MINUTES
Audit Committee Meeting
To be held on Tuesday, 21 February 2012 at 3:00pm
City of Rockingham Boardroom
# City of Rockingham
## Audit Committee Meeting Minutes
### Tuesday, 21 February 2012 – Council Boardroom

## 1. Declaration of Opening
The Chairman declared the Audit Committee Meeting open at 3:00pm and welcomed all present.

## 2. Record of Attendance/Apologies/Approved Leave of Absence

| Membership: |
|-----------------|-----------------|
| **2.1 Members** | **Deputies**    |
| Cr Barry Sammels (Mayor) |          |
| Cr Deb Hamblin (Deputy Mayor) |      |
| Cr Allan Hill | Observer |
| **2.2 Executive** |
| Mr John Pearson | A/Chief Executive Officer |
| Mr Allan Moles | Manager Accounting Services |
| Mr Peter Varris | Manager Governance and Councillor Support |
| Mrs Jelette Edwards | Governance Coordinator |

### 2.3 Apologies:
Cr Ann Prince

### 2.4 Approved Leave of Absence:

## 3. Terms of Reference
To oversee the external audit processes of the City, including receipt of the auditors statements and management reports.

## 4. Confirmation of Minutes of the Previous Audit Committee Meeting

**Moved Cr Sammels, seconded Cr Hamblin**

That the Minutes of the Audit Committee meeting held on 6 December 2011, be confirmed as a true and accurate record.

Carried 2/0

## 5. Matters Arising from the Previous Meeting

## 6. Declarations of Members and Officers Interests

## 7. Petitions/Deputations/Presentations/Submissions

## 8. Agenda Items
Audit Committee Agenda

Corporate Services

Reference No & Subject: CS-006/12 External Audit Contract
File No: W11/12-03
Proponent/s: Mr Allan Moles, Manager Financial Services
Author: Mr Wayne Smith, Coordinator Financial Services
Other Contributors: Ms Vanisha Govender, Financial Accountant
Date of Committee Meeting: 21 February 2012
Previously before Council: 
Disclosure of Interest: 
Nature of Council’s Role in this Matter: Executive Function
Site: 
Lot Area: 
Attachments: 

1. Purpose of Report

For Council to consider the quotations received for the provision of external audit services for the 2011/12, 2012/13 and 2013/14 financial years and to appoint the City of Rockingham’s Auditor for this period.

2. Background

The City’s current audit contract has expired following the completion of the audit process for the 2010/11 financial year.

Quotations were requested from three organisations on the WA Local Government Association’s (WALGA) Preferred Supplier Panel for Audit Services as follows,

- UHY Haines Norton (WA) Pty Ltd (the City’s current auditors)
- Macri Partners (previously the City’s auditors)
- Grant Thornton Audit Pty Ltd

The request for quotation included a detailed scope of audit and also required the provision of specific audit services for the Bert England Lodge for the first year.
3. Details

A panel including the Manager Financial Services, Coordinator Financial Services and the Financial Accountant undertook evaluations of the quotations received against the assessment criteria.

The following table outlines the results of these evaluations.

<table>
<thead>
<tr>
<th>Assessment Criteria</th>
<th>Max. Points</th>
<th>Grant Thornton Audit Pty Ltd</th>
<th>Macri Partners</th>
<th>UHY Norton Pty Ltd</th>
<th>Haines (WA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of service as determined by capability/competence of organisation to perform the work required</td>
<td>10%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Performance and experience of organisation in supplying similar services.</td>
<td>45%</td>
<td>44.0%</td>
<td>44.0%</td>
<td>44.0%</td>
<td>44.0%</td>
</tr>
<tr>
<td>Quotation Prices</td>
<td>45%</td>
<td>45.0%</td>
<td>42.6%</td>
<td>44.1%</td>
<td></td>
</tr>
<tr>
<td>Total Weighted Score</td>
<td>100%</td>
<td>97.0%</td>
<td>94.6%</td>
<td>96.1%</td>
<td></td>
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</table>

Each of the organisations has the experience and capability to undertake the audit scope as required by the City. The organisations have a number of local government clients both in the metropolitan area and in regional areas.

