

# MINUTES

Audit Committee

## MINUTES OF THE AUDIT COMMITTEE MEETING

HELD ON

MEETING DATE

TUESDAY, 26 FEBRUARY 2008

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City of  
Joondalup

## CITY OF JOONDALUP

### MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 3, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY, 26 FEBRUARY 2008

#### ATTENDANCE

##### 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 Fiona Diaz</i>	<i>from 1745 hrs</i>
<i>Cr Albert Jacob</i>	

##### Officers:

Mr Garry Hunt	Chief Executive Officer	
Mr Mike Tidy	Director Corporate Services	
Mr Said Hafez	Manager Financial Services	<i>Absent from 1802 hrs to 1804 hrs</i>
Mr Bill Mulcahy	Senior Management Accountant	<i>Absent from 1802 hrs to 1804 hrs</i>
Mr Peter McGuckin	Internal Auditor	<i>Absent from 1802 hrs to 1804 hrs</i>
Ms Janet Harrison	Administrative Services Co-ordinator	<i>Absent from 1802 hrs to 1804 hrs</i>
Ms Lesley Taylor	Administrative Secretary	<i>Absent from 1802 hrs to 1804 hrs</i>

#### DECLARATION OF OPENING

The Presiding Person declared the meeting open at 1735 hrs.

#### APOLOGIES/LEAVE OF ABSENCE

Apology – Cr John

#### CONFIRMATION OF MINUTES

##### MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 4 DECEMBER 2007

**MOVED Mayor Pickard, SECONDED Cr Jacob that the minutes of the meeting of the Audit Committee held on 4 December 2007 be confirmed as a true and correct record.**

**The Motion was Put and**

**CARRIED (4/0)**

**In favour of the Motion:** Crs Jacob, Macdonald, McLean and Mayor Pickard

**ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**

The Chief Executive Officer advised the Committee that Mr Smith has indicated that he expected to be remunerated for the position as external member of the Audit Committee.

Following discussions, Chief Executive Officer advised that a report in relation to any remuneration for an external member on the Audit Committee would be submitted to a future meeting.

*Cr Diaz entered the Room at 1745 hrs.*

**DECLARATIONS OF INTEREST****Disclosure of Financial Interests**

Nil.

**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.

<b>Name/Position</b>	<b>Mr Garry Hunt, Chief Executive Officer</b>
<b>Item No/Subject</b>	Item 3 - Quarterly Report - Corporate Credit Card Usage
<b>Nature of interest</b>	Interest that may affect impartiality
<b>Extent of interest</b>	The CEO is the card holder

<b>Name/Position</b>	<b>Cr Albert Jacob</b>
<b>Item No/Subject</b>	Item 4 - Half Yearly Report – Contract Extensions – 1 July 2007 – 31 December 2007
<b>Nature of interest</b>	Interest that may affect impartiality
<b>Extent of interest</b>	Cr Jacob is a former employee and Director of Geoff's Tree Service

<b>Name/Position</b>	<b>Cr Fiona Diaz</b>
<b>Item No/Subject</b>	Item 4 - Half Yearly Report – Contract Extensions – 1 July 2007 – 31 December 2007
<b>Nature of interest</b>	Interest that may affect impartiality
<b>Extent of interest</b>	Competitor of family's business

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

Nil.

**PETITIONS AND DEPUTATIONS**

Nil.

**REPORTS****ITEM 1                    2007 COMPLIANCE AUDIT RETURN - [09492]  
[50068]**

**WARD:**                    All

**RESPONSIBLE  
DIRECTOR:**            Mr Garry Hunt  
                                 Office of CEO

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**PURPOSE**

To present the completed 2007 Compliance Audit Return to the Audit Committee prior to its submission to the Council for final adoption.

**EXECUTIVE SUMMARY**

The Department of Local Government and Regional Development (“the Department”) Compliance Audit Return (“Return”) for the period 1 January 2007 to 31 December 2007 has been completed by the City.

**BACKGROUND**

The Department has placed the 2007 Return for local governments on its website for completion online.

The structure of the Return is the same as the 2006 Return but the content has increased to encompass the majority of compliance areas as listed in Local Government (Audit) Regulation 13. The Return now includes the compliance categories of:

- Caravan Parks and Camping Grounds
- Cemeteries
- Commercial Enterprises
- Delegations of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Executive Functions
- Finance
- Local Government Employees
- Local Government Grants Commission
- Local Laws
- Meeting Process
- Miscellaneous Provisions
- Official Conduct
- Swimming Pools
- Tenders for Goods and Services

The 2007 Return incorporates all the statutory requirements listed in Regulation 13 of the Local Government (Audit) Regulations 1996, except those listed under Details in this report. This is intended to assist local governments to enhance or develop their internal control processes to ensure they include the statutory requirements of the legislation.

## **DETAILS**

Certain statutory requirements (Attachment 1 refers) have been omitted from the 2007 Return by the Department.

### **Link to Strategic Plan:**

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

### **Legislation – Statutory Provisions:**

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

#### **14 Compliance audit return to be prepared**

- (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.
- (3) A compliance audit return is to be:
  - (a) presented to the council at a meeting of the council;
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

#### **15 Completion of compliance audit**

- (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 Director General, Department of Local Government and Regional Development, by 31 March 2008.

- (2) In this regulation:

“certified” in relation to a compliance audit return means signed by:

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

**Risk Management considerations:**

The risk associated with the Council failing to adopt the 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 responses to the questions entered in the Return were collected from the appropriate Managers and Directors by the City’s internal auditor.

