
Shire of Kalamunda

Audit Committee Agenda

Agenda for 2 April 2012





NOTICE OF MEETING AUDIT COMMITTEE

Councillors,

Notice is hereby given that the next meeting of the Audit Committee will be held in the Council Chambers, Administration Centre, 2 Railway Road, Kalamunda on:

Monday 2 April 2012 commencing at 4.45pm.

For the benefit of Committee Members, staff and members of the public, attention is drawn to the following requirements as adopted by Council.

Meeting – Procedure

1. Audit Committee is not open to the public.
2. Audit Committee has a membership of six (6) Councillors.
3. Unless otherwise advised a Committee makes recommendations only to Full Council (Held on the third Monday of each month at 6.30pm).
4. All other arrangements are in general accordance with Council's Audit Committee Terms of Reference October 2007.

A handwritten signature in black ink, appearing to be "JT" with a long horizontal stroke above it.

James Trail
Chief Executive Officer

26 March 2012

AGENDA

1.0 OFFICIAL OPENING

2.0 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED

3.0 CONFIRMATION OF PREVIOUS MINUTES

- 3.1 That the Minutes of the Audit Committee Meeting held on 13 February 2012 are confirmed as a true and accurate record of proceedings.

Moved:

Seconded:

Vote:

Statement by Presiding Member

"On the basis of the above Motion I now sign the minutes as a true and accurate record of the meeting of 13 February 2012."

4.0 ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION

5.0 DISCLOSURE OF INTERESTS

5.1 Disclosure of Financial and Proximity Interests

- a. Members must disclose the nature of their interest in matters to be discussed at the meeting. (*Local Government Act 1995* Sections 5.60B and 5.65).
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (*Local Government Act 1995* Sections 5.70 and 5.71)

5.2 Disclosure of Interest Affecting Impartiality

- a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

6.0 REPORT TO COUNCIL

Please Note:

Declaration of financial/conflict of interests to be recorded prior to dealing with each item.

Report Number

Page Number

04. Report on the Kalamunda Water Park and Shire Purchasing Policy 5

Declaration of financial / conflict of interests to be recorded prior to dealing with each item.

04. Report on the Kalamunda Water Park and Shire Purchasing Policy

Previous Items	Nil
Responsible Officer	Director of Corporate and Community Services
Service Area	Finance
File Reference	
Applicant	N/A
Owner	N/A
Confidential Attachment 1	Draft Report - Investigation of Kalamunda Water Park and Shire Purchasing Policy <u>Reason for Confidentiality</u> – Local Government Act 1995 Section 5.23(2)(c), "A contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting."

PURPOSE

1. To consider a draft Report on the Kalamunda Water Park and Shire Purchasing Policy prepared by Deloitte.

BACKGROUND

2. Expenditure on the major refurbishment of the Kalamunda Water Park exceeded the original contract and budget estimate by approximately \$1.46 million.
3. The Chief Executive Officer and Directors considered it prudent for a Forensic Audit to be undertaken on the Kalamunda Water Park to determine:
 - a) That the expenditure incurred was bona fide.
 - b) The reasons for the over expenditure.
 - c) Whether the principal contractors complied with the terms of their contract and tender.
 - d) Whether there is a potential claim against the principal contractor of the project for recovery of over expenditure.
 - e) Whether council policy and procedures were properly followed to prevent unauthorised expenditure from occurring.
4. Five audit firms were approached to provide quotations for a Forensic Audit of the Kalamunda Water Park. Two quotes were received and Deloitte's were appointed.

DETAILS

5. Deloitte issued a draft report on the 19 March 2012 for consideration by the members of the Audit Committee. The report includes a number of key findings and recommendations.

STATUTORY AND LEGAL IMPLICATIONS

6. Conformity with Section 3.57 of the *Local Government Act 1995* and Part 4 Tendering for providing goods or services under *Local Government (Functions and General) Regulations 1996*

POLICY IMPLICATIONS

7. Compliance with Purchasing Policy (Policy Number – PUR 1)

PUBLIC CONSULTATION/COMMUNICATION

8. Nil.

FINANCIAL IMPLICATIONS

9. Cost of the Forensic Audit of \$35,000 (excluding GST) is unbudgeted expenditure.
10. Over expenditure of approximately \$1.46m on the swimming pool and the cost of the Forensic Audit is being addressed as part of the budget review.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS**Strategic Planning Implications**

11. Nil.

Sustainability ImplicationsSocial Implications

12. Nil.

Economic Implications

13. Nil.

Environmental Implications

14. Nil.

OFFICER COMMENT

15. To consider key findings and recommendations of the Report on the Kalamunda Water Park Project and Shire Purchasing Policy prepared by Deloitte.

OFFICER RECOMMENDATION (AU 04/2012)

That Council:

1. Receives the report on the Kalamunda Water Park and Shire Purchasing Policy prepared by Deloitte.
2. The Chief Executive Officer implements the recommendations in the report.

Moved:

Seconded:

Vote:

7.0 QUESTIONS BY MEMBERS WITHOUT NOTICE

8.0 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

**9.0 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY
DECISION**

10.0 CLOSURE