

minutes

Audit and Risk Committee

MEETING HELD ON **MONDAY 9 NOVEMBER 2020**

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CITY OF JOONDALUP

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD IN COUNCIL CHAMBERS, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY 9 NOVEMBER 2020.

ATTENDANCE

Committee Members

| | |
|-----------------------------|--------------------------------|
| Cr Tom McLean, JP | <i>Presiding Member</i> |
| Mayor Hon. Albert Jacob, JP | |
| Cr Christine Hamilton-Prime | <i>Deputy Presiding Member</i> |
| Cr John Logan | |
| Cr Christopher May | |
| Cr Philippa Taylor | |
| Cr Suzanne Thompson | |
| Mr Richard Thomas | <i>External Member</i> |

Observers

Cr John Raftis
Cr Russell Poliwka

Officers

| | | |
|-----------------------|---------------------------------|---------------------|
| Mr Garry Hunt | Chief Executive Officer | |
| Mr Mat Humfrey | Director Corporate Services | |
| Mr Brad Sillence | Manager Governance | |
| Ms Christine Robinson | Manager Audit and Risk Services | |
| Mr Glenn Heaperman | Manager Human Resource Services | <i>until 5.51pm</i> |
| Mr Dave Murnain | Manager Information Technology | <i>until 5.51pm</i> |
| Mr Peter McGuckin | Internal Auditor | |
| Mrs Wendy Cowley | Governance Officer | |

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5.46pm.

DECLARATIONS OF INTEREST

Disclosures of Financial / Proximity Interest

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 5 - Confidential - Chief Executive Officer's Credit Card Expenditure (April - June 2020). |
| Nature of interest | Financial Interest. |
| Extent of Interest | Mr Hunt is the Chief Executive Officer and the holder of the credit card. |

Disclosures of interest affecting impartiality

Elected Members (in accordance with Regulation 11 of the *Local Government [Rules of Conduct] Regulations 2007*) and employees (in accordance with the Code of Conduct) are required 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 3 - Yearly Report - Contract Extensions - 1 July 2019 to 30 June 2020. |
| Nature of interest | Interest that may affect impartiality. |
| Extent of Interest | Mr Hunt's nephew is a staff member at MP Rogers and Associates. |

APOLOGIES / LEAVE OF ABSENCE

Leave of Absence Previously Approved:

Cr Nige Jones

3 to 12 November 2020 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT AND RISK COMMITTEE HELD ON 6 JULY 2020

MOVED Cr May, SECONDED Cr Thompson that the minutes of the meeting of the Audit and Risk Committee held on 6 July 2020 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (8/0)

In favour of the Motion: Cr McLean, Mayor Jacob, Crs Hamilton-Prime, Logan, May, Taylor, Thompson and Mr Thomas.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

**ITEM 2 HALF YEARLY REPORT – WRITE OFF OF MONIES –
1 JANUARY TO 30 JUNE 2020**

| | |
|-------------------------------|--|
| WARD | All |
| RESPONSIBLE DIRECTOR | Mr Mat Humfrey Corporate Services |
| FILE NUMBER | 07032, 101515 |
| ATTACHMENTS | Nil |
| AUTHORITY / DISCRETION | Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting'). |

PURPOSE

For the Audit and Risk Committee to note the amounts of monies written off under delegated authority.

EXECUTIVE SUMMARY

The total amount written off under delegated authority during the six months ended 30 June 2020 was \$127,599.58. This amount consisted of 3,028 small unpaid rate amounts below the \$100 reportable limit and the following reportable items:

| | | |
|---|--------------------------------------|--------------|
| 1 | Rates – Penalty interest waived | \$ 75,656.15 |
| 2 | Rates – Court Costs | \$ 1,001.85 |
| 3 | Six other reportable items totalling | \$ 48,308.08 |

It is therefore recommended that the Audit and Risk Committee RECEIVES the report of amounts written off under delegated authority for the period 1 January to 30 June 2020.

