

# minutes

## Audit Committee

MEETING HELD ON **WEDNESDAY, 9 MARCH 2010**

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## CITY OF JOONDALUP

### MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON WEDNESDAY, 9 MARCH 2011

#### ATTENDANCE

##### Committee Members:

Cr Tom McLean	<i>Presiding Person</i>
Mr Robert (Andy) Cowin	<i>Deputy Presiding Person - (External Member)</i>
Cr Geoff Amphlett, JP	
Cr Christine Hamilton-Prime	
Cr John Chester	

##### Officers:

Mr Garry Hunt	Chief Executive Officer
Mr Mike Tidy	Director Corporate Services
Mr Peter McGuckin	Internal Auditor
Mr Said Hafez	Manager Financial Services
Mrs Lesley Taylor	Governance Officer

#### DECLARATION OF OPENING

The Presiding Person declared the meeting open at 7.00 pm.

#### APOLOGIES/LEAVE OF ABSENCE

Apologies: Mayor Troy Pickard  
Cr Fiona Diaz

#### Leave of Absence previously approved

Cr Kerry Hollywood	23 March to 8 April 2011 inclusive;
Cr John Chester	2 to 11 April 2011 inclusive;
Cr Geoff Amphlett	5 to 14 April 2011 inclusive;
Cr Liam Gobbart	24 June to 18 July 2011 inclusive.

**CONFIRMATION OF MINUTES****MINUTES OF THE AUDIT COMMITTEE HELD 12 OCTOBER 2010**

**MOVED** Cr Amphlett, **SECONDED** Cr Chester that the minutes of the meeting of the Audit Committee held on 12 October 2010 be confirmed as a true and correct record.

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the motion:** Crs McLean, Amphlett, Chester, Hamilton-Prime and Mr Cowin

**ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**

Nil.

**DECLARATIONS OF INTEREST**

Nil.

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

Nil.

**PETITIONS AND DEPUTATIONS**

Nil.

**REPORTS****ITEM 1                      SETTING OF MEETING DATES FOR 2011**

**WARD:** All

**RESPONSIBLE:** Mr Jamie Parry, Director Governance and Strategy

**FILE NUMBER:** 50068

**ATTACHMENTS:** Nil.

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**PURPOSE**

To provide a schedule of meeting dates for the Audit Committee for 2011.

**BACKGROUND**

At its meeting held on 16 November 2010 (CJ194-11/10 refers), Council resolved:

*“7 AGREES that meetings for designated Council Committees be scheduled to occur on Mondays or Wednesdays of weeks 1, 2 or 3 of any month to minimise potential conflicts with other Council activities.”*

**DETAILS**

It is suggested that quarterly meetings of the Audit Committee be set for 2011.

The meeting dates are based on the schedule of Council meeting dates, adopted by Council at its meeting held on 16 November 2010. The proposed meeting dates are as follows:

7.00 pm on Wednesday, 4 May 2011;  
3.00 pm on Tuesday, 16 August 2011;  
6.00 pm on Wednesday, 2 November 2011.

**VOTING REQUIREMENTS**

Simple Majority

**MOVED Cr Amphlett, SECONDED Mr Cowin that the Audit Committee APPROVES the following meeting dates for 2011:**

**7.00 pm on Wednesday, 4 May 2011;  
3.00 pm on Tuesday, 16 August 2011;  
6.00 pm on Wednesday, 2 November 2011.**

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the motion:** Crs McLean, Amphlett, Chester, Hamilton-Prime and Mr Cowin

**Disclosure of interest affecting impartiality**

<b>Name/Position</b>	<b>Mr Garry Hunt, Chief Executive Officer</b>
<b>Item No/Subject</b>	Item 2 - CEO's Credit Card Expenditure for the quarter ended 30 September 2010
<b>Nature of interest</b>	Interest that may affect impartiality
<b>Extent of Interest</b>	The CEO is the card holder

## **ITEM 2                      CEO'S CREDIT CARD EXPENDITURE FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

**WARD:** All

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

**FILE NUMBER:** 09882, 18049

**ATTACHMENTS:** Attachment 1      CEO's Credit Card Expenditure – Quarter Ended 30 September 2010.

**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 2010.

**EXECUTIVE SUMMARY**

The report of the CEO's credit card usage for the quarter ended 30 September 2010 is attached.

