



**SHIRE OF MENZIES**

## **MINUTES**

**OF THE AUDIT COMMITTEE MEETING  
HELD**

**Thursday 10 September, 2015**

**Shire of Menzies**

**Commencing at 4:31pm**

## **DISCLAIMER**

No responsibility whatsoever is implied or accepted by the Shire of Menzies for any act or omission or statement or intimation occurring during this meeting.

It is strongly advised that persons do not act on what is heard at this meeting and should only rely on written confirmation of Council's decision, which will be provided within fourteen (14) days of this meeting.

## **FINANCIAL INTEREST (EFFECTIVE 1 JULY 1996)**

A financial interest occurs where a Councillor, or person with whom the Councillor is closely associated, has direct or indirect financial interest in the matter. That is, the person stands to make a financial gain or loss from the decision, either now or at some time in the future.

An indirect financial interest includes a reference to a financial relationship between that person and another person who requires a Local Government decision in relation to the matter.

### **Councillors should declare an interest:**

- a) In a written notice given to the CEO before the meeting: or**
- b) At the meeting immediately before the matter is discussed**

A member who has declared an interest must not:

Preside at the part of the meeting relating to the matter: or  
Participate in, or be present during any discussion or decision making procedure relating to the matter.

Unless the member is allowed to do so under Section 5.68 or 5.69, Local Government Act 1995

Ref: Local Government Act 1995 Division 6 – Disclosure of Financial Interest.  
Specifically Sections 5.60, 5.61, 5.65 and 5.67

## **TERMS OF REFERENCE**

### **Objectives of the Audit Committee**

The primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the Shire's Auditor so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Shire's affairs, determining the Shire's policies and overseeing the allocation of the Shire's finances and resources. The Audit Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation.

The Audit Committee is to facilitate:

- The enhancement of the credibility and objectivity of external financial reporting;
- Effective management of financial and other risks and the protection of Shire assets;
- Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- The provision of an effective means of communication between the external auditor, the CEO and the Council.

### **Powers of the Audit Committee**

The Audit Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the Shire that have not been delegated to the CEO.

The Audit Committee is a formally appointed Committee of Council and is responsible to that body. The Audit Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and cannot involve itself in management processes or procedures.

### **Membership**

The Audit Committee will consist of four members with full voting rights and a quorum shall be two members.

The CEO and employees are not members of the Audit Committee.

The CEO and Deputy CEO are to be available to attend meetings to provide advice and guidance to the Audit Committee.

The Shire shall provide secretarial and administrative support to the Audit Committee.

### **Meetings**

The Audit Committee shall meet at least annually. Additional meetings shall be convened at the discretion of the presiding person.

#### Reporting

Reports and recommendations of each Audit committee meeting shall be presented to the next Ordinary Meeting of Council.

### **Duties and Responsibilities**

The duties and responsibilities of the Audit Committee will be:

- a) Provide guidance and assistance to Council as to the carrying out of the functions of the Shire in relation to audits;
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the Shire's Auditor;
- c) Develop and recommend to Council:

- A list of those matters to be audited; and
  - The scope of the audit to be undertaken;
- d) Recommend to Council the person or persons to be appointed as Auditor;
- e) Develop and recommend to Council a written agreement for the appointment of the external auditor. The agreement is to include:
- The objectives of the audit;
  - The scope of the audit;
  - A plan of the audit;
  - Details of the remuneration and expenses to be paid to the Auditor; and
  - The method to be used by the Shire to communicate with, and supply information to, the Auditor;
- f) Meet with the Auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- g) Liaise with the CEO to ensure that the Shire does everything in its power to:
- Assist the Audit to conduct the audit and carry out their other duties under the *Local Government Act 1995*; and
  - Ensure that audits are conducted successfully and expeditiously;
- h) Examine the reports of the Auditor after receiving a report from the CEO on the matters to:
- Determine if any matters raised require action to be taken by the Shire; and
  - Ensure that appropriate action is taken in respect of those matters;
- i) Review the report prepared by the CEO any actions taken in respect of any matters raised in the report of the Auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the Auditor is received, whichever is the latest in time;
- j) Review the scope of the audit plan and program and its effectiveness;
- k) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Audit Committee's Terms of Reference following authorisation from the Council;
- l) Review the annual Compliance Audit Return and report to Council the results of that review; and
- m) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Audit Committee, and report to Council the results of those reviews.

