

CITY OF ARMADALE

MINUTES

OF CITY AUDIT COMMITTEE HELD IN THE COMMITTEE ROOM,
ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON MONDAY,
1 FEBRUARY 2016 AT 5.30PM.

PRESENT: Cr C Frost (Chair)
Cr R Butterfield
Cr G Nixon
Cr H A Zelones OAM JP (Deputy)

APOLOGIES: Nil

OBSERVERS: Nil

IN ATTENDANCE: Mr A F Maxwell Executive Director Corporate Services
Mrs F Baxter Executive Manager Corporate Services

PUBLIC: Nil

Note:

Meetings of the City Audit Committee are closed to the public on the basis that matters to be dealt with by Committee will generally be of a sensitive and confidential nature which, if disclosed could reasonably be expected to impair the effectiveness of the audit process – Council resolution CS18/2001 refers.

“For details of Councillor Membership on this Committee, please refer to the City’s website – www.armadale.wa.gov.au/your_council/councillors.”

DISCLAIMER

The Disclaimer for protecting Councillors and staff from liability of information and advice given at Committee meetings to be read.

DECLARATION OF MEMBERS' INTERESTS

Nil

DEPUTATION

Nil

CONFIRMATION OF MINUTES

RECOMMEND

**Minutes of the City Audit Committee Meeting held on 4 November 2015
be confirmed.**

**Moved Cr G Nixon
MOTION CARRIED (4/0)**

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CITY AUDIT COMMITTEE

1 FEBRUARY 2016

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1.1 - APPOINTMENT OF AUDITOR(S)

WARD : ALL
FILE No. : M/31/16
DATE : 20 January 2016
REF : FB
RESPONSIBLE MANAGER : Executive Director Corporate Services

In Brief:

- A Request for Quotation No. 12/15 was recently called for the Provision of Audit Services.
- Three Quotations were sought via the WALGA Preferred Supplier program and received by the specified closing time.
- The Report recommends that Council appoint Mr A Macri and Mr M Gudka (from Macri Partners Certified Practising Accountants) as Council's Auditors to provide external audit services for the (4) financial years ending 30th June 2016, 2017, 2018 and 2019.

Tabled Items

Nil

Officer Interest Declaration

Nil

Strategic Implications

- 4.1 Good Governance and Leadership
4.1.4 Support an Audit Committee to assist accountability and good governance.

Legislation Implications

The *Local Government Act 1995* refers, ie.

7.2. Audit

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

7.3. Appointment of auditors

- (1) A local government is to, from time to time whenever such an appointment is necessary or expedient, appoint* a person, on the recommendation of the audit committee, to be its auditor.

** Absolute majority required.*

- (2) The local government may appoint one or more persons as its auditor.
- (3) The local government's auditor is to be a person who is —
(a) a registered company auditor; or

- (b) an approved auditor.

7.6. Term of office of auditor

- (1) The appointment of a local government's auditor is to have effect in respect of the audit of the accounts and annual financial report of the local government for a term of not more than 5 financial years, but an auditor is eligible for re-appointment.

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
- (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.

Council Policy/Local Law Implications

Council Policy ADM 19 – Procurement of Goods or Services

Budget/Financial Implications

The provision of Audit services is included within the City's 2015-2030 Long Term Financial Plan.

The pricing submitted by the recommended Auditors is accommodated within the current year (2015/16) Annual Budget and the Long Term Financial Plan estimates.

Consultation

Nil

BACKGROUND

The City's audit contract expired in late 2015 (following the Auditor's final sign-off of the 2014/15 Annual Financial Statement) and hence the Request for Quotation No. RFQ 12/15, being for Provision of Audit Services, submitted on the WALGA preferred supplier program on 26 November 2015.