BACKGROUND

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

At its meeting held on 6 June 2006 (CJ079-06/06 refers) Council approved to delegate to the Chief Executive Officer the authority to write-off monies owed to the City, subject to a report being provided to the Audit and Risk Committee on a six-monthly basis on the exercise of this delegation for amounts between \$100 and \$20,000. The CEO under section 5.44 has delegated his authority to nominated employees, up to the limits provided in the instrument of delegation.

DETAILS

During the six months ended 30 June 2020 a total amount of \$127,599.58 was written-off as unrecoverable. This amount includes the following:

- 3,028 items below the reportable limit totalling \$2,633.50, mainly small rates balances, representing in the main rounding decimals or other minor miscellaneous charges and the cost of collection was, for all practical purposes, proving to be uneconomical.
- Four items comprising an amount in total of \$1,001.85 for court costs were written off as agreed with the ratepayers on reaching a settlement of their dues.

The following table provides the details of other reportable amounts written off during the six months period. Item 1 relates to affected lessees during the height of the COVID-19 pandemic in Western Australia, in which rent relief was negotiated in accordance with National and State emergency legislation passed in April 2020 to regulate lease arrangements following business closures.

| Item | Debtor's Name | Nature of Debt | Amount \$ |
|--------------|---|---|---------------------|
| 1 | Lease Debtors | | |
| | Café Life Pty Ltd | Lease Rent – Restaurant at Craigie Leisure Centre | 7,979.00 |
| | Churches of Christ Sports & Recreation | Lease Rent – Usage of Warwick Leisure Centre | 5,638.91 |
| | Joondalup Sports Association | Lease Rent – Iluka Sports Complex | 1,086.69 |
| | Creative Catering Perth | Lease Rent – Joondalup Reception Centre | 19,476.07 |
| | C Sheppard | Lease Rent – Hairdressing Salon Whitfords Senior Citizen's Centre | 750.00 |
| | B A Graves | Lease Rent – Hairdressing Salon Whitfords Senior Citizen's Centre | 750.00 |
| | Mullaloo Surf life Saving Club (associated to the commercial sub-lease at Swell Café) | Lease Rent – Lot 15445 (11) Oceanside Promenade, Mullaloo | 8,333.32 |
| 2 | Rates – Penalty interest waived in accordance with Council resolution CJ051-04/20 | Penalty interest for the period March – June 2020 | 75,656.15 |
| 3 | T and B Allan | Unauthorised tree removal | 3,483.64 |
| 4 | L G De Ruyter | Firebreak non-compliance | 200.00 |
| 5 | C R Douglas | Impound fee | 275.00 |
| 6 | T Hynes | Basketball team arrears | 199.09 |
| 7 | Z Michelle | After hour vehicle release | 136.36 |
| Total | | | \$123,964.23 |

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation Section 6.12(1)(c) of the *Local Government Act 1995*.
Section 5.42 of the *Local Government Act 1995*.
Section 5.44 of the *Local Government Act 1995*.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

The amounts written off were mainly related to the downturn in economic activities due to COVID-19 pandemic, though material in value, are either unrecoverable or uneconomical to recover, none of which represent a noteworthy financial risk to the City in the long run.

Financial/budget implications

| | |
|---|------------------------|
| Account No: | 3256. |
| Budget Item | Bad Debts written off. |
| Annual Budget | \$ 13,500 |
| Year to Date Budget | \$ 13,500 |
| Year to Date Actual | |
| Witten off by Council resolution CJ031-03/20 | \$ 46,145 |
| Written Off under Delegated authority | <u>\$132,411</u> |
| Total | \$178,556 |
| Year to Date variance | (\$165,056) |

Regional significance

Not applicable.

Sustainability implications

Not applicable.

