

Minutes **Audit Committee**

MEETING HELD ON TUESDAY, 3 FEBRUARY 2009

CITY OF JOONDALUP

MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY, 3 FEBRUARY 2009

ATTENDANCE

Committee Members:

Cr Tom McLean	<i>Presiding Person</i>
Cr Marie Macdonald	<i>Deputy Presiding Person</i>
Mayor Troy Pickard	
Cr Albert Jacob, JP	

Officers:

Mr Garry Hunt	Chief Executive Officer
Mr Mike Tidy	Director Corporate Services
Mr Peter McGuckin	Internal Auditor
Mrs Janet Foster	Administrative Services Co-ordinator
Mrs Rose Garlick	Administrative Secretary

DECLARATION OF OPENING

The Presiding Person declared the meeting open at 1738 hrs.

APOLOGIES/LEAVE OF ABSENCE

Apology – Cr Michele John

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 20 OCTOBER 2008

MOVED Cr Macdonald, **SECONDED** Mayor Pickard that the minutes of the meeting of the Audit Committee held on 20 October 2008 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (4/0)

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

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil.

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	Cr Tom McLean
Item No/Subject	Item 1 - CEO's Credit Card Expenditure – Quarter Ended 30 September 2008
Nature of interest	Interest that may affect impartiality
Extent of Interest	Cr McLean met with CEO on 29 August 2008 – Regarding CEO Credit Card

Name/Position	Cr Albert Jacob
Item No/Subject	Item 2 – Appointment of External Member of Audit Committee
Nature of interest	Interest that may affect impartiality
Extent of Interest	Cr Jacob knows one of the applicants

Name/Position	Cr Tom McLean
Item No/Subject	Item 3 - CEO's Credit Card Expenditure – Quarter Ended 31 December 2008
Nature of interest	Interest that may affect impartiality
Extent of Interest	Cr McLean met with CEO on 29 August 2008 – Regarding CEO Credit Card

Name/Position	Mr Garry Hunt, Chief Executive Officer
Item No/Subject	Item 1 - CEO's Credit Card Expenditure – Quarter Ended 30 September 2008
Nature of interest	Interest that may affect impartiality
Extent of Interest	The CEO is the card holder

Name/Position	Mr Garry Hunt, Chief Executive Officer
Item No/Subject	Item 3 - CEO's Credit Card Expenditure – Quarter Ended 31 December 2008
Nature of interest	Interest that may affect impartiality
Extent of Interest	The CEO is the card holder

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

Nil.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS

Disclosure of interest affecting impartiality

Name/Position	Cr Tom McLean
Item No/Subject	Item 1 - CEO's Credit Card Expenditure – Quarter Ended 30 September 2008
Nature of interest	Interest that may affect impartiality
Extent of Interest	Cr McLean met with CEO on 29 August 2008 – Regarding CEO Credit Card

Name/Position	Mr Garry Hunt, Chief Executive Officer
Item No/Subject	Item 1 - CEO's Credit Card Expenditure – Quarter Ended 30 September 2008
Nature of interest	Interest that may affect impartiality
Extent of Interest	The CEO is the card holder

ITEM 1 CEO'S CREDIT CARD EXPENDITURE – QUARTER ENDED 30 SEPTEMBER 2008 - [09882] [18049]

WARD: All

RESPONSIBLE Mr Mike Tidy
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 September 2008.

EXECUTIVE SUMMARY

The report of the CEO's credit card usage for the quarter ended 30 September 2008 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 2008.

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 be prepared and presented to the Audit Committee - CJ210-10/05.

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 2008-2011 objective 1.1 to ensure that the processes of Local Government are carried out in a manner that is ethical, transparent and accountable.

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 \$10,000. 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 2008.

VOTING REQUIREMENTS

Simple Majority

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 2008.

The Committee moved the recommendations for Items 1 and 3 as one motion at this point.

