



# **FINANCE & RESOURCES COMMITTEE MEETING AGENDA**

**to be held on Tuesday, 1 April 2003 at 6.30 pm  
at the Richmond Town Hall**

## **COUNCILLOR MEMBERSHIP**

Councillor Jackie Fristacky (Chairperson)

Councillor Greg Barber

Councillor Sue Corby

Councillor Jenny Farrar

Councillor Li Lai

### **I. ATTENDANCE**

### **II. DECLARATIONS OF PECUNIARY INTEREST**

### **III. COMMITTEE BUSINESS REPORTS**

***Welcome to the City of Yarra.  
Council acknowledges the  
Wurundjeri community as the first  
owners of this country.  
Today, they are still the custodians  
of the cultural heritage of this land.***

## **FINANCE & RESOURCES COMMITTEE MEETING**

<b>ITEM</b>		<b>PAGE</b>
1.1	Awarding of Council Contracts – Summary of Confidential Decisions made in the Previous Month	1
1.2	Council Contracts Awarded (over the value of \$50,000) - Monthly Report	3
1.3	Audit Committee Charter	5
1.4	2003 Council Meeting Program (July – December)	13

### **CONFIDENTIAL REPORTS**

<b>ITEM</b>		
1.5	Domestic Refuse Collection Service Contract No C623 – Contractual Matter	17
1.6	Contract Procedures	41

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## **1.1 Awarding of Council Contracts – Summary of Confidential Decisions made in the Previous Month**

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File: 25/55/01  
Responsible Officer: Senior Governance Officer

### **Purpose**

1. To report on Council contracts awarded that were subject to confidential Council decisions in the previous month.

### **Background**

2. This report provides a summary of a confidential Council decision made in respect to the awarding of a contract at its meeting on 11 March 2003.
3. Council is committed to openness and transparency in its decision-making processes. In line with this undertaking, Council will publish a summary of its confidential decisions in respect to the awarding of Council contracts.

### **Proposal**

4. It is proposed that the report be noted.

### **RECOMMENDATION**

5. That the report on the Awarding of Council Contracts - Summary of Confidential Decisions made at its meeting on 11 March 2003 be noted

**CONTACT OFFICER:** Chris Reside  
**TITLE:** Acting Senior Governance Officer  
**TEL:** 9205 5137

### **See Attachment**



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## **1.2 Council Contracts Awarded (over the value of \$50,000) - Monthly Report**

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File: 25/55/01  
Responsible Officer: Manager Governance

### **Purpose**

1. To report on Council contracts awarded (over the value of \$50,000).

### **Background**

2. Council receives a monthly report giving details of contracts awarded under delegation in excess of \$50,000.
3. One contract over the value of \$50,000 has been awarded under delegation by the Chief Executive Officer in this reporting period. Details are shown in Attachment 1

### **Proposal**

4. The report is to be noted.

### **RECOMMENDATION**

5. That the monthly report on Council contracts awarded (over the value of \$50,000) be noted.

**CONTACT OFFICER:** Chris Reside  
**TITLE:** Acting Senior Governance Officer  
**TEL:** 9205 5137

### **See Attachment**



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### 1.3 Audit Committee Charter

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File: 25/15/07-02  
Responsible Officer: Manager Governance