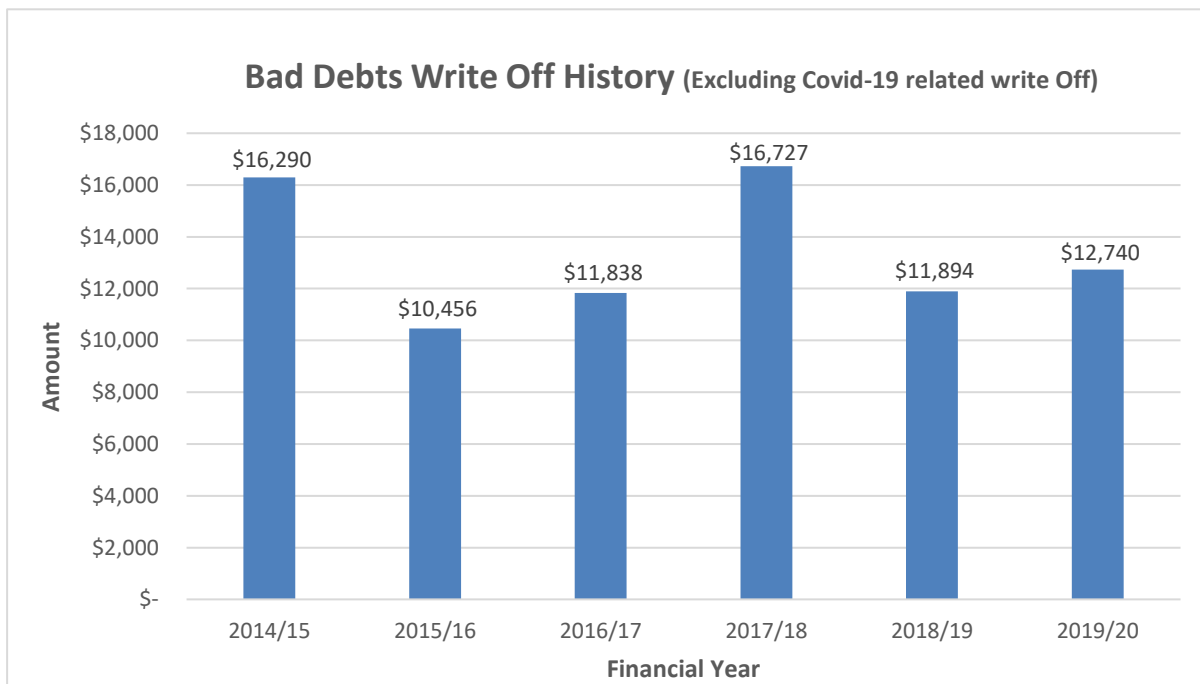
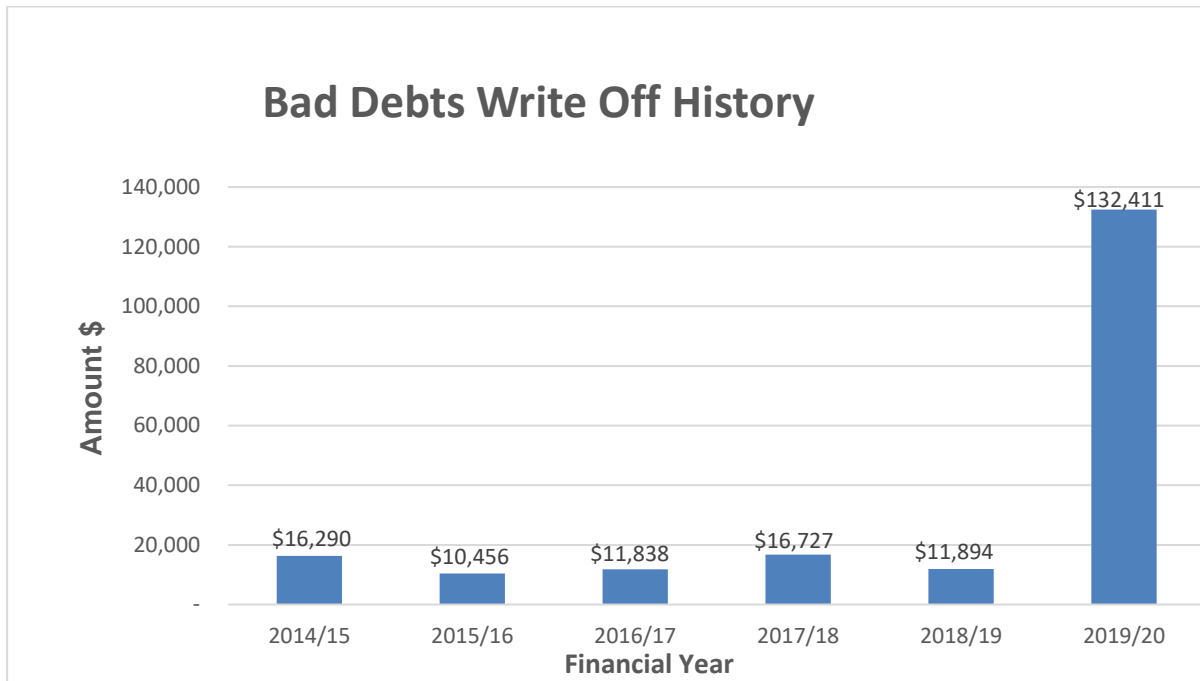
Consultation

