



AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING

MINUTES

**The Audit and Organisational Risk Committee Meeting
was held in the Council Chambers,
Welcome Road, Karratha,
on Tuesday, 2 June 2015**

A handwritten signature in black ink, appearing to read "Chris Adams", is positioned above a horizontal line.

**CHRIS ADAMS
CHIEF EXECUTIVE OFFICER**



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Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that persons or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or intimation of approval made by any member or Officer of the City of Karratha during the course of any meeting is not intended to be and is not taken as notice of approval from the City of Karratha.

The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed: 
Chris Adams - Chief Executive Officer

DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the Local Government Act; or
 - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the Local Government Act, with or without conditions.

INTERESTS AFFECTING IMPARTIALITY

DEFINITION: *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.

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AGENDA

1 OFFICIAL OPENING

The Meeting was officially opened at 3.45 pm.

2 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members: Cr Evette Smeathers (Chairperson)
Cr John Lally
Cr Peter Long
Cr Harry Hipworth
Cr Fiona White-Hartig

Staff: Phillip Trestrail Director Corporate Services
Henry Eaton Manager Governance &
Organisational Strategy
Linda Franssen Minute Secretary

Apologies: Chris Adams Chief Executive Officer

3 DECLARATIONS OF INTEREST

Nil.

4 CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR23
MOVED : Cr Long
SECONDED : Cr Lally

That the Minutes of the Audit and Organisational Risk Committee Meeting held on Monday, 9 March 2015, be confirmed as a true and correct record of proceedings.

CARRIED

FOR : Cr Smeathers, Cr Lally, Cr Long, Cr Hipworth
AGAINST : Nil

Cr White-Hartig arrived at 3.52 pm.

5 ITEMS FOR DISCUSSION

5.1 EXTERNAL AUDIT SERVICES

File No:	FM.3
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance and Organisational Strategy
Date of Report:	29 May 2015
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	1. eQuotes Panel 2. State Government Common Use Agreements Panel

PURPOSE

To consider the process for engagement of a qualified external auditor for the 2015/16 – 2017/18 financial years.

BACKGROUND

The City has utilised the services of Grant Thornton Audit for the past five (5) years, across two separate contracts, as external auditors as required under the *Local Government Act 1995*. The current contract expires following the conclusion of the 2014/15 financial year audit.

Council is permitted to invite quotations for audit services from the open market or utilise the services of a preferred supplier identified through the WALGA Preferred Supplier program or those listed on the State Government's Common Use Agreements (CUA) Panel. Attached to this report is the WALGA list of preferred suppliers who have already been assessed through WALGA Contract C026_14 that expires on 31 May 2017 and an extract from the WA Government CUA Contract 23706 which expires on 30 June 2015 but has a further 3 one year options to 30 June 2018.

Council is required to appoint, on the recommendation of the audit committee, an auditor that is either a registered company auditor or is an auditor approved by the Minister. The contract term of the audit appointment cannot exceed a period of 5 years.

As a minimum, the auditor is to audit the accounts and annual financial report of a local government for each financial year in accordance with section 7.2 of the Act. Additional tasks can be requested either as a once off, or as a routine review. It is recommended that a review of all financial systems be included as a once off exercise. This review is identified within regulation 5 of the *Local Government (Financial Management) Regulations 1996* which requires the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government at least once in every four years. The last review was conducted in 2012.

The proposed scope of works is as follows:

- (a) External Audit Services as required under section 7.2 of the *Local Government Act 1995* for a period of three (3) years under the following terms and conditions:
 - (i) Interim Audits are to be concluded by the end of April each year;
 - (ii) Final year end audits to commence by 1 September and be concluded by the end of September each year;
 - (iii) Final Audit Opinion to be provided no later than 30 September of each year;
 - (iv) At least once each year, the Auditor to meet with the Audit and Organisational Risk Committee to discuss each year's engagement; and
 - (v) Auditors sent to Karratha to undertake audit function have:
 - (A) a minimum of 2 years local government audit experience; and
 - (B) where possible are the primary contact for each audit period;
- (b) A financial management review as required under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* within the first 18 months of appointment;
- (c) Grant acquittals as requested by authorised officers for the duration of the contract period.
- (d) Financial advice as requested by authorised officers for the duration of the contract period.

