



Item No: 8.1

File No: 9.14.1.6

Date: 29 January 2019

Attachment: Nil

Meeting: Audit Committee

Title: Re-appointment of External Auditor

Responsible Manager: Acting Chief Executive Officer, Joshua Bowen

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, Acting Chief Executive Officer Josh Bowen, 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 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 the following conditions:

- audit fees remaining within the range of previous levels

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 pending Councils consideration and determination of this matter.

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.

Summary

Review the performance of the External Auditor and make recommendations 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 Bentleys 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.

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 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 the following conditions:

- audit fees remaining within the range of previous levels;

Option 2

That the Audit Committee recommend to 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