#### Purpose

1. The purpose of this further report is to recommend some minor amendments to the Charter of the Audit Committee.

#### Background

2. The Audit Committee Charter (see Attachment 1) was adopted by Council on 30 October 2001.
3. At its meeting on 12 February 2003, the Audit Committee reviewed the Charter and resolved to recommend two minor changes to Council. The proposed changes are:
  - (a) that in relation to responsibilities, the Committee be responsible for monitoring the implementation of the internal audit plan; and
  - (b) that the membership be increased to two councillors.
4. In relation to responsibilities, the Audit Committee considers that its role should encompass more than simply reviewing and approving the external audit plan, but extend to monitoring the implementation of the plan.
5. In relation to membership, the committee currently comprises two external members and one Councillor (Cr Corby), with a substitute representative (Cr Barber). Since his appointment, Cr Barber has attended all meetings of the Committee, but not as a voting member.
6. The Audit Committee noted that the Audit Committee Best Practice Guidelines published by the Department of Infrastructure recommend that Audit Committees comprise a majority of external members. The proposal submitted to the March 2003 cycle was that one Councillor (i.e. the Mayor) shall have voting rights. (The usual requirements for all members of a committee to vote does not apply in this case as Council's Meetings Procedures Local Law applies only to meetings of Council and Special Committees established pursuant to Section 86 of the *Local Government Act 1989*, whereas the Audit Committee is an Advisory Committee). It was also proposed that in the absence of the Mayor from the meeting, the alternate member would have voting rights.
7. It was also proposed that one of the Councillors be the Mayor and that the Council decide as to the other appointee annually.
8. The proposed changes are shown by bold italics and strikethrough in Attachment 1.

## Consultation

9. As indicated, the matter was discussed by the Audit Committee. The matter was also considered in the March 2003 Council cycle. At the Finance and Resources Committee on 4 March, additional information was requested regarding the size and membership of audit committees at other councils. That information was provided at the Council meeting on 11 March, however the matter was deferred for further information as to voting entitlements on those committees. The information required as a result is shown in *Table 1*.

<b>Council</b>	<b>Number of external members (No. voting members)</b>	<b>Number of Councillors (No. voting members)</b>	<b>Number of Officers (No. voting members)</b>	<b>Total membership</b>
Banyule	2 (2)	2 (2)	0	4 (4)
Bayside	2 (2)	2 (2)	0	4 (4)
Darebin	1 (1)	3 (3)	0	4 (4)
Casey	2 (2)	2 (2)	0	4 (4)
Maroondah	2 (2)	2 (2)	1 (CEO) (1)	5 (5)
Melbourne	3 (3)	3 (3)	0	6 (6)
Moreland	2 (2)	4 (4)	0	6 (6)
Nillumbik	2 (2)	2 (2)	0	4 (4)
Port Phillip	2 (2)	1 (1)	1 (1)	4 (4)
Stonnington	2 (2)	2 (2)	0	4 (4)
Whitehorse	1 (1)	2 (2)	0	3 (3)

Table 1

*(\*) – Two of the councils surveyed indicated they are about to review their audit committee membership, with a view to reducing the Councillor membership in an attempt to comply with the Best Practice Guidelines.*

10. In terms of the balance between external and internal membership, the Australian Institute of Company Directors takes the view that in relation to companies, there should be a majority of non-executive Directors (ie: independent parties) on Audit Committees and that the external view is provided by an external auditor.
11. From the Best Practice Guidelines which are targeted at councils as public bodies, the position is that Councillors are not considered as independent, and

thus the private sector view and Victorian Local Government Best Practice view are congruent.

12. Accordingly, the decision for Council is whether to adopt the recommendation of the Audit Committee and officers, that is to increase the membership of the Committee to four, but restrict the voting to three members, thereby ensuring compliance with the Best Practice Guidelines which the Council has previously supported, or to take a different approach.

13. In this context, at one time the Audit Committee did comprise two external members and two Councillors, but this attracted comment from the external auditor in his management letter relating to the 1999/2000 year. The auditor commented:

*“Recently the Local Government Division of the Department of Infrastructure issued Best Practice Guidelines for Council Audit Committees. These Guidelines were developed by the Australian Accounting Research Foundation on behalf of the Local Government Division. The Guidelines recommended that:*

1. *auditees establish and maintain effective audit committees;*
2. *audit committees be advisory committees of the auditee, independent of management and should report to the Board at least quarterly; and*
3. *members of audit committees to possess appropriate skills, with a majority of members, including the chairperson, to be appointed as independent members.*

*The City of Yarra’s Audit Committee has four members, including two independent members and two Councillors. The current composition of the Audit Committee does not comply with item 3 of the Best Practice Guidelines”.*

14. Accordingly, at its meeting on 17 April 2001, Council amended the Councillor representation to one Councillor and one substitute member, the arrangement that is still in place.