MOVED Mayor Pickard, SECONDED Cr Jacob that the Audit Committee NOTES the report on the:

- 1 Corporate Credit Card Usage of the CEO for the Quarter Ended 30 September 2008;**
- 2 Corporate Credit Card Usage of the CEO for the Quarter Ended 31 December 2008.**

The Motion was Put and

CARRIED (4/0)

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

Appendix 1 refers

Disclosure of interest affecting impartiality

Name/Position	Cr Albert Jacob
Item No/Subject	Item 2 – Appointment of External Member of Audit Committee
Nature of interest	Interest that may affect impartiality
Extent of Interest	Cr Jacob knows one of the applicants

ITEM 2 APPOINTMENT OF EXTERNAL MEMBER OF AUDIT COMMITTEE – [50068]

WARD: All

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

PURPOSE

To consider the applicants for appointment as the external member to the Audit Committee.

EXECUTIVE SUMMARY

The Terms of Reference of the Audit Committee provide for an external member, i.e. other than 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 November 2008 and resulted in two responses being received.

It is recommended 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.

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".

Two previous attempts have been made to appoint an external member to the Audit Committee. In September 2006 the advertising of the position resulted in only one applicant who did not meet the criteria. The position was readvertised in late 2007 resulting in three applicants one of whom was appointed by Council at its December 2007 meeting. Subsequently an issue arose in relation to the payment of a fee to the external member and the appointee resigned.

At its meeting of 19 August 2008 the Audit Committee recommended and Council subsequently resolved at its meeting on 30 September 2008 to *"APPROVES advertising and inviting applications for the vacancy of External Member on the Audit Committee from residents who are on, or are eligible to be on, the City of Joondalup electoral roll"*.

Advertisements were placed in the Joondalup Weekender and Times on 13 and 18 November 2008, seeking expressions of interest from suitably qualified persons to become an external member of the Audit Committee. Two responses were received.

DETAILS

Issues and options considered:

Both respondents have formal accounting qualifications and are members of professional accounting bodies. Both also have backgrounds in business and financial management and reporting.

In relation to clause 4.7 of the Audit Committee Charter both 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.

Copies of the CV's provided by the respondents are included as Attachment 1.

Link to Strategic Plan:

- 1.1 To ensure that the processes of local governance are carried out in a manner that is ethical, transparent and accountable.
- 1.3 To lead and manage the City effectively.

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 a policy, the Audit Committee Charter 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 in securing the long-term financial sustainability of the City.

Consultation:

Not Applicable.

COMMENT

From the information supplied by the applicants they both have qualifications, skills and experience that make them worthy of consideration for the role of external member of the Audit Committee.

ATTACHMENTS

Attachment 1 Copy of responses to request for expression of interest for an external member on the Audit Committee

VOTING REQUIREMENTS

Simple Majority

OFFICER'S 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.

MOVED Mayor Pickard, SECONDED Cr Macdonald that the Audit Committee AUTHORISES the Presiding Person, Deputy Presiding Person, the Chief Executive Officer and Director Corporate Services to interview the two candidates and report back to the Audit Committee.

The Motion was Put and

CARRIED (4/0)

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

Appendix 2 refers

Disclosure of interest affecting impartiality

Name/Position	Cr Tom McLean
Item No/Subject	Item 3 - CEO's Credit Card Expenditure – Quarter Ended 31 December 2008
Nature of interest	Interest that may affect impartiality
Extent of Interest	Cr McLean met with CEO on 29 August 2008 – Regarding CEO Credit Card

Name/Position	Mr Garry Hunt, Chief Executive Officer
Item No/Subject	Item 3 - CEO's Credit Card Expenditure – Quarter Ended 31 December 2008
Nature of interest	Interest that may affect impartiality
Extent of Interest	The CEO is the card holder

**ITEM 3 CEO'S CREDIT CARD EXPENDITURE –
 QUARTER ENDED 31 DECEMBER 2008 –
 [09882]**

WARD: All

RESPONSIBLE Mr Mike Tidy
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 December 2008.

