meeting of the Audit Committee held on 6 March 2007 be confirmed as a true and correct record.

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

DECLARATIONS OF INTEREST

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.

Disclosure of interest affecting impartiality

Elected Members 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 Elected Member/employee is also encouraged to disclose the nature of the interest.

Name/Position	Mr Garry Hunt – Chief Executive Officer
Item No/Subject	Item 1 Quarterly report – Corporate Credit Card Usage to 31 March 2007
Nature of interest	Interest that may affect impartiality
Extent of interest	Relates to CEO credit card expenditure

Name/Position	Mr Garry Hunt – Chief Executive Officer
Item No/Subject	Item 2 Quarterly report – Corporate Credit Card Usage to 30 June 2007
Nature of interest	Interest that may affect impartiality
Extent of interest	Relates to CEO credit card expenditure

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

PETITIONS AND DEPUTATIONS

REPORTS

ITEM 1 QUARTERLY REPORT - CORPORATE CREDIT CARD Page 4
USAGE TO 31 MARCH 2007

ITEM 2 QUARTERLY REPORT - CORPORATE CREDIT CARD Page 6
USAGE TO 30 JUNE 2007

ITEM 3 HALF-YEARLY REPORT - CONTRACT EXTENSIONS Page 8

ITEM 4 WRITE OFF OF MONIES Page 11

ITEM 5 INTERNAL AUDIT PLAN Page 14

This report will be provided to Committee Members under separate cover prior to the Committee meeting.

ITEM 6 INTERNAL AUDIT ASSIGNMENT Page 15

This report will be provided to Committee Members under separate cover prior to the Committee meeting.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION****CLOSURE**

ITEM 1 QUARTERLY REPORT - CORPORATE CREDIT CARD USAGE TO 31 MARCH 2007 – [09882, 18049]

WARD: All

RESPONSIBLE Mr Mike Tidy
DIRECTOR: Director 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 31 March 2007.

EXECUTIVE SUMMARY

The report of the CEO's credit card usage for the quarter ended 31 March 2007 is attached.

It is recommended that the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 31 March 2007.

BACKGROUND

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

DETAILS

The report listing all credit card payments made by the CEO for the quarter, including bank fees, is set out in Attachment 1.

Issues and options considered:

As provided in CJ210 – 10/05.

Link to Strategic Plan:

The report on credit card usage 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 11(1) of the Local Government (Financial Management) Regulations 1996 requires a local government to develop procedures for the authorisation and payment of accounts to ensure that there is effective security for, and properly authorised use of credit cards.

Risk Management considerations:

In accordance with the City's Corporate Procedure 5.9 Use of Credit/Charge Cards, the CEO's credit card has a maximum limit of \$5,000. All expenditure incurred by the CEO by way of credit card is authorised by the Director Corporate Services. It is also a requirement, by resolution of Council, that the CEO's credit card expenditure is reviewed by the Audit Committee on a quarterly basis. The procedure additionally covers matters such as the issue and return of credit cards, lost or stolen cards, what purchases can be made by credit cards, documentation requirements and management review.

Financial/Budget Implications:

N/A

Policy implications:

N/A

Regional Significance:

N/A

Sustainability implications:

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

Consultation:

N/A

COMMENT

The CEO's credit card usage is in accordance with Corporate Procedure 5.9 - Use of Credit/Charge Cards - and the Contract of Employment of the CEO, with all expenditure being business related and authorised by the Director Corporate Services.

ATTACHMENTS

Attachment 1 - CEO Credit Card Expenditure for the Quarter Ended 31 March 2007.

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 31 March 2007.

Appendix 1 refers.

ITEM 2 QUARTERLY REPORT- CORPORATE CREDIT CARD USAGE TO 30 JUNE 2007 – [09882, 18049]

WARD: All

RESPONSIBLE Mr Mike Tidy
DIRECTOR: Director 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 June 2007.

EXECUTIVE SUMMARY

The report of the CEO's credit card usage for the quarter ended 30 June 2007 is attached.

It is recommended that the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 30 June 2007.

BACKGROUND

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

DETAILS

The report listing all credit card payments made by the CEO for the quarter, including bank fees, is set out in Attachment 1.

Issues and options considered:

As provided in CJ210 – 10/05.

Link to Strategic Plan:

The report on credit card usage 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 11(1) of the Local Government (Financial Management) Regulations 1996 requires a local government to develop procedures for the authorisation and payment of accounts to ensure that there is effective security for, and properly authorised use of credit cards.

Risk Management considerations:

In accordance with the City's Corporate Procedure 5.9 Use of Credit/Charge Cards, the CEO's credit card has a maximum limit of \$5,000. All expenditure incurred by the CEO by way of credit card is authorised by the Director Corporate Services. It is also a requirement, by resolution of Council, that the CEO's credit card expenditure is reviewed by the Audit Committee on a quarterly basis. The procedure additionally covers matters such as the issue and return of credit cards, lost or stolen cards, what purchases can be made by credit cards, 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 Corporate Procedure 5.9 - Use of Credit/Charge Cards - and the Contract of Employment of the CEO, with all expenditure being business related and authorised by the Director Corporate Services.

