

AUDIT COMMITTEE

MINUTES

7 May 2009

(REF: COMMITTEES-9301)

A meeting of the Audit Committee was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 7 May 2009**. The meeting commenced at **5.00pm**.

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 5.00pm.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED

Councillor Attendance

Cr David Färdig (Chairman)	EMRC Member	City of Swan
Cr Tina Klein (Deputy Chairman)	EMRC Member	Town of Bassendean
Cr Sylvan Albert (Deputising for Cr Magro)	EMRC Member	City of Bayswater
Cr Janet Powell	EMRC Member	City of Belmont
Cr Don McKechnie	EMRC Member	Shire of Kalamunda
Cr Tony Cuccaro (Deputising for Cr Lavell)	EMRC Member	Shire of Mundaring

Apologies

Cr Lou Magro	EMRC Member	City of Bayswater
Cr David Lavell	EMRC Member	Shire of Mundaring

EMRC Officers

Mr Peter Schneider	Acting Chief Executive Officer
Mr David Ameduri	Manager, Financial Services
Ms Mary-Ann Winnett	Personal Assistant to Executive Manager, Corporate Services (Minutes)

Visitors

3 DISCLOSURE OF INTERESTS

Nil

4 ANNOUNCEMENT BY THE CHAIRMAN OR PERSON PRESIDING WITHOUT DISCUSSION

Nil

5 APPLICATION FOR LEAVE OF ABSENCE

Nil

6 PRESENTATIONS

Nil



7 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

7.1 MINUTES OF AUDIT COMMITTEE MEETING HELD ON 16 APRIL 2009

That the Minutes of the Audit Committee meeting held 16 April 2009, which have been distributed, be confirmed.

AUDIT COMMITTEE RESOLUTION(S)

MOVED CR POWELL

SECONDED CR MCKECHNIE

THAT THE MINUTES OF THE AUDIT COMMITTEE HELD ON 16 APRIL 2009, WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

CARRIED UNANIMOUSLY

8 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

9 QUESTIONS WITHOUT NOTICE

Nil

10 ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

11 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil



12 REPORTS OF OFFICERS/AUDITORS

12.1 EXTERNAL AUDIT CONTRACT TENDER

REFERENCE: COMMITTEES-9317

PURPOSE OF REPORT

The purpose of this report is to provide Council, via the Audit Committee, of the results of Tender 2009/07 for the Provision of External Audit Services and recommend acceptance of the tender from Macri Partners.

KEY ISSUES AND RECOMMENDATION(S)

- It is a requirement of the Local Government Act (Part 7, Division 2 - Appointment of auditors) and the Local Government (Audit) Regulations 1996 that a Local Government is to appoint a person, on the recommendation of the audit committee, to be its auditor.
- The previous audit contract expired with the completion of the audit undertaken on the 2007/2008 Annual Financial Statements.
- A tender for the provision of external audit services was advertised in the West Australian newspaper on 4 April 2009.
- Tenders were invited from qualifying persons for the provision of external audit services in accordance with the requirements of the Local Government Act 1995 and the Local Government (Audit) Regulations 1996, for the Eastern Metropolitan Regional Council (EMRC).
- Tenders closed on 24 April 2009. Four tenders were received and assessed against a pre-defined selection criterion.

Recommendation(s)

That Council, by absolute majority in accordance with Section 7.3 of the Local Government Act 1995, appoints Anthony Macri, Registered Company Auditor (No. 14034), of Macri Partners, for the period 1 July 2008 to 30 June 2011 at an annual fee in accordance with Attachment 1 to this report with an option of a further two (2) year extension, at the sole discretion of the EMRC, commencing 1 July 2011 and ending on 30 June 2013.

SOURCE OF REPORT

Manager, Financial Services

BACKGROUND

It is a requirement of the Local Government Act (Part 7, Division 2 - Appointment of auditors) and the Local Government (Audit) Regulations 1996 that a Local Government is to, from time to time whenever such an appointment is necessary or expedient, appoint (by absolute majority) a person, on the recommendation of the audit committee, to be its auditor.

EMRC's audit contract with Anthony Macri of Macri Partners expired with the completion of the audit undertaken on the 2007/2008 Annual Financial Statements.

Macri Partners have been the external auditors for all of the EMRC's member councils for a number of years, and, for those member councils who have been out to tender this year, with the exception of the City of Swan who are currently still in the process of appointing their external auditors, have reappointed Macri Partners for at least the next two (2) years.

On 4 April 2009 tenders were invited from qualified persons for the provision of external audit services in accordance with the requirements of the Local Government Act 1995 and the Local Government (Audit) Regulations 1996, for the Eastern Metropolitan Regional Council (EMRC).