Not applicable.

COMMENT

Monies written off under delegated authority comprised 3,028 small items of unpaid rates totalling \$2,633.50, all of which were below the \$100 reportable limit, and rates penalty interest from March to June 2020 under Council resolution CJ051-04/20 totalling \$75,656.15 as well as four reportable items, totalling an amount of \$1,001.85 due from ratepayers towards legal costs that were written off following unsuccessful debt recovery action. The remaining six reportable items totalling \$48,308.08, were all written off as they were uneconomical to recover or unrecoverable after unsuccessful debt recovery action.

History of bad debts written off under delegated authority over the past five financial years is below.



VOTING REQUIREMENTS

Simple Majority.

The Manager Human Resource Services and Manager Information Technology left the Chamber at 5.51pm.

MOVED Cr Hamilton-Prime, **SECONDED** Cr May that the Audit and Risk Committee **RECEIVES** the report of monies written off under delegated authority for the period 1 January to 30 June 2020.

The Motion was Put and

CARRIED (8/0)

In favour of the Motion: Cr McLean, Mayor Jacob, Crs Hamilton-Prime, Logan, May, Taylor, Thompson and Mr Thomas.

Disclosure of interest affecting impartiality

| | |
|---------------------------|---|
| Name/Position | Mr Garry Hunt, Chief Executive Officer. |
| Item No./Subject | Item 3 - Yearly Report - Contract Extensions - 1 July 2019 to 30 June 2020. |
| Nature of interest | Interest that may affect impartiality. |
| Extent of Interest | Mr Hunt's nephew is a staff member at MP Rogers and Associates. |

ITEM 3 YEARLY REPORT - CONTRACT EXTENSIONS – 1 JULY 2019 TO 30 JUNE 2020

| | |
|-------------------------------|--|
| WARD | All |
| RESPONSIBLE DIRECTOR | Mr Mat Humfrey Corporate Services |
| FILE NUMBER | 07032, 101515 |
| ATTACHMENT | Attachment 1 Contract Expenditure Report |
| AUTHORITY / DISCRETION | Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting'). |

PURPOSE

For the Audit and Risk Committee to note the details of contracts extended by the Chief Executive Officer between 1 July 2019 to 30 June 2020.

EXECUTIVE SUMMARY

The schedule of contracts extended by the Chief Executive Officer during the period 1 July 2019 to 30 June 2020 is provided in Attachment 1.

It is recommended that the Audit and Risk Committee NOTES the contracts extended by the Chief Executive Officer during the period 1 July 2019 to 30 June 2020, forming Attachment 1 to this Report.

