

AGENDA

Audit Committee

MEETING OF THE AUDIT COMMITTEE

TO BE HELD ON

MEETING DATE



TUESDAY, 4 DECEMBER 2007

commencing at 5.15 pm

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



GARRY HUNT
Chief Executive Officer
30 November 2007

www.joondalup.wa.gov.au

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 **TUESDAY, 4 DECEMBER 2007** commencing at **5.15 pm**

GARRY HUNT
Chief Executive Officer
30 November 2007

Joondalup
Western Australia

AGENDA

Committee Members

<i>Cr Tom McLean</i>	<i>Presiding Person</i>
<i>Cr Marie Macdonald</i>	<i>Deputy Presiding Person</i>
<i>Mayor Troy Pickard</i>	
<i>Cr Albert Jacob</i>	
<i>Cr Michele John</i>	
<i>Cr Fiona Diaz</i>	
<i>Vacant</i>	

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 20 NOVEMBER 2007

RECOMMENDATION

That the minutes of the meeting of the Audit Committee held on 20 November 2007 be confirmed as a true and correct record.

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

DECLARATIONS OF INTEREST

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

PETITIONS AND DEPUTATIONS

REPORTS

Item 1	APPOINTMENT OF EXTERNAL MEMBER OF AUDIT COMMITTEE	Page 3
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MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

CLOSURE

ITEM 1 APPOINTMENT OF EXTERNAL MEMBER OF AUDIT COMMITTEE - [50068]

WARD: All

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

PURPOSE

For the Committee to consider the appointment of an external member to the Audit Committee.

EXECUTIVE SUMMARY

The Terms of Reference of the Audit Committee provide for an external member, i.e. not a Council member or staff member, to be appointed to the Audit Committee. An invitation to express an interest in becoming an external member of the Audit Committee was advertised in October 2007 in both the Joondalup and Wanneroo Times and resulted in three responses being received. All the respondents reside in the City of Joondalup.

It is recommended that Council APPOINTS one of the respondents as an external member to the Audit Committee.

BACKGROUND

The City of Joondalup's Audit Committee Charter provides in Section 4 for dealing with Membership for the appointment of one representative to the Audit Committee who is external to the operations of the City of Joondalup. In August 2006 Council amended the Audit Committee Charter in relation to the external member representative to include a new clause 4.7

"When appointing the external member to the Audit Committee as detailed within the Audit Charter, the Council may prefer to appoint a person who is enrolled to vote in the elections for the City of Joondalup in accordance with the provisions of the Local Government Act, 1995".

In September 2006 the position of external member on the Audit Committee was advertised in the West Australian with expressions of interest sought from suitably qualified and experienced persons. One response was received from a person who did not reside in the City of Joondalup and had no entitlement to vote in the elections for the City.

It was therefore recommended that the application be declined and that the City readvertise in the local press to directly target City of Joondalup residents.

Council at its meeting of 27 March 2007 (CJ043-03/07 - Minutes of Audit Committee Meeting held on 6 March 2007) resolved as follows –

“That the City READVERTISES for an external member representative on the Audit Committee for the term October 2007 to October 2009 in the Joondalup and Wanneroo Times only.”

Advertisements were placed in the Wanneroo and Joondalup Times on 30 October 2007 and 1 November 2007 respectively, seeking expressions of interest from suitably qualified persons to become an external member of the Audit Committee. Three responses were received. Copies of those responses are included as Attachment 2.

DETAILS

Issues and options considered:

Interested persons were requested to forward information by close of business 16 November 2007. One respondent's details (Peter B Smith) were not received until 20 November 2007 although it is recommended that this should not exclude him from being considered as the external member of the Audit Committee.

All three respondents are either a member of Certified Practising Accountants (CPA) Australia or Institute of Chartered Accountants Australia and have backgrounds in business and financial management and reporting.

The inclusion of a new clause 4.7 as set out in the background above reflects the Council's preference for a person who resides within the City of Joondalup to be the external member of the Audit Committee. All three respondents are residents of the City of Joondalup.

It is therefore recommended that one of the respondents be appointed as the external member of the Audit Committee, the appointment being for the term ending October 2009.

A summary of the information provided by each respondent is included as Attachment 1.

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.

Division 7.1A of Part 7 of the Local Government Act 1995 deals with the establishment, membership, decision-making and duties that a local government can delegate to an Audit Committee.

The Local Government (Audit) Regulations 1996 also includes provisions, which deal with the functions of an 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:

Not Applicable.

Policy Implications:

Although not strictly speaking a policy, there is an Audit Committee Charter, which 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.

Regional Significance:

Not Applicable.

Sustainability Implications:

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

Consultation:

Not Applicable.

COMMENT

Advertising in the local press has been successful in attracting City of Joondalup residents, as all three respondents to the advertisement live within the City. From the information supplied by the three respondents they each have qualifications, skills and experience that make them worthy of consideration for the role of external member of the Audit Committee.

ATTACHMENTS

Attachment 1	Summary of responses
Attachment 2	Responses to request for expression of interest for an external member on the Audit Committee
Attachment 3	Audit Committee Charter

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That the Audit Committee GIVES consideration to appointing an external member to the Committee and RECOMMENDS that Council, BY AN ABSOLUTE MAJORITY, APPOINTS the Committee's preferred applicant.

Appendix 1 refers

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

WARD: All

RESPONSIBLE DIRECTOR: Mr Mike Tidy
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 2007.

EXECUTIVE SUMMARY

The report of the CEO's credit card usage for the quarter ended 30 September 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 September 2007 forming Attachment 1 to this Report.*

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 September 2007.

RECOMMENDATION

That the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 30 September 2007 forming Attachment 1 to this Report.

Appendix 2 refers



APPENDICES FOR AGENDA OF
AUDIT COMMITTEE
4 DECEMBER 2007

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