*It is recommended that the Audit Committee NOTES the report on the corporate credit card usage of the Chief Executive Officer for the quarter ended 30 September 2010 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 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:**

Not Applicable.

**Legislation/Strategic Plan/Policy Implications**

**Legislation** 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.

**Strategic Plan**

**Key Focus Area:** Leadership and Governance.

**Objective:** 1.1 To ensure that the processes of local governance are carried out in a manner that is ethical, transparent and accountable.

**Policy** Not Applicable.

**Risk Management considerations:**

In accordance with the City's Use of Corporate Credit Cards Protocol, 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:**

Expenditures paid for by the corporate credit card assigned to the CEO are incurred under the approved budget.

**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 the Use of Corporate Credit Cards Protocol and the Contract of Employment of the CEO, with all expenditure being business related and authorised by the Director Corporate Services.

**VOTING REQUIREMENTS**

Simple Majority

**MOVED** Cr Chester, **SECONDED** Cr Hamilton-Prime that the Audit Committee **NOTES** the Report on the corporate credit card usage of the Chief Executive Officer for the quarter ended 30 September 2010 forming Attachment 1 to this Report.

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the motion:** Crs McLean, Amphlett, Chester, Hamilton-Prime and Mr Cowin

*Appendix 1 refers*

*To access this attachment on electronic document, click here: [Attach1agnaudit090311.pdf](#)*

**Disclosure of interest affecting impartiality**

<b>Name/Position</b>	<b>Mr Garry Hunt, Chief Executive Officer</b>
<b>Item No/Subject</b>	Item 3 - CEO's Credit Card Expenditure for the quarter ended 31 December 2010
<b>Nature of interest</b>	Interest that may affect impartiality
<b>Extent of Interest</b>	The CEO is the card holder

### **ITEM 3                      CEO'S CREDIT CARD EXPENDITURE FOR THE QUARTER ENDED 31 DECEMBER 2010**

**WARD:** All

**RESPONSIBLE** Mr Mike Tidy, Director Corporate Services

**FILE NUMBER:** 09882, 18049

**ATTACHMENTS:** Attachment 1      CEO's Credit Card Expenditure – Quarter Ended 31 December 2010.



## 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 2010.

## EXECUTIVE SUMMARY

The report of the CEO's credit card usage for the quarter ended 31 December 2010 is attached.

*It is recommended that the Audit Committee NOTES the Report on the corporate credit card usage of the Chief Executive Officer for the quarter ended 31 December 2010.*

## 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:

Not Applicable.

### Legislation/Strategic Plan/Policy Implications

<b>Legislation</b>	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.
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### Strategic Plan

<b>Key Focus Area:</b>	Leadership and Governance.
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Objective:	1.1 To ensure that the processes of local governance are carried out in a manner that is ethical, transparent and accountable.
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<b>Policy</b>	Not Applicable.
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**Risk Management considerations:**

In accordance with the City's Use of Corporate Credit Cards Protocol, 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:**

Expenditures paid for by the corporate credit card assigned to the CEO are incurred under the approved budget.

**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 the Use of Corporate Credit Cards Protocol and the Contract of Employment of the CEO, with all expenditure being business related and authorised by the Director Corporate Services.

**VOTING REQUIREMENTS**

Not Applicable.

**MOVED** Cr Amphlett, **SECONDED** Cr Hamilton-Prime that the Audit Committee **NOTES** the Report on the corporate credit card usage of the Chief Executive Officer for the quarter ended 31 December 2010 forming Attachment 1 to this Report.