EXECUTIVE SUMMARY

The report of the CEO's credit card usage for the quarter ended 31 December 2008 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 2008.

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 be prepared and presented to the Audit Committee – CJ210-10/05.

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 2008-2011 objective 1.1 to ensure that the processes of local government are carried out in a manner that is ethical, transparent and accountable.

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 \$10,000. 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 31 December 2008.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION: That the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 31 December 2008.

This Item was considered in conjunction with Item 1.

Appendix 3 refers

ITEM 4 HALF YEARLY REPORT - WRITE OFF OF MONIES (1 JULY 2008 – 31 DECEMBER 2008) – [07032]

WARD: All

RESPONSIBLE DIRECTOR: Mr Mike Tidy
Director Corporate Services

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 2008 came to \$24,003.90, comprising 4,835 small amounts of unpaid rates totalling \$3,965.91, all below the \$100 reportable limit, plus \$20,037.99, representing 137 partial refunds of the Specified Area Rate (SAR) overcharged by error in Woodvale.

It is recommended that the Audit Committee RECEIVES the report of amounts written off under delegated authority for the period July to December 2008.

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 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 2008 a total amount of \$24,003.90 was written off. An amount of \$3,965.91 was made up of 4,835 items of small Rate balances 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. None of those items reached the reportable limit

In addition, the City became aware that the SAR levied in Woodvale Waters was overcharged in error and a refund was necessary. The error affected 137 properties and they were partially refunded an amount totalling \$20,037.99.

Link to Strategic Plan:

Key Focus Area: Leadership and Governance.

Legislation – Statutory Provisions:

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

Risk Management considerations:

The amounts written off for rates are small in value and are either unrecoverable or uneconomical to recover, none of which represents a noteworthy financial risk to the City. The SAR refund resulted from a processing error that has since been streamlined.

Financial/Budget Implications:

Rates adjustment and corrections are charged back to the Rate account originally credited. An expense provision 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 \$24,003.90, of which \$20,037.99 is a partial refund of SAR previously overcharged and the balance represents a large number of minor rate balances, none of which is reportable.

ATTACHMENTS

Attachment 1 A list of the SAR Woodvale write-offs

VOTING REQUIREMENTS

Simple Majority

MOVED Cr Macdonald, SECONDED Cr Jacob that the Audit Committee receives the report of Monies Written Off Under Delegated Authority for the period July to December 2008.

The Motion was Put and

CARRIED (4/0)

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

Appendix 4 refers

**ITEM 5 HALF YEARLY REPORT - CONTRACT
EXTENSIONS (1 JULY 2008 - 31 DECEMBER
2008) – [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 July 2008 and December 2008.

EXECUTIVE SUMMARY

The report of contracts extended by the Chief Executive Officer during the half-year from 1 July 2008 to 31 December 2008 is provided in Attachment 1.

It is recommended that the Audit Committee NOTES the report detailing contracts extended by the CEO during the period July 2008 to December 2008.

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.

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 Attachment 1.

Link to Strategic Plan:

Objective: 1.3 To lead and manage the City effectively.

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 2008 to December 2008.

ATTACHMENTS

Attachment 1 Extension of Contracts originally approved by Council

VOTING REQUIREMENTS

Simple Majority

MOVED Mayor Pickard, SECONDED Cr Macdonald that the Audit Committee NOTES the report detailing Contracts Extended by the CEO during the period July 2008 to December 2008.

The Motion was Put and

CARRIED (4/0)

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

Appendix 5 refers

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

The Chief Executive Officer advised that a report on the Review of Risk Management for Events will be presented to the next meeting.

CLOSURE

There being no further business, the Presiding Person declared the Meeting closed at 1815 hrs; the following Elected Members being present at that time:

Cr Tom McLean
Cr Marie Macdonald
Mayor Troy Pickard
Cr Albert Jacob, JP