



## Committee Attachments

Wednesday, 15 May 2013

REPORT NUMBER	REPORT TITLE AND ATTACHMENT DESCRIPTION	PAGE NUMBER(S)
10.1	<b>Audit Committee – 1 May 2013 - Appointment of Auditors*</b> minutes of the Audit Committee 1 May 2013	1

# AUDIT COMMITTEE MINUTES

Wednesday, 1 May 2013

Council Chambers  
6177 Great Northern Highway  
Bindoon

Commencement: 4.17pm  
Closure: 4.21pm



These minutes will be confirmed at the next meeting of the Audit Committee.

SIGNED BY

\_\_\_\_\_ Person presiding at the meeting at which minutes were confirmed

DATE

\_\_\_\_\_

**Disclaimer**

The purpose of this Committee meeting is to discuss and, where possible, make resolutions about items appearing on the agenda.

Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the *Local Government Act 1995* (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person.

The Shire of Chittering expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting.

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**1. DECLARATION OF OPENING OF MEETING / ANNOUNCEMENTS OF VISITORS**

The Presiding Member declared the meeting open at 4.17pm

**2. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE****2.1 Attendance**

The following members were in attendance:

Cr Alex Douglas                      Shire President  
Cr Sandra Clarke  
Cr Doreen Mackie  
Cr Michelle Rossouw

The following staff were in attendance:

Mr Gary Tuffin                      Chief Executive Officer  
Ms Jean Sutherland              Executive Manager Corporate Services  
Mr Azhar Awang                    Executive Manager Development Services (from 4.19pm)  
Mrs Karen Parker                 Manager Human Resources (from 4.19pm)  
Ms Danica Kay                      Executive Support Officer (Minute Secretary)

**2.2 Apologies**

Cr Robert Hawes                  Deputy Shire President  
Cr Barni Norton

**2.3 Approved leave of absence**

Council has previously approved leave of absence for:

- Cr Don Gibson for the period inclusive of 22 March until 10 May 2013.

**3. DISCLOSURE OF INTEREST**

Nil

**4. PUBLIC QUESTION TIME****4.1 Public question time**

Nil

**5. CONFIRMATION OF MINUTES – WEDNESDAY, 13 MARCH 2013**

**OFFICER RECOMMENDATION**

Moved Cr Mackie / Seconded Cr Clarke

That the minutes of the Audit Committee meeting held on Wednesday, 13 March 2013 be confirmed as a true and correct record of proceedings.

**THE MOTION WAS PUT AND DECLARED CARRIED 4/0**

**6. PURPOSE OF MEETING**

**6.1 Appointment of Auditors\***

<b>Applicant</b>	Shire of Chittering
<b>File ref</b>	12/01/2
<b>Prepared by</b>	Jean Sutherland, Executive Manager Corporate Services
<b>Supervised by</b>	Gary Tuffin, Chief Executive Officer
<b>Voting requirements</b>	<b>Absolute majority</b>
<b>Documents tabled</b>	Proposals from: UHY Haines Norton Macleod Corporation Pty Ltd Pitcher Partner William Buck RSM Bird Cameron
<b>Attachments</b>	Nil

**Background**

At the Ordinary Meeting of Council held 18 August 2010, Council appointed Mr D J Tomasi and Mr G Godwin of UHY Haines Norton Chartered Accountants, as the auditors for the Shire of Chittering for the three (3) year term 1 July 2010 to 30 June 2013.

The *Local Government Act 1995* allows Council to appoint auditors for a period of three (3) or five (5) years. Council have previously appointed auditors for three (3) year terms.

An advertisement was placed in the West Australian on Wednesday 27 March 2013 seeking a Request for Quotation for provision of audit services. The closing date was Friday 19 April 2013. All companies received the same Audit Scope.

After the closing date five (5) companies had submitted their quotations.

**Consultation**

Chief Executive Officer

**Statutory Environment**

*Local Government Act 1995, Part 7*

**Policy Implications**

Nil

**Financial Implications**

The costs associated with the appointment of auditors will be allocated in the relevant budgets.

**Strategic Implications**

Nil

**Site Inspection**

Not applicable

**Triple Bottom Line Assessment**

Economic implications

There are no known economic implications associated with this proposal

Social implications

There are no known significant social implications associated with this proposal.

Environmental implications

There are no known significant environmental implications associated with this proposal.

**Comment**

The five (5) companies that submitted quotations were UHY Haines Norton Chartered Accounts, Macleod Corporation PTY Ltd, Pitcher Partners, William Buck (WA) Pty Ltd and RSM Bird Cameron.

UHY Haines Norton Chartered Accountants

UHY Haines Norton have conducted the audit of the Shire of Chittering since 2005 in accordance with the requirements of the *Local Government Act 1995*, *Local Government Financial Management Regulations 1996* and the Australian and International Accounting Standards. UHY Haines Norton Chartered Accountants have provided Council with excellent service and have been of great assistance to the staff with the preparation of the annual financial statements and other relevant matters.

UHY Haines Norton Chartered Accountants is the largest auditor of local governments in the State and for the year ended 30 June 2012 were the auditors for fifty four (54) local governments and regional councils.

UHY Haines Norton has WALGA preferred supplier status and is able to offer a complete audit team with considerable depth of experience, expertise and knowledge of the local government industry in Western Australia.