BACKGROUND

At its meeting held on 1 November 2005 (CJ231-11/05 refers), Council resolved that a half-yearly report be prepared for the Audit and Risk Committee detailing contracts that were originally approved by Council and have subsequently been extended by the Chief Executive Officer.

DETAILS

Council has delegated to the Chief Executive Officer the authority to approve all contract extensions on tenders approved by Council subject to a report to the Audit and Risk Committee being prepared on a half-yearly basis providing details of those contracts extended.

No contracts were extended during the period 1 July 2019 to 31 December 2019 however during the period 1 January 2020 to 30 June 2020 three contracts were extended.

Issues and options considered

The option to extend the contracts by the Chief Executive Officer is required to maintain continuity of the applicable services to the City.

Legislation / Strategic Community Plan / policy implications

Legislation The City's legal advice is that under section 5.41(d) of the *Local Government Act 1995* the Chief Executive Officer may be delegated the power to extend a contract – provided the Chief Executive Officer does not extend the contract beyond the "total term of the Contract" specified by the Council in the resolution.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Demonstrate accountability through robust reporting that is relevant and easily accessible by the community.

Policy Not applicable.

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.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

This report provides the Audit and Risk Committee with details of contracts originally approved by Council or by the Chief Executive Officer under delegated authority, which have subsequently been extended by the Chief Executive Officer during the period from 1 July 2019 to 30 June 2020.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Thompson, **SECONDED** Mayor Jacob that the Audit and Risk Committee **NOTES** the contracts extended by the Chief Executive Officer during the period 1 July 2019 to 30 June 2020, forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (8/0)

In favour of the Motion: Cr McLean, Mayor Jacob, Crs Hamilton-Prime, Logan, May, Taylor, Thompson and Mr Thomas.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnAUDIT201109.pdf](#)

ITEM 4 AMENDMENT TO RISK MANAGEMENT FRAMEWORK

| | |
|-------------------------------|---|
| WARD | All |
| RESPONSIBLE DIRECTOR | Mr Garry Hunt Office of the CEO |
| FILE NUMBER | 49586, 101515 |
| ATTACHMENT | Attachment 1 <i>Risk Management Framework – Amended</i> |
| AUTHORITY / DISCRETION | Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets. |

PURPOSE

For Council to consider and endorse the proposed amendments to the City's *Risk Management Framework*.

EXECUTIVE SUMMARY

The City's *Risk Management Framework* has been reviewed in light of changes to the Australian Standard *AS ISO 31000:2018 Risk Management – Guidelines* (which supersedes *AS/NZS ISO 31000:2009*) and improvements to the City's risk management practices.

It is therefore recommended that Council ENDORSES the amended Risk Management Framework forming Attachment 1 to this Report.

BACKGROUND

The City's risk management arrangements continue to be reviewed and improved to provide an integrated and consistent approach across the City for the identification, assessment and treatment of risks.

The *Risk Management Framework* aims to uphold the City's Primary Values of being transparent, accountable, honest, ethical, respectful, sustainable and professional. It provides the guidance to integrate risk management into activities and functions performed by the City and supports the City's *Risk Management Policy* which outlines the City's commitment and approach to managing risks. The framework was first endorsed by Council at its meeting held on 24 September 2013 (CJ190-09/13 refers) after being deployed within the City since 2009.

The amendments to the *Risk Management Framework* will assist with improving the City's risk maturity level, as assessed by Deloitte in 2019 as part of the Chief Executive Officer's three yearly review of the appropriateness and effectiveness of the City's systems, in regard to risk management, internal control and legislative compliance (CJ035-03/20 refers).

DETAILS

Australian Standard *AS ISO 31000:2018 Risk Management – Guidelines* aims to deliver a clearer, shorter and more concise guide (compared to *AS/NZS ISO 31000:2009*) that will help organisations use risk management principles to improve planning and make better decisions.

