



SHIRE OF LAVERTON

MINUTES

**AUDIT COMMITTEE MEETING
HELD**

THURSDAY

23 OCTOBER 2014

COMMENCING AT 4.33 PM

Order of Business

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MINUTES OF AUDIT COMMITTEE MEETING

1. DECLARATION OF OPENING

The Chairman Cr Patrick Hill Declared the meeting open at 4.33pm and welcomed everyone to the meeting

2. RECORD OF ATTENDANCE

2.1 PRESENT

Cr P Hill	Chairman
Cr R Wedge	Member
Cr L Hawkins	Member
Cr B Fuamatu	Member
Cr D Cannons	Member

Mr S Deckert	Chief Executive Officer
Mr G Stanley	Executive. Manager Corporate & Commercial Services
Miss T Farlow	Executive Assistant to CEO

2.2 APOLOGIES

Cr S Weldon	Member
Cr G Walder	Member
Mr R Williams	Executive Manager Technical Services

2.3 LEAVE OF ABSENCE

Nil

2.4 VISITORS

Nil

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING:

3.1	Audit Committee Meeting – 15 July 2014	File Ref: 207
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AC1001 OFFICER /COMMITTEE RECOMMENDATION

Moved Cr Hawkins, Seconded Cr Fuamatu

That the Minutes of the Audit Committee Meeting held on 15 July 2014, be confirmed as a true and accurate record.

Carried 5/0

4. REPORTS OF COMMITTEE AND OFFICERS

4.1 Appointment of Auditor for 2013/14–2015/16 Financial Years (File Ref: 761)

SUBMISSION TO: Audit Committee Meeting, 23 October 2014.

DISCLOSURE OF INTEREST: The author has no financial interest in this matter.

OWNER/APPLICANT: Not applicable.

AUTHOR: Graham Stanley, Executive Manager Corporate & Community Services.

SENIOR OFFICER: Steven Deckert, Chief Executive Officer.

PREVIOUS MEETING REF: None.

MATTER FOR CONSIDERATION:

For the Committee to recommend to Council the appointment of an Auditor for the 2013/14 – 2015-16 Financial Years.

ATTACHMENTS:

Attachment 4.1 “A” – Submission from Anderson Munro & Wyllie Chartered Accountants.
Attachment 4.1 “B” – Submission from AMD Chartered Accountants.
Attachment 4.1 “C” – Assessment of Audit Quotations – October 2014.

APPLICANT’S SUBMISSION:

Not applicable

BACKGROUND:

At the Ordinary Meeting of Council held on 20 March 2014, the Auditor, Gregory Froomes Wyllie was appointed for a further one year contract. Unfortunately sometime after he was reappointed Mr Wyllie advised that due to ill health he had to withdraw from the contract. It is therefore necessary to appoint an auditor to carry out the required audits for the 2013-14 financial year and future years. Quotations to provide audit services for 3 or 5 years were sought from three of the audit firms listed as WALGA preferred suppliers as well as from Mr Wyllie’s previous firm, now known as Anderson Munro & Wyllie Chartered Accountants. This firm had expressed an interest following Mr Wyllie’s retirement.

Only two firms responded, AMD Chartered Accountants and Anderson Munro & Willie Chartered Accountants, with both firms submitting quotations. This report considers those quotations makes a recommendation on an appointment

STATUTORY ENVIRONMENT:

Local Government Act 1995

Section 2.7(2) – Provides that Council is to oversee the allocation of local government finances and resources and to determine the local government policies.

Section 3.1 – Provides that the general function of the local government is to provide for the good government of persons in its district.

Section 7.3 – Provides for the local government to appoint* an auditor.

*Absolute majority required.

POLICY IMPLICATIONS:

Council has no policies in respect to this matter.

FINANCIAL IMPLICATIONS:

Ensuring compliance with good financial management practices and expenditure has been provided for in the Budget. An allowance of \$32,000 for audit services has been included in the 2014/15 budget to undertake the final audit for 2013/14, an interim audit for 2014/15 and sundry audits that may be required of grant acquittals during the year.

Quotes for 3 years and 5 years were sought however it is recommended that a three year appointment be made as a 5 year contract would exceed the threshold requiring a tender to be called and that would lead to further delays in making an appointment.

STRATEGIC IMPLICATIONS:

There are no strategic implications in respect to this report.

CONSULTATION:

Mr S Deckert – CEO.

COMMENT:

Both firms are experienced Local Government and Company Auditors and currently conduct audits for a number of Local Authorities. AMD has a larger number of Local Government clients and has more experience however Anderson Munro & Wyllie are suitably experienced and have experience in auditing other mining and pastoral councils. When all costs are taken into account Anderson Munro & Wyllie's anticipated costs for the audits will be less than AMD's by a few thousand dollars per year. Whilst AMD's quote on the face of it looks substantially more expensive they have included travel time & cost in their quote. Anderson Munro and Wyllie have included the travel time in their quote but not air fares or motor vehicle costs. AMD's Audit partner's rates are \$380 per hour compared to Anderson Munro & Wyllie's \$300 per hour and this may have a slight significance when conduction additional work such as acquittals of grants however in the scheme of things is likely to be marginal.

Both firms have sufficient capacity to conduct our audits in a timely manner. AMD is located in Bunbury and Anderson Munro & Wyllie is located in Perth & Joondalup. This is of significance when it comes to travel costs. AMD is proposing to visit once per year and conduct the Annual Audit for one year and the interim audit for the new financial year in the same visit. Whilst this may be acceptable in an effort to reduce costs Anderson Munro and Wyllie's traditional approach of conducting an interim audit between April and June and a final audit between July and October is preferred as it will allow time for any recommendations arising in the final audit to be implemented in time for the following interim Audit and will enable the auditor to conduct an audit on a wider sample of work during the interim audit. Both firms nominate two registered auditors to be appointed as Council's Auditors, giving a degree of comfort that both firms have sufficient capacity to deliver the required services.

I am confident that both firms could provide a satisfactory service. I have scored both quotations in line with a scoring matrix that was provided in the request for quotation and I have scored Anderson Munro and Wyllie ahead. I believe that Anderson Munro & Wyllie would provide a slightly better service at a lower cost.

VOTING REQUIREMENTS:

Absolute majority decision of Council required.

AC1002 OFFICER'S RECOMMENDATION/COMMITTEE DECISION

Moved Cr Wedge, Seconded Cr Fuamatu:

That the Audit Committee recommend Council accepts the quotation provided by Anderson Munro and Wyllie and appoint Mr Bill Thomas and Mr Chris McLaughlin as the Auditors for the 2013/14; 2014/15 and 2015/16 Financial Years for the Shire of Laverton.

Carried Unanimously 5/0

5. CLOSURE OF MEETING

There being no further business, the Chairman declared the meeting closed at 4.41pm.