ATTACHMENTS

Attachment 1 - CEO Credit Card Expenditure for the Quarter Ended 30 June 2007.

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION

That the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 30 June 2007.

Appendix 2 refers.

ITEM 3 HALF-YEARLY REPORT - CONTRACT EXTENSIONS – [07032]

WARD: All

RESPONSIBLE Mr Mike Tidy
DIRECTOR: Director Corporate Services

PURPOSE

The purpose of this report is to provide the Audit Committee with details of contracts extended by the Chief Executive Officer between January 2007 and June 2007.

EXECUTIVE SUMMARY

The report of contracts extended by the Chief Executive Officer during the half-year from 1 January 2007 to 30 June 2007 is provided in Attachments 1 and 2.

It is recommended that the Audit Committee NOTES the report detailing contracts extended by the CEO during the period January 2007 to June 2007.

BACKGROUND

At its meeting held on 1 November 2005, 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 – CJ231-11/05 refers.

DETAILS

Council has delegated to the CEO 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.

Issues and options considered:

The report detailing contracts extended by the CEO is provided at Attachments 1 and 2.

Link to Strategic Plan:

The report of contracts extended by the CEO 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:

The City's legal advice is that under section 5.41(d) of the Local Government Act the CEO may be delegated the power to extend a contract – provided the CEO does not extend the contract beyond the "total term of the contract" specified by the Council in the resolution.

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.

Policy implications:

Not applicable

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 CEO under delegated authority, which have subsequently been extended by the CEO during the period from January 2007 to June 2007.

ATTACHMENTS

Attachment 1 - Extensions of Council's originally approved contracts

Attachment 2 - Extensions of CEO originally approved contracts

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION

That the Audit Committee NOTES the report detailing contracts extended by the CEO during the period January 2007 to June 2007.

Appendix 3 refers.

ITEM 4 WRITE OFF OF MONIES – [07032]

WARD: All

RESPONSIBLE Mr Mike Tidy
DIRECTOR: Director Corporate Services

PURPOSE

To report to the Audit Committee on monies written off under delegated authority.

EXECUTIVE SUMMARY

Amounts written off under delegated authority during the six months ended on 30 June 2007 totalled \$11,507.87 of which six items totalling \$7,740.91 were over \$100 each and were considered un-recoverable. The remaining balance of \$3,766.96 was made up of 2,806 small amounts for which the recovery cost was considered prohibitive.

It is recommended that the Audit Committee receives the report of amounts written off under delegated authority for the period January 2007 to June 2007.

BACKGROUND

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

By authority of section 5.42 of the Act, the Council delegated this authority to the CEO, who in turn, under section 5.44, delegated his authority to nominated employees, up to the limits provided in the instrument of delegation.

DETAILS**Issues and options considered:**

At its meeting held on 6 June 2006 (CJ 079-06/06) Council approved -inter alias- to delegate to the CEO the authority to write- off monies owed to the City, subject to a report being provided to the Audit Committee on a six (6) monthly basis on the exercise of this delegation for amounts between \$100 and \$20,000.

During the six month ended on 30 June 2007 a total amount of \$11,507.87 was written off, of which six items totalling \$7,740.91 exceeded \$100 each details of which are provided in Attachment 1.

The remaining amount of \$3,708.71 was made up of small Rates balances ranging from one cent to five dollars each, representing in the main, rounding decimals or penalty interest charged for a few days late payment where ratepayers did not pay the penalty and the cost of collection was, for all practical purposes, proving to be uneconomical. This in addition to two other small debts totalling \$58.25 that are considered un-recoverable.

Link to Strategic Plan:

4.3.3 Provide fair and transparent decision-making processes.

Legislation – Statutory Provisions:

Section 6.12 (1)(c) of the Local Government Act 1995

Risk Management considerations:

Amounts written off are small in value and are either unrecoverable or uneconomical to recover, none of which represents a noteworthy financial risk to the City.

Financial/Budget Implications:

Amounts of Rates written off are charged back to the Rate account originally credited and get adjusted against the Rate revenue for the year. A provision for doubtful debts is created to account for unrecoverable debts, none of which is financially material.

Policy implications:

Delegation of Authority

Regional Significance:

Not applicable

Sustainability implications:

Not applicable

Consultation:

Not applicable

COMMENT

Monies written off under delegated authority totalled \$11,507.87, of which six items totalling \$7,740.91 exceeded the \$100 reporting threshold as detailed in the attachment. No amount is written off without exhaustive collection effort unless the cost of collection becomes prohibitive.

ATTACHMENTS

Attachment 1 Spreadsheet for Write Off of Monies for 1.01.2007 to 30.06.2007

VOTING REQUIREMENTS

Simple majority

RECOMMENDATION

That the Audit Committee RECEIVES the report of monies written off under delegated authority for the period January 2007 to June 2007.

Appendix 4 refers.

ITEM 5 INTERNAL AUDIT PLAN

This report will be provided to Committee Members under separate cover prior to the Committee meeting.

ITEM 6 INTERNAL AUDIT ASSIGNMENT

This report will be provided to Committee Members under separate cover prior to the Committee meeting.