## TABLE OF CONTENTS

<b>1.</b>	<b>DECLARATION OF OPENING</b>	<b>6</b>
<b>2.</b>	<b>ANNOUNCEMENT OF VISITORS</b>	<b>6</b>
<b>3.</b>	<b>RECORD OF ATTENDANCE</b>	<b>6</b>
<b>4.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>6</b>
<b>5.</b>	<b>APPLICATIONS FOR LEAVE OF ABSENCE</b>	<b>6</b>
<b>6.</b>	<b>PUBLIC QUESTION TIME</b>	<b>6</b>
<b>7.</b>	<b>CONFIRMATION OF PREVIOUS MINUTES</b>	
	7.1 Confirmation of Audit Committee Minutes 30 July 2015	6
<b>8.</b>	<b>REPORTS OF COMMITTEES AND OFFICERS</b>	
	8.1 Tender 03/15 Audit Services 2015-2017 Evaluation	7
<b>9.</b>	<b>NEXT MEETING</b>	<b>10</b>
<b>10.</b>	<b>CLOSURE OF MEETING</b>	<b>10</b>



## MINUTES OF AUDIT COMMITTEE MEETING

### 1. DECLARATION OF OPENING

The Chairperson, Cr Greg Dwyer, declared the meeting open at 4:31pm, welcomed the attendees, and proceeded with the Agenda as planned.

### 2. ANNOUNCEMENT OF VISITORS

Nil

### 3. RECORD OF ATTENDANCE

#### 3.1 PRESENT:

<b>Councillors:</b>	Cr G Dwyer	President
	Cr J Mazza	Councillor

<b>Staff:</b>	P Durtanovich	A/CEO
---------------	---------------	-------

<b>Observers:</b>	Nil	
-------------------	-----	--

#### 3.2 APOLOGIES

<b>Councillors:</b>	Cr I R Tucker	Councillor
	Cr J Lee	Councillor

<b>Staff:</b>	Nil	
---------------	-----	--

### 4. DECLARATIONS OF INTEREST

Nil

### 5. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

### 6. PUBLIC QUESTION TIME

Nil

### 7. CONFIRMATION OF PREVIOUS MINUTES

#### 7.1 CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY 30 JULY 2015

##### VOTING REQUIREMENTS:

Simple majority

<b>OFFICER'S RECOMMENDATION &amp; COMMITTEE DECISION</b>
--

Moved: Cr Mazza

Seconded: Cr G Dwyer

That the Minutes of the Audit Committee Meeting held on 30 July 2015 as presented, be adopted.

4:32pm

CARRIED 2/0

## 8. REPORTS OF COMMITTEES AND OFFICERS

### 8.1 TENDER 03/15 AUDIT SERVICES 2015-2017

<b>SUBMISSION TO:</b>	Audit Committee Meeting, 10 September 2015
<b>LOCATION:</b>	Not applicable
<b>APPLICANT:</b>	Not applicable
<b>FILE REF:</b>	ADM456
<b>DISCLOSURE OF INTEREST:</b>	None
<b>DATE:</b>	8 September 2015
<b>SENIOR OFFICER:</b>	Pascoe Durtanovich, Acting Chief Executive Officer
<b>SIGNATURE OF SENIOR OFFICER:</b>	
<b>PREVIOUS MEETING REFERENCE:</b>	Item 14.2 Ordinary Council Meeting 30 July 2015

**ATTACHMENT:**  
None

#### SUMMARY

The Audit Committee is requested to consider tenders received for the provision of audit services and recommend to Council the appointment of an Auditor.

#### BACKGROUND:

The Shire of Menzies audit services have been provided by RSM Bird Cameron, under a contract of service which concluded on 30 June 2015. RSM Bird Cameron will undertake the end of year audit, as part of their existing commitment.