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the motion:** Crs McLean, Amphlett, Chester, Hamilton-Prime and Mr Cowin

*Appendix 2 refers*

*To access this attachment on electronic document, click here: [Attach2agnaudit090311.pdf](#)*

## **ITEM 4                      HALF YEARLY REPORT - CONTRACT EXTENSIONS – 1 JULY 2010 TO 31 DECEMBER 2010**

**WARD:** All

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

**FILE NUMBER:** 07032

**ATTACHMENTS:** Attachment 1      Bi-Annual Figures for Contract Extensions  
1 July 2010 to 31 December 2010

### **PURPOSE**

The purpose of this report is to provide the Audit Committee with details of Contracts extended by the Chief Executive Officer between July 2010 and December 2010.

### **EXECUTIVE SUMMARY**

The schedule of Contracts extended by the Chief Executive Officer during the half-year ended on 31 December 2010 is provided in Attachment 1.

*It is recommended that the Audit Committee NOTES the Report detailing Contracts extended by the Chief Executive Officer during the period 1 July 2010 to 31 December 2010 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 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 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 in Attachment 1.

**Legislation/Strategic Plan/Policy Implications**

**Legislation** The City's legal advice is that under section 5.41(d) of the Local Government Act 1995 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.

**Strategic Plan**

**Key Focus Area:** The report of Contracts extended by the CEO links to the Strategic Plan.

**Objective:** 1.1 To ensure that the processes of local governance are carried out in a manner that is ethical, transparent and accountable.

**Objective:** 1.3 To lead and manage the City effectively.

**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 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 2010 to December 2010.

**VOTING REQUIREMENTS**

Simple Majority

**MOVED Mr Cowin, SECONDED Cr Chester that the Audit Committee NOTES the Report detailing Contracts extended by the Chief Executive Officer during the period 1 July 2010 to 31 December 2010 forming Attachment 1 to this Report.**

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the motion:** Crs McLean, Amphlett, Chester, Hamilton-Prime and Mr Cowin

*Appendix 3 refers*

*To access this attachment on electronic document, click here: [Attach3agnaudit090311.pdf](#)*

**ITEM 5                      HALF YEARLY REPORT - WRITE OFF OF MONIES (1 JULY 2010 – 31 DECEMBER 2010)**

**WARD:** All

**RESPONSIBLE** Mr Mike Tidy, Director Corporate Services

**FILE NUMBER:** 07032

**ATTACHMENTS:** Nil.

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**PURPOSE**

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

## EXECUTIVE SUMMARY

The total amount written off under delegated authority during the six months ended on 31 December 2010 came to \$7,259.44, comprising 5,334 small amounts of unpaid rates below the \$100 reportable limit and one item of \$210.35 representing legal costs written off.

*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 2010.*

## 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.

At its meeting held on 6 June 2006 (CJ 079-06/06), Council approved, inter alia, to delegate to the Chief Executive Officer (CEO) the authority to write-off monies owed to the City, subject to a report being provided to the Audit 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 *Local Government Act 1995* has delegated his authority to nominated employees, up to the limits provided in the instrument of delegation.

## DETAILS

During the six months ended on 31 December 2010 a total amount of \$7,259.44 was written off. This was made up of 5,334 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, one item of \$210.35 representing debt recovery costs charged to a ratepayer was written off, as full payment was received before the Summons was actually served.

### Issues and options considered:

Not Applicable.

### Legislation/Strategic Plan/Policy Implications

<b>Legislation</b>	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.
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**Strategic Plan**

**Key Focus Area:** Leadership and Governance.

**Objective:** 1.1 To ensure that the processes of local governance are carried out in the manner that is ethical, transparent and accountable.

**Policy** Not Applicable.

**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.

**Financial/Budget Implications:**

<b>Account Number:</b>	3256
<b>Annual Budget:</b>	\$13,700
<b>Year to Date Budget:</b>	\$ 6,850
<b>Year to Date Actual:</b>	\$ 7,259
<b>Year to Date Variance:</b>	\$ (409)

The year to date variance is not material, it represents a timing difference that is expected to be absorbed by the Annual Budget.

**Regional Significance:**

Not Applicable.

