

<b>ITEM NO:</b>	4.5 Committee CONFIDENTIAL Report
<b>MEETING TYPE</b>	Finance & Risk Audit Committee
<b>MEETING DATE:</b>	8 May 2020
<b>SUBJECT:</b>	Appointment of External Auditor
<b>FILE NUMBER</b>	F16/1458 - Finance & Risk Audit Committee Report
<b>RECORD NUMBER:</b>	R20/7922
<b>AUTHOR:</b>	Sandra Brice
<b>ATTACHMENT (S):</b>	Nil

## LINKS TO STRATEGIC MANAGEMENT PLAN 2016-2026

<b>KEY RESULT AREA:</b>	1. Governance
<b>STRATEGY:</b>	1.2. Maintain financial viability and accountability in budgeting and administration.
<b>ACTION:</b>	N/A

## BACKGROUND:

As per Section 128 of the *Local Government Act, 1999*, Council is required to have an Auditor. The current agreement for our Auditor is due to expire as at 30 June 2020.

The District Council of Streaky Bay has been part of a Joint Tender for an auditing contract, with 8 other regional Councils. The benefit of this, is that there are reduced costs relating to Audit as well as travel.

After consultation, with the other Councils, a shortlist of three audit firms has occurred, and as per Section 128 (2) of the *Local Government Act, 1999*, the auditor

*“The auditor will be appointed by the Council on the recommendation of the Council's Audit Committee.”*

This is preliminary advice to advise the Finance and Audit Committee of the process that has been undertaken, and seeking their preference recommendation.

The staff have undertaken a Tender Assessment Processes as below:-

CRITERIA	WEIGHTING	Newberry	McDonald	Galpins	Bentleys	PKF
Compliant Tender	Y					
Statutory Audit / SA LG Audit	25%	3	3	4	3	3
Qualifications / Capability Experience of Audit Personnel	25%	3	3	4	3	2
Audit Approach / Methodology including how to address critical matters	25%	3	2	4	3	2
Value for Money	25%	5	5	1	2	1
<b>NON-FEE ASSESSMENT TOTALS</b>	100%	14	13	13	11	8
<b>PRICE (based on a group price) - 5 years</b>		80,179	71,500	93,673	96,275	98,673

A copy of a more detailed analysis of the costs and copies of the Tender documents are available on request.

## Risk Management – Framework and Policy Provisions

- (a) Risk Consequences must be considered as per Appendix B of the Risk Framework;
- (b) The likelihood of the recognised risk occurring must be considered as per Appendix C of the Risk Framework;
- (c) Where risks are identified as Extreme or High (Appendix D), Council must ensure its decision reduces the recognised risk to Medium or Low (residual risk) depending on the agreed tolerance level (Appendix E).

### Risk Matrix

Likelihood/Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium	High	High	Extreme	Extreme
Likely	Low	Medium	High	Extreme	Extreme
Possible	Low	Low	Medium	High	Extreme
Unlikely	Low	Low	Low	High	Extreme
Rare	Low	Low	Low	Medium	High

### Recommendation

That the Committee resolve:

- (a) Pursuant to Section 90(2)(3)(d)(i)(ii) of the *Local Government Act 1999*, orders that all persons with the exception of the Karina Ewer (Chief Executive Office), Sandra Brice (Manager, Business & Administration Services), PJ Williams (Manager, Community and Economic Development), Darren Walker (Manager, Infrastructure and Civil Works) and Judy Childs (Executive Assistant & Governance Officer/Minute Taker), be excluded from attendance at the meeting for agenda item 4.5, relating to “Appointment of External Auditor”
- (b) The Committee is satisfied pursuant to Section 90(3)(i) of the Act, the information the disclosure of which (i) could reasonably be expected to confer a commercial advantage on a person with whom council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (ii) would, on balance, be contrary to the public interest”.
- (c) The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances as information concerning commercial information.

### Recommendation

That the Committee, having considered Report No 4.5 Title: Finance & Risk Audit Committee dated: 8 May 2020 and its role under Section 6, 7 and 8 of the Local Government Act 1999 recommend Council allow staff to negotiate with the Tender Group one preference.

### Recommendation

That having considered the agenda item 4.5 relating to “Appointment of External Auditor” in confidence under Section 90(2) and (3)(b) of the Local Government Act, pursuant to Section 91(7) of the Act orders that the minutes, reports considered and discussed in relation to agenda item 4.4 be retained in confidence until xxx.