At the Ordinary Council Meeting held on 30 July 2015, Council resolved that tenders be invited for the provision of audit services for 2015/16 and 2016/2017.

#### COMMENT:

Tenders were advertised on 15 August 2015, at the close of the tender period the following tenders were received:

- William Buck \$39,600
- Audit Plus Solutions \$42,430
- Anderson Munro Wyllie \$31,350 + Travel and Accommodation
- Byfields Business Advisers \$39,820
- RSM Bird Cameron \$44,805
- AMD Chartered Accountants \$60,780
- Butler Settineri \$21,985 + Travel costs (klms)

One tender was received after the closing time and determined non-conforming. The non-conforming tender was received from Moore Stephens.

Tenders were evaluated by the Acting Chief Executive Officer based on the following selection criteria set in the tender document.

#### Methodology

Good understanding of the facilitation services to be provided.

#### Experience on Similar Work

Details of similar works provided by the Tenderer within the past two years.

Capacity to Undertake this Contract

Qualifications, experience, availability and capability of personnel committed to the contract.

Management Systems

Stated organisational values, methodology used to manage relationships with customers, methodology used to measure organisational and personnel performance from a non-financial aspect, company continuous improvement methodology.

Value for Money

Assessment of tenders, based on the above selection criteria resulted in the following outcome:

COMPANY	METHODOLOGY	EXPERIENCE ON SIMILAR WORK	CAPACITY	MANAGEMENT SYSTEM	FEE PROPOSAL (PRICE)	SCORE
	10%	5%	15%	10%	50%	100%
William Buck	10%	2%	15%	9%	24.5%	60.5%
Audit Plus Solutions	8%	3%	10%	2%	22%	45%
Anderson Munro & Wyllie	8%	5%	13%	8%	35%	<b>69%</b>
Byfields Business Advisers	10%	5%	12%	2%	24.5%	<b>53.5%</b>
RSM Bird Cameron	10%	5%	15%	10%	21%	<b>61%</b>
AMD Chartered Accountants	8%	5%	14%	7%	15.7%	<b>49.7%</b>
Butler Settineri	10%	5%	12%	8%	50%	<b>85%</b>

The tender from Butler Settineri is considered to be the most advantageous to the Shire of Menzies, scoring high on all weighted criteria, particularly price.

It is therefore recommended that the Audit Committee recommend to Council that the tender from Butler Settineri be accepted and Marius Van Der Merwe be appointed Auditor for 2015/2016 and 2016/2017.

**CONSULTATION:**

Not applicable

**STATUTORY ENVIRONMENT:**

The tender process was actioned in accordance with the *Local Government Act, 1995 (Functions and General) Regulations, 1996 Part 4 (Tenders for Providing Goods and Services)*.

**POLICY IMPLICATIONS:**

There are no policy implications



**FINANCIAL IMPLICATIONS:**

Audit fees have been included in the current budget.

**STRATEGIC IMPLICATIONS:**

There are no strategic implications resulting from this item.

**VOTING REQUIREMENTS:**

Simple majority

<b>OFFICER'S RECOMMENDATION &amp; COMMITTEE DECISION</b>
--

**Moved: Cr Mazza**

**Seconded: Cr G Dwyer**

**That the Audit Committee recommend to Council that the tender of \$21,985 received from Butler Settineri for the provision of Audit Services for 2015/2016 and 2016/2017 be accepted and Marius Van Der Merwe be appointed as Auditor for the Shire of Menzies for 2015/2016 and 2016/2017 financial years.**

**4:45pm**


**CARRIED 2/0**

**9. NEXT MEETING**

The next Audit Committee Meeting will be held when requested by the Chairperson.

**10. CLOSURE OF MEETING**

There being no further business the Chairperson closed the meeting at 4:58pm.

I,  hereby certify that the Minutes of the Audit Committee Meeting of Council held 10 September 2015 are confirmed as a true and correct record, as per the Resolution of the Audit Committee Meeting of Council held on 17 December 2015.

Signed 

Dated: 17th December 2015