**Sustainability Implications:**

Not Applicable.

**Consultation:**

Not Applicable.

**COMMENT**

Monies written off under delegated authority comprised 5,334 small amounts of unpaid rates totalling \$7,049.09, all of which were below the \$100.00 reportable limit and one item of unpaid legal costs totally \$210.35, resulting in a total of \$7,259.44.

**VOTING REQUIREMENTS**

Simple Majority

**MOVED Cr Amphlett, SECONDED Cr Hamilton-Prime that the Audit Committee RECEIVES the Report of monies written off under delegated authority for the period 1 July to 31 December 2010.**

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the motion:** Crs McLean, Amphlett, Chester, Hamilton-Prime and Mr Cowin

**ITEM 6                      2010 COMPLIANCE AUDIT RETURN**

**WARD:** All

**RESPONSIBLE:** Mr Garry Hunt, Chief Executive Officer

**FILE NUMBER:** 09492, 50068

**ATTACHMENTS:** Attachment 1      2010 Compliance Audit Return

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**PURPOSE**

To present the completed 2010 Compliance Audit Return (“the Return”) to the Audit Committee prior to its submission to Council for final adoption.

**EXECUTIVE SUMMARY**

The Department of Local Government’s (“the Department”) Compliance Audit Return for the period 1 January 2010 to 31 December 2010 has been completed by the City and is required to be submitted to the Department by 31 March 2010.

**BACKGROUND**

The Department issued the 2010 Return for local governments on 22 December 2010 for online completion on its website.

The structure of the Return is generally similar to that of previous years, however, changes have been made to reduce the areas of compliance covered by the Return. This includes areas that are already monitored by the Department or where checking compliance is the responsibility of the local government’s external auditor. This has reduced the number of questions included in the 2010 Return, particularly under the Finance heading. Amendments to Regulation 13 of the Local Government (Audit) Regulations 1996 have been made in order to allow these changes to occur.



The Return includes the compliance categories of:

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

## DETAILS

There has been only one omission from the 2010 Return which relates to Section 6.41 of the Local Government Act 1995 - Service of Rate Notice. The Department does not require a response to be made for any provisions which have been omitted.

### 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.

### 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 Executive Director by 31 March next following the period to which the return relates.

- (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 (Audit) Regulations 1996.

### **Policy Implications:**

Not Applicable.

### **Regional Significance:**

Not Applicable.

### **Sustainability Implications:**

Not Applicable.

### **Consultation:**

Not Applicable.

**COMMENT**

The responses to the questions were collected from the relevant Directors, Managers and other City officers by the City's Internal Auditor and entered on the Return on the Department's website. The 2010 Return reveals an extremely high level of compliance with legislation for the City of Joondalup.

**VOTING REQUIREMENTS**

Simple Majority

**MOVED Cr Amphlett, SECONDED Cr Hamilton-Prime that the Audit Committee RECOMMENDS that Council:**

- 1 ADOPTS the completed Local Government Compliance Audit Return for the period 1 January 2010 to 31 December 2010 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.**

**Meeting Note**

The Chief Executive Officer made reference to Questions 15 and 27, pages 10 and 11 of the Compliance Audit Return, and advised that it was necessary to amend the responses given for the Council meeting to be held on 15 March 2011.

The Audit Committee agreed that Attachment 1 to this Report be amended as follows:

- Item 15 on Page 10 of 27, being amended to read 'Yes'.
- Item 27 on Page 11 of 27, being amended to read 'N/A'.

**The Motion was Put and**

**CARRIED (5/0)**

**In favour of the motion:** Crs McLean, Amphlett, Chester, Hamilton-Prime and Mr Cowin

*Appendix 4 refers*

*To access this attachment on electronic document, click here: [Attach4minaudit090311.pdf](#)*

**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 7.16 pm; the following Members being present at that time:

Cr Tom McLean  
Mr Robert (Andy) Cowin  
Cr Geoff Amphlett, JP  
Cr Christine Hamilton-Prime  
Cr John Chester