In addition to the quoted fixed lump sum price, the organisations were required to provide hourly rates for the various positions relevant to the audit and to provide an estimate of the hours to complete the audit.

Grant Thornton Audit Pty Ltd provided the lowest fixed lump sum quote for the three years, including the provision of audit services for the Bert England Lodge in the first year, and also provided the highest number of estimated hours. Also as their hourly rates are lower, the cost for grant acquittal audits is competitive. Grant Thornton Audit Pty Ltd is also the only organisation to include the attendance at the City’s Audit Committee meeting in the audit lump sum price.

4. Implications to Consider

a. Consultation with the Community
   
   Nil

b. Consultation with Government Agencies
   
   Nil

c. Strategic
   
   Community Plan
   
   This item addresses the Community’s Vision for the future and specifically the following Aspiration/s contained in the Community Plan 2011:-

   **Aspiration 15**: Governance systems that ensure decision making and resource allocation is accountable, participative and legally and ethically compliant.
d. **Policy**  
The City’s Purchasing Policy requires tenders to be called for purchases over $100,000 however there is an exemption where the supply is under a contract of WALGA (Preferred Supplier Arrangements).

e. **Financial**  
The quotations received for the 2011/12 financial year (excluding specific Bert England Lodge requirements) are all within $7,000 of the audit contract amount for 2010/11 and therefore are not considered to be excessive increases over the current budget allocations.

f. **Legal and Statutory**  
Section 7.3 of the Local Government Act 1995 requires a local government 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.

The local government may appoint one or more persons as its auditor however the local government’s auditor is to be a person who is either a registered company auditor or an approved auditor.

Section 7.6 of the Local Government Act 1995 states that 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.

5. **Comments**

Grant Thornton Audit Pty Ltd has provided the most competitive quotation and has the necessary experience to undertake the audit requirements for the City. They have a local government audit client list including the City’s of Perth, Fremantle, Stirling, Joondalup, and Cockburn and a number of other metropolitan and regional local governments.

6. **Voting Requirements**

Absolute Majority

7. **Officer Recommendation**

That Council:

1. **ACCEPT** the quotation submitted by Grant Thornton Audit Pty Ltd, Level 1, 10 Kings Park Road, West Perth WA 6005 for Quotation W11/12-03 Period Provision of External Audit Services, for the lump sum fixed price of $115,500 (inclusive of GST), to provide external audit services to the City of Rockingham for the 2011/12, 2012/13 and 2013/14 financial years.

2. **APPOINT** Mr Michael Hillgrove FCA, Partner, Grant Thornton Audit Pty Ltd, (Registered Company Auditor No. 16037) as the City of Rockingham’s Auditor for the 2011/12, 2012/13 and 2013/14 financial years.

8. **Committee Recommendation**

That Council:

1. **ACCEPT** the quotation submitted by Grant Thornton Audit Pty Ltd, Level 1, 10 Kings Park Road, West Perth WA 6005 for Quotation W11/12-03 Period Provision of External Audit Services, for the lump sum fixed price of $115,500 (inclusive of GST), to provide external audit services to the City of Rockingham for the 2011/12, 2012/13 and 2013/14 financial years.

2. **APPOINT** Mr Michael Hillgrove FCA, Partner, Grant Thornton Audit Pty Ltd, (Registered Company Auditor No. 16037) as the City of Rockingham’s Auditor for the 2011/12, 2012/13 and 2013/14 financial years.