Year Ending	Audit Fee	Disbursements/Travel	Total (ex GST)	Acquittals	Other Services
30 June 2014	\$19,000	\$450	\$19,450	\$800 - \$1,500 per acquittal	\$120 - \$600 per hour
30 June 2015	\$20,000	\$500	\$20,500		
30 June 2016	\$21,000	\$550	\$21,550		
<b>TOTAL</b>	<b>\$60,000</b>	<b>\$1,500</b>	<b>\$61,500</b>		

Macleod Corporation Pty Ltd

Macleod Corporation Pty Ltd is a boutique accounting practice specialising in local government auditing. They are based in Albany, servicing regional Western Australia. Paul Gilbert is the Principal Auditor and would be the nominated Auditor responsible for conducting the audit and he has over 20 years audit experience. Paul previously practiced under the Macleod Partners name (during which time he serviced up to 10 (ten) local government audit clients) and has worked with Lincolns Accountants (with up to 7 (seven) local government audit clients). The clients were namely south west local governments.

There is no indication in the proposal advising the number of local governments that Macleod Corporation is the current appointed auditor for.

Year Ending	Audit Fee	Disbursements/Travel	Total (ex GST)	Acquittals	Other Services
30 June 2014	\$10,850	\$1,625	\$12,475	\$110 - \$220 per hour	\$110 - \$220 per hour
30 June 2015	\$11,350	\$1,785	\$13,135		
30 June 2016	\$11,850	\$1,950	\$13,800		
<b>TOTAL</b>	<b>\$34,050</b>	<b>\$5,360</b>	<b>\$39,410</b>		

Pitcher Partners

Pitcher Partners describe themselves as a highly skilled and experienced audit and advisory practice with experience across a broad range of corporate and ASX listed companies, large proprietary companies, not for profit organisations, government bodies and professional associations.

The Perth Assurance practice consists of 3 (three) registered West Australian company auditors and an experienced audit team.

The proposal indicates that Pitcher Partners currently provide audit services to 10 (ten) local governments in the Eastern States. It also states that Mark English, Executive Director, whilst at another business had been involved in audits for 5 (five) local governments in Western Australia.

Year Ending	Audit Fee	Disbursements/Travel	Total (ex GST)	Acquittals	Other Services  (Financial statement assistance)
30 June 2014	\$14,500	Nil	\$14,500	\$1,500	\$3,500
30 June 2015	\$15,500	Nil	\$15,500	\$1,600	\$3,800
30 June 2016	\$16,500	Nil	\$16,500	\$1,700	\$4,000
<b>TOTAL</b>	<b>\$46,500</b>	<b>Nil</b>	<b>\$46,500</b>		



William Buck (WA) Pty Ltd

William Buck is Australia's oldest accounting firm and has 63 Directors and over 500 professionals working in offices in the Australian capital cities and in New Zealand. Their proposal indicates they have limited experience in conducting external audits for local governments.

Year Ending	Audit Fee	Disbursements/Travel	Total (ex GST)	Acquittals	Other Services
30 June 2014	\$17,000	Included	\$17,000	\$100 - \$290 per hour	
30 June 2015	\$17,000	Included	\$17,000		
30 June 2016	\$17,500	Included	\$17,500		
<b>TOTAL</b>	<b>\$51,500</b>	<b>Nil</b>	<b>\$51,500</b>		

RSM Bird Cameron

RSM Bird Cameron is a leading national Australian owned accounting firm. The Geraldton office consults to a number of public and private sector entities and is now the largest provider of accounting services north of Perth. The Geraldton office has 28 staff, including 6 Partners/Client Managers who are experienced Chartered Accountants. RSM currently audits seven (7) Shire's throughout the Midwest and Southern Rangelands region. RSM have experience team members who have worked in the local government sector for the past fifteen (15) years covering external audit, internal audit and consulting.

Year Ending	Audit Fee	Incidentals	Total (ex GST)	Acquittals	Other Services
30 June 2014	\$19,047	\$500	\$19,547		Travel and accom is additional
30 June 2015	\$20,011	\$525	\$20,536		
30 June 2016	\$21,024	\$551	\$21,575		
<b>TOTAL</b>	<b>\$51,500</b>	<b>Nil</b>	<b>\$61,658</b>		

As listed above the fee estimates for the provision of audit services ranges from \$39,410 to \$61,658 over the 3 (three) year term. Although UHY Haines Norton have the second highest fee, it is recommended that Council appoint Mr DJ Tomasi and Mr G Godwin of UHY Haines Norton Chartered Accountants as its auditors on the basis of past performance, the proven capacity to undertake the task, the experience and knowledge that the company has with Western Australian local governments and the other benefits such as training that this company uniquely offers local governments.

**OFFICER / COMMITTEE RECOMMENDATION**

Moved Cr Rossouw / Seconded Cr Clarke

That the Audit Committee **RECOMMENDS** to Council the appointment of Mr DJ Tomasi (registered auditor number 15724) and Mr G Godwin (registered auditor number 310219) of UHY Haines Norton Chartered Accountants, as auditors for the Shire of Chittering for a period of three (3) years expiring 30 June 2016 at the quoted fees as listed:

- Year ending 30 June 2014      \$19,450 ex GST
- Year ending 30 June 2015      \$20,500 ex GST
- Year ending 30 June 2016      \$21,550 ex GST

**THE MOTION WAS PUT AND DECLARED CARRIED 4/0  
BY ABSOLUTE MAJORITY**

**7. CLOSURE**

The Presiding Member declared the meeting closed at 4.21pm



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