**ATTACHMENTS**

Attachment 1	Statutory requirements not included in 2007 Return
Attachment 2	2007 Compliance Audit Return

**VOTING REQUIREMENTS**

Simple Majority

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

**MOVED Cr Jacob, SECONDED Cr Macdonald that the Audit Committee recommends that Council:**

- 1 ADOPTS the completed Local Government Compliance Return for the period 1 January 2007 to 31 December 2007 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 and Regional Development.**

Discussion ensued.

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the Motion:** Crs Diaz, Jacob, Macdonald, McLean and Mayor Pickard

*Appendix 1 refers*

**ITEM 2                    HALF YEARLY REPORT - WRITE OFF OF MONIES – 1  
JULY 2007 – 31 DECEMBER 2007 - [07032]**

**WARD:** All

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

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**PURPOSE**

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

**EXECUTIVE SUMMARY**

The amount written off under delegated authority during the six months ended on 31 December 2007 totalled \$8,454.60 and was made up of 5812 small amounts for which the recovery cost was considered prohibitive. Fifty-five of these small amounts were over \$5.00, none of which reached the \$100 reporting limit.

*It is recommended that the Audit Committee RECEIVES the report of amounts written off under delegated authority for the period 1 July to 31 December 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 refers) Council approved, inter alia, 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 31 December 2007 a total amount of \$8,454.60 was written off.

An amount of \$7,832.04 was made up of 5,812 items comprising 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 un-economical. This in addition to fifty-five other small rates debts totalling \$622.56 that are all considered un-recoverable, of which the largest amount was \$44.84.

**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 are 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 \$8,454.60, of which 55 items totalling \$622.56 were over \$5.00 none of which reached the \$100 reporting limit. No amount is written off without exhaustive collection effort unless the cost of collection becomes prohibitive.

**ATTACHMENTS**

Nil.

**VOTING REQUIREMENTS**

Simple Majority

**MOVED** Cr Macdonald, **SECONDED** Cr Diaz that the Audit Committee **RECEIVES** the report of monies written off under delegated authority for the period 1 July 2007 to 31 December 2007.

Director, Corporate Services provided an explanation in relation to the write off of monies.

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the Motion:** Crs Diaz, Jacob, Macdonald, McLean and Mayor Pickard

<b>Name/Position</b>	<b>Mr Garry Hunt, Chief Executive Officer</b>
<b>Item No/Subject</b>	Item 3 - Quarterly Report - Corporate Credit Card Usage
<b>Nature of interest</b>	Interest that may affect impartiality
<b>Extent of interest</b>	The CEO is the card holder

### **ITEM 3                      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 31 December 2007.

**EXECUTIVE SUMMARY**

The report of the CEO's credit card usage for the quarter ended 31 December 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 December 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 (Report 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. The credit limit was increased to \$10,000 during the trip to Croatia and has now reverted back to its original \$5,000 limit. 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 31 December 2007

**MOVED Mayor Pickard, SECONDED Cr Jacob that the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 31 December 2007 forming Attachment 1 to this Report.**

Director, Corporate Services provided an explanation in relation to use of the corporate credit by the CEO.

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the Motion:** Crs Diaz, Jacob, Macdonald, McLean and Mayor Pickard

*Appendix 2 refers*

<b>Name/Position</b>	<b>Cr Albert Jacob</b>
<b>Item No/Subject</b>	Item 4 - Half Yearly Report – Contract Extensions – 1 July 2007 – 31 December 2007
<b>Nature of interest</b>	Interest that may affect impartiality
<b>Extent of interest</b>	Cr Jacob is a former employee and Director of Geoff's Tree Service

<b>Name/Position</b>	<b>Cr Fiona Diaz</b>
<b>Item No/Subject</b>	Item 4 - Half Yearly Report – Contract Extensions – 1 July 2007 – 31 December 2007
<b>Nature of interest</b>	Interest that may affect impartiality
<b>Extent of interest</b>	Competitor of family's business

**ITEM 4                    HALF YEARLY REPORT - CONTRACT EXTENSIONS  
1 JULY 2007 - 31 DECEMBER 2007 - [07032]****WARD:** All**RESPONSIBLE  
DIRECTOR:** Mr Mike Tidy  
Director Corporate Services

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**PURPOSE**

The purpose of this report is to provide the Audit Committee with details of Contracts extended by the Chief Executive Officer between 1 July 2007 and 31 December 2007.

**EXECUTIVE SUMMARY**

The schedule of Contracts extended by the Chief Executive Officer during the half-year ended on 31 December 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 1 July 2007 to 31 December 2007 forming Attachments 1 and 2 to this Report.*

**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 (Report 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 July 2007 to December 2007.

**ATTACHMENTS**

Attachment 1	Extensions of Council's originally approved Contracts
Attachment 2	Extensions of CEO originally approved Contracts

**VOTING REQUIREMENTS**

Simple Majority

**MOVED Cr Macdonald, SECONDED Mayor Pickard that it is recommended that the Audit Committee NOTES the report detailing Contracts extended by the CEO during the period 1 July 2007 to 31 December 2007 forming Attachments 1 and 2 to this Report.**

Discussion ensued. To enable confidential discussion, Chief Executive Officer requested all staff members with the exception of Director Corporate Services to leave the Room.

*Members of staff present left the Room at 1802 hrs and returned at 1804 hrs.*

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the Motion:** Crs Diaz, Jacob, Macdonald, McLean and Mayor Pickard

*Appendix 3 refers*

#### **MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil.

#### **REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION**

Director Corporate Services made reference to an earlier request for a report on contract costs compared to actual costs and advised a draft has been prepared and will be submitted to the next meeting of the Audit Committee.

#### **CLOSURE**

There being no further business, the Presiding Person declared the Meeting closed at 1805 hrs; the following Elected members being present at that time:

Cr Tom McLean  
Cr Marie Macdonald  
Mayor Troy Pickard  
Cr Fiona Diaz  
Cr Albert Jacob