Committee Voting – 2/0
<table>
<thead>
<tr>
<th></th>
<th>The Committee's Reason for Varying the Officer's Recommendation</th>
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<tbody>
<tr>
<td>9.</td>
<td>Not applicable</td>
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<th>Implications of the Changes to the Officer’s Recommendation</th>
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<tbody>
<tr>
<td>10.</td>
<td>Not applicable</td>
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Governance and Councillor Support

Audit Committee
Governance and Councillor Support

Reference No & Subject: GS-001/12
Compliance Audit Return 2011 (1 January 2011 to 31 December 2011)

File No: CPM/98

Proponent/s: Ms Jelette Edwards, Acting Manager Executive Services

Author:

Other Contributors:

Date of Committee Meeting: 21 February 2012

Previously before Council:

Disclosure of Interest:

Nature of Council’s Role in this Matter: Executive Function

Site:

Lot Area:

Attachments: Compliance Audit Return 2011

Maps/Diagrams:

1. Purpose of Report
Council to adopt the Local Government Compliance Audit Return for the period 1 January 2011 to 31 December 2011.

2. Background
In 1995 the Minister for Local Government introduced a Local Government Statutory Compliance Return to be completed annually.

The purpose of the return is to show that Council has met its statutory obligations under the various provisions of the Local Government 1995 and relevant Acts and Regulations.

In December 2011 the Department of Local Government issued a Circular stating that the Local Government (Audit) Regulations have been amended and Compliance Audit Returns now needed to go through the Audit Committee for Review before final adoption by Council at a Council Meeting.

3. Details
Documentation has been received seeking completion of a Return for the period 1 January 2011 to 31 December 2011. The Minister has introduced a requirement that the completed Return be included in the Agenda Papers and considered by Council.
In addition, each Councillor must be given the opportunity to review the Return and to make comment. Any matters of concern to Councillors relating to the Return are to be recorded in the Minutes of the meeting.

4. Implications to Consider

a. Consultation with the Community
   Not Applicable

b. Consultation with Government Agencies
   After the Compliance Audit Return has been presented to the Council a certified copy of the return, along with the relevant section of the minutes and any additional information explaining or qualifying the compliance audit, is to be submitted to the Executive Director, Department of Local Government by 31 March 2012.

c. Strategic
   Community Plan
   This item addresses the Community’s Vision for the future and specifically the following Aspiration/s contained in the Community Plan 2011:-
   
   **Aspiration 15**: Governance systems that ensure decision making and resource allocation is accountable, participative and legally and ethically compliant.

d. Policy
   Not Applicable

e. Financial
   Nil

f. Legal and Statutory
   As per Regulation 14 of the Local Government (Audit) Regulation 1996 the Compliance Audit Return is prepared in the form approved by the Minister, is reviewed by the Audit Committee, then report the results to Council. After Audit Committee has reported to Council the Compliance Audit Return is to be adopted at a Council Meeting and recorded in the minutes.

5. Comments

The Compliance Audit Return has been completed by all the relevant staff and a copy is attached for Council adoption.

6. Voting Requirements

Simple Majority

7. Officer Recommendation

That Council **ADOPT** the Compliance Audit Return for the period 1 January 2011 to 31 December 2011.

8. Committee Recommendation

That Council **ADOPT** the Compliance Audit Return for the period 1 January 2011 to 31 December 2011.

   Committee Voting – 2/0

9. The Committee’s Reason for Varying the Officer’s Recommendation

Not applicable

10. Implications of the Changes to the Officer’s Recommendation

   Not applicable
<table>
<thead>
<tr>
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<th>Other Business</th>
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<tbody>
<tr>
<td>10.</td>
<td>Date and Time of Next Meeting</td>
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<tr>
<td></td>
<td>The next Audit Committee Meeting will be held on a <em>date to be advised</em> in the Council Boardroom, Council Administration Building, Civic Boulevard, Rockingham.</td>
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<td>11.</td>
<td>Closure</td>
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<td>There being no further business, the Chairman thanked those persons present for attending the Audit Committee meeting, and declared the meeting closed at 3:11pm.</td>
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