

MINUTES

Audit Committee

MINUTES OF THE AUDIT COMMITTEE MEETING

HELD ON

MEETING DATE



TUESDAY, 4 DECEMBER 2007

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City of
Joondalup

CITY OF JOONDALUP

MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY, 4 DECEMBER 2007

ATTENDANCE

Committee Members:

| | | |
|--------------------|--------------------------------|--------------------|
| Cr Tom McLean | <i>Presiding Person</i> | North Ward |
| Cr Marie Macdonald | <i>Deputy Presiding Person</i> | Central Ward |
| Mayor Troy Pickard | | |
| Cr Albert Jacob | | North-Central Ward |
| Cr Fiona Diaz | | South Ward |

Officers:

| | | |
|-------------------|-------------------------------------|----------------------|
| Mr Garry Hunt | Chief Executive Officer <i>from</i> | <i>from 1717 hrs</i> |
| Mr Mike Tidy | Director Corporate Services | |
| Ms Janet Harrison | Administrative Services Coordinator | |

DECLARATION OF OPENING

The Presiding Person declared the meeting open at 1716 hrs

APOLOGIES/LEAVE OF ABSENCE

Nil

The Chief Executive Officer entered the Room at 1717 hrs.

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 20 NOVEMBER 2007

MOVED Cr Jacob **SECONDED** Mayor Pickard that the minutes of the meeting of the Audit Committee held on 20 November 2007 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (5/0)

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

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 | Mr Garry Hunt, Chief Executive Officer |
| Item No/Subject | Item 2 - Quarterly Report - Corporate Credit Card Usage |
| 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

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 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 Practicing 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

OFFICER'S RECOMMENDATION

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

The Committee gave consideration to the applications received for external member to the Audit Committee.

MOVED Cr Jacob SECONDED Cr McLean that the Audit Committee RECOMMENDS that Council appoints Mr Peter Smith as the designated external member of the Audit Committee for the period to October 2009, subject to a reference check and an interview being conducted with Mr Smith at a date and time to be determined by the Presiding Person of the Audit Committee.

The Motion was Put and

CARRIED (5/0)

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

The Committee then gave consideration to the composition of the interview panel.

MOVED Mayor Pickard SECONDED Cr Macdonald that the Presiding Person and the Chief Executive Officer conduct the interview with the preferred candidate, Mr Peter Smith, following reference checking being undertaken.

The Motion was Put and

CARRIED (5/0)

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

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.

The Director Corporate Services provided an overview of the report. General queries were raised in relation to the expenditure.

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 30 September 2007 forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (5/0)

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

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Person declared the Meeting closed at 1728 hrs; the following Elected members being present at that time:

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