The Request for Quotation documentation invited three suitable applicants to submit a quote based on a number of key requirements, with those being (in summary form) –

- The contract period being for a period of 2 financial years with 2 by one financial year options to extend (consistent with the WALGA preferred supplier contractual arrangements);
- A detailed scoping and specification of the services required;
- Several special conditions of contract, and
- Agreed compliance and selection criteria by which to evaluate and select the successful quotation.

DETAILS OF PROPOSAL

At the close of submissions (2pm Thursday 17 December 2015), three conforming submissions had been received, they being as follows –

- Mr A Macri and Mr M Gudka – Macri Partners Certified Practising Accountants
- Mr M Petricevic and Mr M Hillgrovet – Grant Thornton Australia Limited
- Mr D J Tomasi, Mr Wen-Shen Chai, and Mr G Godwin – Moore Stephens, Chartered Accountants

COMMENT

ANALYSIS

Each submission met the prescribed compliance criteria and was then evaluated in accordance with the following qualitative criteria -

- Engagement Structure – Audit team make up and experience. Where possible this was scrutinised to the level of experience and number of hours of each would be committed to the Audit;
- Demonstrated Understanding - Understanding of the scope and needs of the City of Armadale. Indication of experience in completing/supplying similar requirements in similar size organisations;
- Audit Plan – Methodology and timing of audit visits as required to meet the City’s reporting deadlines by October each year;
- Relevant Experience – Comparison to audit of other similar structure Local Governments

The selection criteria and weightings applied in the evaluation/assessment process were:-

- Engagement Structure - 30%
- Demonstrated Understanding - 25%
- Audit Plan – 10%
- Relevant Experience – 25%
- Pricing – 10%

The ranking of the submissions, as determined by the Evaluation Panel, is as follows –

Auditor	Engagement Structure	Demonstrated Understanding	Audit Plan	Relevant Experience	Sub Total	Price	Total	Ranking
	30%	25%	10%	25%		10%		
Mr A Macri and Mr M Gudka from Macri Partners	21.50	16.67	7.33	15.83	61.33	8.37	69.70	1
Mr M Petricevic and Mr M Hillgrovet from Grant Thornton	18.00	16.67	6.33	16.67	57.67	10.00	67.67	2
Mr D J Tomasi, Mr Wen-Shen Chai, and Mr G Godwin from Moore Stephens	17.00	17.50	6.33	13.33	54.16	9.06	63.22	3

Brief comments on the above rankings

Whilst all three Audit submissions provided a high level of service assurance, the submission by Macri Partners provided a definable commitment to providing officers of a more senior level for a greater number of hours. At a time when the impacts of Valuation of Assets at Fair Value have made such fundamental changes to the City's financial systems, this provides the City with a more senior level of assurance.

Further, Macri Partners clearly demonstrated a thorough understanding of the City's requirements. Macri Partners currently conduct eighteen Local Government Audits – eleven metropolitan, three Regional and four Country.

CONCLUSION

It is recommended that Council support the following Report Recommendation for the reasons as presented in this Report.

ATTACHMENTS

There are no attachments for this report.

CA1/2/16 RECOMMEND

That Council:

- 1) **with respect to Request for Quotation No.12/15 – *Provision of Audit Services* - accepts the quotation received from Mr A Macri and Mr M Gudka (from Macri Partners Certified Practicing Accountants) for the four (4) financial years ending 30 June 2016, 2017, 2018 and 2019, in accordance with the submitted quotation and the City's contract documentation.**

- 2) **Pursuant to Section 7.3 of the *Local Government Act 1995*, appoints Mr A Macri and Mr M Gudka (from Macri Partners Certified Practicing Accountants) as the City of Armadale's Auditors for the four (4) financial years ending 30 June 2016, 2017, 2018 and 2019.**

ABSOLUTE MAJORITY RESOLUTION REQUIRED FOR PART (2)

**Moved Cr G Nixon
MOTION CARRIED (4/0)**

COUNCILLORS' ITEMS

Nil

MEETING DECLARED CLOSED AT 5.49