15. In terms of the Audit Committee’s performance:

- (a) the Committee’s role is defined by a Council approved Charter;
- (b) the Committee works to a formal triennial audit plan;
- (c) the Committee meets according to a timetable fixed annually in advance;
- (d) the Committee’s operations comply with the Best Practice Guidelines;
- (e) the Committee reports to Council as required; and
- (f) minutes of meetings are distributed to all Councillors.

16. Accordingly, the evidence is that the Committee is performing to expectations.

17. A Council resolution to appoint two Councillors as full (ie: voting) members of the Committee would be contrary to the Best Practice Guidelines and would contradict Council's decision of April 2001.

**Proposal**

18. That the recommendation be adopted.

**Resource Implications**

19. There are no resource implications.

**Financial Implications**

20. There are no financial implications.

**Policy Implications**

21. There are no policy implications.

**RECOMMENDATION**

22. That the Audit Committee Charter be amended in accordance with Attachment 1.

**CONTACT OFFICER:** Tim Brown  
**TITLE:** Manager Governance  
**TEL:** 9205-5110

**See Attachment**

PLEASE NOTE: This attachment is available on request from the Governance Support Unit.

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## **1.4 2003 Council Meeting Program (July – December)**

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File: 25/15/01  
Responsible Officer: Manager Governance

### **Purpose**

1. To adopt the 2003 Council meeting program (July – December).

### **Background**

2. Council has adopted its meeting program up until the end of June 2003.
3. Council needs to adopt its meeting program for July – December 2003. The adoption of a six-month meeting timetable facilitates forward planning and the programming of Council business.

### **Issues**

4. The proposed 2003 Council meeting program (July – December) includes:
  - (a) monthly Finance & Resource Committee meetings;
  - (b) monthly Planning & Community Development Committee meetings;
  - (c) monthly Ordinary Council meetings;
  - (d) twice-monthly Councillor Briefings; and
  - (e) fortnightly meetings of the Internal Development Approvals Committee (IDAC).
5. Councillor Briefings are currently held once per month, on the third Tuesday of the month (public holidays permitting). It is proposed that for the remainder of the calendar year, Councillor Briefings be scheduled twice per month, generally on the first and third Mondays. This increase in frequency will permit Council to be briefed on a number of outstanding matters. It is proposed that the Monday meetings commence at 6:00 pm and run in conjunction with the regularly scheduled informal Councillor meetings.
6. The proposed 2003 Council Meeting Program (July – December) is included with this report as Attachment 1.

### **Proposal**

7. It is proposed that Council adopt the attached meeting program for July – December 2003.

### **RECOMMENDATION**

8. That the attached 2003 Council meeting program (July – December) be adopted.

**CONTACT OFFICER:** Chris Reside  
**TITLE:** Acting Senior Governance Officer  
**TEL:** 9205 5137

**See Attachment**



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## **CONFIDENTIAL COMMITTEE BUSINESS REPORTS**

The following items are deemed by the Chief Executive Officer to be suitable for consideration in closed session in accordance with section 89 (2) of the *Local Government Act 1989*. In accordance with that Act, Council may resolve to consider these issues in open or closed session.

## **RECOMMENDATION**

1. That this meeting be closed to members of the public, in accordance with section 89 of the *Local Government Act 1989*, as disclosure of any of the following matters to be considered may prejudice the Council or other persons.
2. That all information contained within the Confidential Business Reports section of this notice paper and reproduced as Council Minutes be treated as being and remaining strictly confidential in accordance with the provisions of sections 77 and 89 of the *Local Government Act 1989* until Council resolves otherwise.