



Perenjori
Embrace Opportunity

NOTICE OF MEETING

Dear Elected Member

The next Audit Committee Meeting of the Shire of Perenjori will be held on Thursday 17th March 2016 in the Latham Community Centre, Mullewa - Wubin Road, Latham commencing at 2.15 pm.

Ali Mills
Chief Executive Officer
11th March 2016

Shire of Perenjori Audit Committee Meeting 17th March 2016

Agenda

11th March 2016
Copies forward to:

All Councilors

Cr KJ Pohl
Cr LC Butler
Cr JM Hirsch
Cr LJ Smith

Shire of Perenjori

AGENDA

Audit Committee Meeting

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To be held in the Latham Community Centre, Mullewa – Wubin Road, Latham on the 17th March 2016, to commence at 2.15 pm.

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16031 PRELIMINARIES**16031.1 RECORD OF ATTENDANCE AND APOLOGIES****16031.2 CONFIRMATION OF MINUTES**

Minutes from the last Audit meeting on the 17th December 2015 are attached.

16032 ADOPTION OF COMPLIANCE AUDIT RETURN

APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM 0081
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	PETER MONEY - MCDS
RESPONSIBLE OFFICER	PETER MONEY - MCDS
REPORT DATE:	17TH MARCH 2016
ATTACHMENTS	COMPLIANCE AUDIT RETURN 2015

Executive Summary

This Item recommends that the Audit Committee accepts the attached Compliance Audit Return and recommends the Council adopts the Return without amendment.

Background

Local Governments are required to carry out a compliance audit in relation to the period 1 January to 31 December each year relative to the requirements set out in the attached document.

The Return is completed online via the Department of Local Government (DLG) website and provided to the Audit Committee prior to being referred to the Council for adoption.

The Return addresses various compliance matters with which local government CEO'S must advise the Department they have complied with or explain why the process was not compliant.

The Return must be provided to the Department by 31st March each year after it has been adopted by the Council and signed by the President and CEO.

There are no matters in which this Shire was not compliant.

Statutory Environment

Local Government (Audit) Regulations 1996 clause 14 requires adoption of the Return prior to providing it to the Department of Local Government.

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the shires position as an innovative, independent local government providing excellence in all areas of governance, management and leadership.

Risk Management

The report is a self-check on various administrative processes to ensure compliance with the Local Government Act. Matters covered in this report will be randomly audited in the annual report by external auditors.

Consultation

CEO

SFO

Administration Officer

Comment

The annual audit conducted by RSM Bird Cameron identified some minor matters of compliance in the internal purchasing policy, bank reconciliations, overheads allocations and some very minor matters with the tender register. These issues have no relation to the many questions asked in regards to compliances in this Return. Therefore this return is completed as all compliances being met.

Voting Requirements – Absolute Majority**Officers Recommendation – Item 16032**

That the Audit Committee accepts the Compliance Audit Return 2015 without amendment and recommends it for adoption by the Council.

16032.1 APPOINTMENT OF AUDITOR

APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	PETER MONEY - MCDS
RESPONSIBLE OFFICER:	PETER MONEY - MCDS
REPORT DATE:	17TH MARCH 2016
ATTACHMENTS:	QUOTATION'S FOR THE PROVISION OF AUDIT SERVICES

Executive Summary

The contract with the Shire's Auditors will expire on 30th June 2016 and the Audit Committee is required to make a recommendation to Council on the appointment of an auditor.

Background

The 3-year agreement with the Council's current auditor RSM Bird Cameron expires on 30th June 2016. As it is not known when the next Audit Committee will be held, quotes have been called for the opportunity for the Council to appoint an auditor effective from 1st July 2016.

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The Shire has been advised that the State Government is considering proposals to contract out some of the financial audits but at this time the details are not know. Legislation is currently being drafted and the outcome may not be known for some months.

As the current agreement will soon expire, quotes were called from three suppliers being RSM Bird Cameron, Moore Stephens (formerly UHY Haines Norton) and Butler Setterini who carry out audits in Carnamah Shire and others.

All three organisations contacted are qualified and competent in providing audit services for Local Government, meeting the requirements of the Local Government Act, and Financial Regulations.

All three also have existing local government contracts that could result in cost saving synergies in terms of travel to our Shire.

The scope of the quote called was to provide audit services to the Shire in accordance with the Local Government Act and Audit regulations.

The Audit Committee is to recommend to the Council the appointment of an auditor in accordance with s7.3 of the Act. The Act does not allow the CEO or any other staff member to be involved in the appointment of an auditor (other than presenting the item to the Council) nor to be appointed to the Audit committee.

Following are details of the prices submitted:

COMPANY	AUDIT YEAR	FEE	GST	TOTAL (GST INC)
		\$	\$	\$
BUTLER SETTINERI	2015-16	9750	975	10,725
	2016-17	10,200	1020	11,220
	2017-18	10,700	1070	11,770
RSM AUSTRALIA	2015-16	11,950	1,195	13,145
	2016-17	12,306	1,231	13,537
	2017-18	12,662	1,226	13,928
MOORE STEPHENS	2015-16	16,800 *	1,680	18,480
	2016-17	17,350 *	1,735	19,085
	2017-18	17,900 *	1,790	19,690

*Includes a travel cost.

Butler Settineri include one face to face meeting with the Audit Committee as part of the price structure. They also charge a flat \$800 for non-complex grant acquittals. Acquittals of the R2R grants are included in their quote.

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RSM include fact to face meeting with the Council or by teleconference depending availability. They charge by the hour for grant acquittals including the R2R grant acquittals.

Moore Stephens do not include a face to face meeting with the Audit Committee – this is an additional \$500 minimum fee unless the Committee meet with the Audit Partner on the audit visit by the partner. Fees as a guide for grant acquittals fall in the range of \$800 - \$1,000 per acquittal, unless there are complications for which an additional cost is negotiated on an hourly basis.

All three submissions do not include travel time in their quotes – this is an additional cost as is accommodation. For additional works that may be required all three charge around \$420 - \$450 per hour for a partner.

Statutory Environment

Local Government Act 1995 S7.3 states as follows:

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.*

Policy Implications

Nil

Financial Implications

The fees will need to be included in Council's annual budgeting processes.

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

Consultation

UHY Haines Norton

Shire of Carnamah

RSM Bird Cameron

Butler Settineri

Comment

All three companies have excellent reputations amongst local Government authorities and thus would be considered very competent and capable of meeting our needs and the compliance requirements set out by the Department. RSM have provided an excellent service for Council and have the advantage of being familiar with financial systems, practices and the financial staff

themselves. In light of the DLGC advising that the auditing system could change in the near future it could be useful for the interim period to retain the existing auditor on a year by year basis.

Voting Requirements - Absolute Majority

Officers Recommendation – Item 16032.1

That Council appoint as the Shire’s auditors for the Shire of Perenjori for one year being the 2015/2016 with the option for a further two years being 2016/2017 and 2017/2018.

16033 OTHER BUSINESS

16033.1 DATE OF NEXT MEETING / MEETINGS

To be advised.

16033.2 CLOSURE