The recently amended *Risk Management Policy* better defines the City's risk management approach and outcomes, as well as updating risk management terminology, and has allowed for amendments to the *Risk Management Framework*. The main changes to the framework include:

- expanded introduction
- risk attitude replaces risk appetite and expanded to include residual target risk
- expanded risk principles to include City activities to demonstrate alignment
- expanded risk categories to include risk classifications, risk type, relationships to strategic objective themes and improved definitions
- expanded roles and responsibilities to include Council, Risk and Business Continuity Advisor, volunteers and contractors / suppliers
- risk management process better described
- removal of Appendix A (Risk Level Matrix and Assessment Criteria) and Appendix B (Qualitative Measures of Risk Consequences) with information being included within the framework.

Issues and options considered

Council can either:

- endorse the amended *Risk Management Framework* as presented
- endorse the amended *Risk Management Framework* with further amendments
or
- not endorse the amended *Risk Management Framework*.

Legislation / Strategic Community Plan / Policy implications

Legislation *Local Government (Audit) Regulations 1996.*

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Continuously strive to improve performance and service delivery across all corporate functions.

Risk management considerations

The amendments are necessary to bring the City's *Risk Management Framework* in line with the revised Australian Standard and recently amended *Risk Management Policy* and to provide better guidance to integrate risk management into activities and functions performed by the City.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The City continually reviews its systems of internal control to ensure they remain sound and that a strong attitude towards legislative compliance persists. A number of initiatives are currently ongoing to enhance the effectiveness of risk management systems that will enable the City to achieve the target state of 'integrated' as described in the Deloitte Risk Intelligence Maturity Model.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Hamilton-Prime, **SECONDED** Mayor Jacob that Council **ENDORSES** the amended Risk Management Framework forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (8/0)

In favour of the Motion: Cr McLean, Mayor Jacob, Crs Hamilton-Prime, Logan, May, Taylor, Thompson and Mr Thomas.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agnAUDIT201109.pdf](#)

Disclosure of Financial / Proximity Interest

| | |
|---------------------------|--|
| Name/Position | Mr Garry Hunt, Chief Executive Officer. |
| Item No./Subject | Item 5 - Confidential - Chief Executive Officer's Credit Card Expenditure (April - June 2020). |
| Nature of interest | Financial Interest. |
| Extent of Interest | Mr Hunt is the Chief Executive Officer and the holder of the credit card. |

ITEM 5 CONFIDENTIAL - CHIEF EXECUTIVE OFFICER'S CREDIT CARD EXPENDITURE (APRIL – JUNE 2020)

| | |
|-------------------------------|---|
| WARD | All |
| RESPONSIBLE A/DIRECTOR | Mr Mat Humfrey Corporate Services |
| FILE NUMBER | 09882 |
| ATTACHMENT | Attachment 1 Chief Executive Officer's Credit Card Expenditure – Quarter Ended 30 June 2020 (Please Note: <i>The Report and Attachment is confidential and will appear in the official Minute Book only</i>) |
| AUTHORITY / DISCRETION | Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting'). |

This report is confidential in accordance with Section 5.23(2)(a) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

- (a) *a matter affecting an employee.*

A full report was provided to elected members under separate cover. The report is not for publication.

MOVED Cr Thompson, SECONDED Cr Logan that the Audit and Risk Committee NOTES the report on the corporate credit card usage of the Chief Executive Officer for the quarter ended 30 June 2020.

The Motion was Put and

CARRIED (8/0)

In favour of the Motion: Cr McLean, Mayor Jacob, Crs Hamilton-Prime, Logan, May, Taylor, Thompson and Mr Thomas.

URGENT BUSINESS

Nil.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 6.12pm; the following Committee Members being present at that time:

Cr Tom McLean, JP
Mayor Hon. Albert Jacob, JP
Cr Christine Hamilton-Prime, JP
Cr John Logan
Cr Christopher May
Cr Philippa Taylor
Cr Suzanne Thompson
Mr Richard Thomas