Item 12.1 continued

REPORT

Tender 2009/07 was advertised on 4 April 2009, and four (4) submissions were received. Tenders were received from:

- Grant Thornton
- Macri Partners
- Stamfords
- UHY Haines Norton

Tenders were assessed against the following pre-defined selection criteria:

Criteria	Weighting
1. Demonstrated experience in providing similar external audit services, particularly in local government	20%
2. Skills and experience of key personnel	20%
3. Tenderer's resources	10%
4. A demonstrated understanding of the required tasks	10%
5. Tendered price	40%

Whilst all tenderers scored similarly in parts 1 to 4 of the criteria, Macri Partners had either the highest or equal highest weighted score as assessed by the evaluation panel. They were also significantly better on a price basis than the other tenderers

Macri Partners senior qualified staff will spend approximately 60 hours on the audit of a total estimated time of 75 hours to complete the audit.

Macri Partners are the current auditors for 16 metropolitan local governments and 2 local government regional councils. The Metropolitan local governments include the Cities of Bayswater and Belmont, the Shires of Kalamunda and Mundaring and the Town of Bassendean.

Overall the weighted score ranking for Macri Partners was higher than the other tenderers and as such they are recommended as the preferred tenderer.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 - Good Governance

- 4.5 To provide responsible and accountable governance and management of the EMRC; and
- 4.6 To continue to improve financial and asset management practices.

FINANCIAL IMPLICATIONS

As the contract has a maximum potential period of five years (three years plus a two year extension at the sole discretion of the EMRC), the total contract value is \$45,000 (ex GST).



Item 12.1 continued

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Tender 2009/07 Price Schedule - Macri Partners ([Ref: Committees-9318](#))

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That Council, by absolute majority in accordance with Section 7.3 of the Local Government Act 1995, appoints Anthony Macri, Registered Company Auditor (No. 14034), of Macri Partners, for the period 1 July 2008 to 30 June 2011 at an annual fee in accordance with Attachment 1 to this report with an option of a further two (2) year extension, at the sole discretion of the EMRC, commencing 1 July 2011 and ending on 30 June 2013.

AUDIT COMMITTEE RECOMMENDATION(S)

MOVED CR ALBERT

SECONDED CR KLEIN

THAT COUNCIL, BY ABSOLUTE MAJORITY IN ACCORDANCE WITH SECTION 7.3 OF THE LOCAL GOVERNMENT ACT 1995, APPOINTS ANTHONY MACRI, REGISTERED COMPANY AUDITOR (NO. 14034), OF MACRI PARTNERS, FOR THE PERIOD 1 JULY 2008 TO 30 JUNE 2011 AT AN ANNUAL FEE IN ACCORDANCE WITH ATTACHMENT 1 TO THIS REPORT WITH AN OPTION OF A FURTHER TWO (2) YEAR EXTENSION, AT THE SOLE DISCRETION OF THE EMRC, COMMENCING 1 JULY 2011 AND ENDING ON 30 JUNE 2013.

CARRIED UNANIMOUSLY

**PRICE SCHEDULE AS SUBMITTED BY MACRI PARTNERS AS PART OF
TENDER 2009/07 – PROVISION OF EXTERNAL AUDIT SERVICES**

LUMP SUM – EXTERNAL AUDIT SERVICES

Based on their estimated time to carry out the audit, they envisage the staffing would be as follows:

Staffing	No of Hours	Hourly Cost (ex GST)	Total Cost (ex GST)
Partner	11	\$180	\$ 1,980
Manager	19	\$140	\$ 2,660
Senior	30	\$120	\$ 3,600
Assistant	15	\$100	\$ 1,500
TOTALS	75		\$ 9,740

Macri Partners believe that the above hours would be required to undertake the audit of the Council. However, with their knowledge of the local government systems and with their experienced staff who are familiar with the EMRC's audit, they will be able to discount their fees, without reducing the hours, and perform the audit at the following fees:

Year	Price Tendered (ex GST)	GST	Price Tendered (inc GST)
2008/2009	\$ 8,000	\$ 800	\$ 8,800
2009/2010	\$ 8,500	\$ 850	\$ 9,350
2010/2011	\$ 9,000	\$ 900	\$ 9,900
2011/2012 (Optional)	\$ 9,500	\$ 950	\$ 10,450
2012/2013 (Optional)	\$ 10,000	\$ 1,000	\$ 11,000
TOTALS	\$ 45,000	\$ 4,500	\$ 49,500



13 REPORTS OF DELEGATES

Nil

14 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

15 GENERAL BUSINESS

Nil

16 FUTURE MEETINGS OF THE AUDIT COMMITTEE

Meetings of the Audit Committee are covered under the Audit Committee Terms of Reference as follows.

“2.3 Meetings

The committee meet as required at the discretion of the chairman of the committee at least three (3) times per year to coincide with approval of strategic and annual plans, the annual budget and the auditor’s report on the annual financial report.

Additional meetings shall be convened at the discretion of the Chairman or at the written request of any member of the Committee or external auditor.”

Future Meetings 2009

Thursday	16 April	at	EMRC Administration Office
Thursday	11 June (if required)	at	EMRC Administration Office
Thursday	9 July (if required)		
Thursday	13 August	at	EMRC Administration Office
Thursday	10 September (if required)	at	EMRC Administration Office
Thursday	15 October (if required)	at	EMRC Administration Office

17 DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 5.03pm.