



Item No: 19.2

File No: 9.14.1.6

Date: 18 February 2019

Attachment: Nil

**Meeting:** Council

**Title:** Re-appointment of External Auditor

**Responsible Manager:** Chief Executive Officer, Kiki Magro

**Author:** Group Manager, Corporate Services, Katy Bone

**Key Focus Area:** Strategic Community Plan Focus area 3- Transparent and accountable local tier of Government

**Key Focus Area:** Financial Guiding Principle 4 – Robust and transparent allocation and prioritisation of resources

**Type of Report:** **Decision Required**

Pursuant to Section 83(5) of the *Local Government Act 1999*, the Chief Executive Officer indicates that the matter contained in this report may, if the Council so determines, be considered in confidence pursuant to Section 90(2) of the *Local Government Act 1999* on the basis that the information contained in the attached report is information of the nature specified in subsections 90(3)(k) of the Act and Specifically for the tendered external auditor provision of services and the carrying out of works.

### Recommendation

#### Pursuant to s90 (3) (k)

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public except, Chief Executive Officer Kiki Magro, Group Manager Corporate Services Katy Bone and Council Secretariat Jayde Hanna be excluded from attendance at the meeting for agenda item “Re-appointment of External Auditor”.

The Council is satisfied that, pursuant to section 90(3)(k) of the Act, the information to be received, discussed or considered in relation to this agenda item relates to the provision of services and the carrying out of works.

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because of the nature of the matter and commercial information will be disclosed and discussed.

**Recommendation (Confidential)**

That Council re-appointment of Bentleys (SA) Pty Ltd to provide external audit services for an additional two years to 30 June 2020, subject to audit fees negotiated to the satisfaction of the Council.

**Recommendation (Confidential)**Pursuant to s.91(7)

That having considered Agenda Item "Re-appointment of External Auditor" in confidence under section 90(2) and 90(3)(k) of the *Local Government Act 1999*, the Committee, pursuant to section 91(7) of the Act orders that the report and minutes relative to this Agenda Item be retained in confidence until the matter is finalised.

And

That the Committee resolves to end its confidential deliberations pursuant to Section 90(2) of the *Local Government Act 1999* and re-admit the public.

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**Summary**

The term of Councils External Auditor is due to expire. The Audit Committee considered the matter at its meeting held on 29 January 2019 and have recommended to Council to continue the External Audit Services contract with Bentleys (SA) Pty Ltd.

**Background**

At the Council meeting held on 21 September 2015 Council awarded the External Audit Services contract to Bentleys (SA) Pty Ltd for a period of two years commencing 2015/16 financial year, with a further three year option. Specifically, Council resolved the following:

**CNC121/15-16**

*That Council accepts the recommendation of the Audit Committee that the External Audit Services contract be awarded to Bentleys for a period of two (2) years commencing with the 2015/16 financial year, with a further option as determined by a recommendation from the Audit Committee to Council of an additional three (3) years through to 30 June 2020.*

At the Audit Committee meeting held on 11 December 2017 Bentley's performance was discussed. The CEO and Chair were instructed to meet with Bentleys to renegotiate the audit contract, specifically as it related to requesting that a different member of the audit team be assigned to attend and conduct the services of the external audit. Further, based on the improvements of performance the contract would then be extended for another two years through to 30 June 2020. Specifically, the Audit Committee resolved the following:

**AC33/17-18 (Confidential)**

*That the Audit Committee request that the CEO and Chair meet with Bentleys to provide feedback on the performance of the external audit contract and look to re-negotiate the terms, with the view for a 1 plus 2 year extension based on improvement of performance for 2017/18 year.*

At the Audit Committee meeting held on 29 January 2019 Bentleys performance was discussed. The Audit Committee resolved:

**AC26/18-19 (Confidential)**

*That the Audit Committee recommend to Council the re-appointment of Bentleys (SA) Pty Ltd to provide external audit services for an additional two years to 30 June 2020, subject to audit fees negotiated to the satisfaction of the Council.*

**Discussion/Issues for Consideration**

Since the meeting with Bentleys (SA) Pty Ltd performance a new Audit team was assigned to Town Of Walkerville. This essentially improved the overall performance.

For 2017/18 the Audit process was brought forward in order for the Financial Statements to be approved by the previous Councillor's. These expectations were met within the agreed timeframe.

**Options for Consideration**Option 1

That Council re-appointment of Bentleys (SA) Pty Ltd to provide external audit services for an additional two years to 30 June 2020, subject to audit fees negotiated to the satisfaction of the Council.

Option 2

That Council not to execute the clause in the External Audit Service contract for an additional two years and seek expressions of interest for external audit services to the Town of Walkerville commencing in the 2018/19 financial year for two consecutive financial years with an option for a further contract period.

**Analysis of Options**

Bentleys (SA) Pty Ltd performance regarding the 2017/18 financial statements was acceptable. The performance issues have been addressed.

**Financial Implications**

The External Audit Services contract has been factored into Councils approved budgets.

**Community Implications**

There are no known implications that will impact on the community.

**Governance Implications**

The Audit Committee has been delegated the task to review the current External Audit Services and provide a recommendation to Council.

**Preferred Option & Reasoning**

Option 1 is the preferred option. Bentleys (SA) Pty Ltd has been Town of Walkerville external Auditors since 2015/16. An extension for two years is inline with the original approval by Council.

**Attachment**

Nil