The following selection criteria and weightings are proposed:

Criteria	Weighting
Price	60%
Technical expertise	10%
Capacity to undertake works	10%
Experience	10%
Proposed audit plan	10%

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CE-8 Significant Decision Making Policy, this matter is considered to be of high significance in terms of Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

No Councillor or Officer consultation is required.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Council is required to appoint an external auditor in accordance with section 7.3 of the *Local Government Act 1995*.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

Provision is made within Council's annual budget for an interim and final audit each year. The fee for the 2014/15 statutory audit is \$28,600 excluding GST.

An allocation will be included in the 2016/17 budget for a review of the appropriateness and effectiveness of Council's financial management systems and procedures.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2014-2015 provided for this activity:

Our Program:	4.d.1.3	Provide transparent and accountable financial information required by the Local Government Act, Code of Accounting Practice, Australian Accounting Standards and Local Government Regulations
Our Services:	4.d.1.3.1	Prepare the Financial Statements and reports to Council

RISK MANAGEMENT CONSIDERATIONS

The level of risk is considered to be Moderate to the City in terms of Financial Health and Compliance to our future sustainability and viability. Appointing a suitably qualified auditor provides assurance to the community of the City's financial position.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

The City previously engaged Grant Thornton Audit using the WALGA eQuotes system.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2 – Quotes from State CUA and WALGA panels

That the Audit & Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to:

1. Seek Quotes from Preferred Suppliers identified by State Government CUA and WALGA panels to undertake:
 - (a) External Audit Services as required under section 7.2 of the *Local Government Act 1995* for a period of three (3) years under the following terms and conditions:
 - (i) Interim Audits are to be concluded by the end of April each year;
 - (ii) Final year end audits to commence by 1 September and be concluded by the end of September each year;
 - (iii) Final Audit Opinion to be provided no later than 30 September of each year;
 - (iv) At least once each year, the Auditor to meet with the Audit and Organisational Risk Committee to discuss each year's engagement; and
 - (v) Auditors sent to Karratha to undertake audit function have:
 - (A) a minimum of 2 years local government audit experience; and
 - (B) where possible are the primary contact for each audit period;
 - (b) A financial management review as required under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* within the first 18 months of appointment;

- (c) Grant acquittals as requested by authorised officers for the duration of the contract period.
- (d) Financial advice as requested by authorised officers for the duration of the contract period.

2. Endorse the following selection criteria and weightings:

Criteria	Weighting
Price	60%
Technical expertise	10%
Capacity to undertake works	10%
Experience	10%
Proposed audit plan	10%

Option 3 – RFQ Process

That Audit & Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to:

1. Advertise a Request for Quotations from qualified audit firms to undertake:
 - (a) External Audit Services as required under section 7.2 of the *Local Government Act 1995* for a period of three (3) years under the following terms and conditions:
 - (i) Interim Audits are to be concluded by the end of April each year;
 - (ii) Final year end audits to commence by 1 September and be concluded by the end of September each year;
 - (iii) Final Audit Opinion to be provided no later than 30 September of each year;
 - (iv) At least once each year, the Auditor to meet with the Audit and Organisational Risk Committee to discuss each year's engagement; and
 - (v) Auditors sent to Karratha to undertake audit function have:
 - (A) a minimum of 2 years local government audit experience; and
 - (B) where possible are the primary contact for each audit period;
 - (b) A financial management review as required under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* within the first 18 months of appointment;
 - (c) Grant acquittals as requested by authorised officers for the duration of the contract period.
 - (d) Financial advice as requested by authorised officers for the duration of the contract period.
2. Endorse the following selection criteria and weightings:

Criteria	Weighting
Price	60%
Technical expertise	10%
Capacity to undertake works	10%
Experience	10%
Proposed audit plan	10%

CONCLUSION

Use of the WALGA Panel for selection of a qualified external auditor for the 2015/16 – 2017/18 financial years will ensure compliance with statutory requirements and provide Council with access to qualified and experienced audit firms that have previously been assessed by WALGA.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**Res No : AOR24****MOVED : Cr Long****SECONDED : Cr Lally**

That the Audit & Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to:

1. SEEK Quotes from Preferred Suppliers identified through the WALGA Panel to undertake:

(a) External Audit Services as required under section 7.2 of the *Local Government Act 1995* for a period of three (3) years under the following terms and conditions:

- (i) Interim Audits are to be concluded by the end of April each year;**
- (ii) Final year end audits to commence by 1 September and be concluded by the end of September each year;**
- (iii) Final Audit Opinion to be provided no later than 30 September of each year;**
- (iv) At least once each year, the Auditor to meet with the Audit and Organisational Risk Committee to discuss each year's engagement; and**
- (v) Auditors sent to Karratha to undertake audit function have:**
 - (A) a minimum of 2 years local government audit experience; and**
 - (B) where possible are the primary contact for each audit period;**

(b) A financial management review as required under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* within the first 18 months of appointment;

(c) Grant acquittals as requested by authorised officers for the duration of the contract period.

(d) Financial advice as requested by authorised officers for the duration of the contract period.

2. Endorse the following selection criteria and weightings:

Criteria	Weighting
Price	60%
Technical expertise	10%
Capacity to undertake works	10%
Experience	10%
Proposed audit plan	10%

CARRIED

FOR : Cr Smeathers, Cr Hipworth, Cr Lally, Cr Long, Cr White-Hartig
AGAINST : Nil



NIKKI BRENNAN
Contract Coordinator
e: nbrennan@walga.asn.au
p: (08) 9213 2517



Expiry 31 May 2017

Service Offering

This Preferred Supplier Panel has been developed to provide internal and external audit services to the Local Government sector. Each supplier to the Panel has been pre-qualified by WALGA, inclusive of Preferred Supplier rates and approved terms and conditions, for the delivery of specialist Local Government audit services. In particular, the internal audit function within Local Government is rapidly growing, with suppliers able to deliver policy and process control at management level to support an increased governance focus on compliance.

Audit activity under the scope of this Contract includes both financial audit and a broad range of non-financial audit in areas such as reporting and process controls:

- Grants
- Expenditure
- Current Assets
- Non-Current Assets
- Current Liabilities
- Liabilities
- Reporting
- Process Controls

Procurement Probity Reviews are provided for under a specialised WALGA service (see pages 208 - 209).

Pricing

All Preferred Suppliers under this Panel are legally required to provide their best prices and conditions of supply to Local Governments purchasing through the WALGA Preferred Supply Panel.

All Preferred Suppliers have identified Local Government as a sector of strategic importance for their respective businesses moving forward. This priority, combined with the administrative cost savings of centrally contracting for the provision of audit services, has secured **discounts averaging 18%** off hourly rates from suppliers to the WALGA Panel.

Further details on the pricing schedules for each Panellist can be obtained from the secure eQuotes System or by emailing preferredsupplier@walga.asn.au

Conditions of Contract

Comprehensive General Conditions of Contract that support this arrangement are available on request. Members must reference the WALGA Contract and related Member Conditions in all communications with Preferred Suppliers.

AMD Chartered Accountants

Address: Unit 1, 28-30 Wellington Street, Bunbury WA 6230
Contact: Tim Partridge, Partner
Telephone: (08) 9780 7555
Mobile: 0419 946 961
Fax: (08) 9721 8982
Email: tim.partridge@amdonline.com.au
Website: www.amdonline.com.au



AMD Chartered Accountants is one of the largest accounting, audit and business services firm within Regional Western Australia, with over 65 staff located in Bunbury, Geraldton and Mandurah. The company has extensive experience in auditing Local Government and a sound knowledge of common Local Government business systems. Both internal and external audit services are provided to this Contract.

Butler Settineri (Audit) Pty Ltd

Address: Unit 16, First Floor, 100 Railway Road, Subiaco WA 6008
Locked Bag 18, Subiaco WA 6904
Contact: Marius van der Merwe, Director
Telephone: (08) 6389 5222
Fax: (08) 6389 5255
Email: mvdmb@butlersettineri.com.au
Website: www.butlersettineri.com.au



Butler Settineri was established in the mid 1980's with two partners and three staff. Today the firm has six partners and forty five staff. They have an established team of senior professional staff who have extensive experience.

They deliver audit and assurance services to a variety of Local Government authorities across WA. Their approach is designed to focus on key risks and financial areas and to add value to you by providing constructive ideas for improving internal controls and other financial systems.

Deloitte Touche Tohmatsu

Address: Woodside Plaza, Level 14, 240 St Georges Terrace, Perth WA 6000
Contact: Andrew Baldwin, Account Director
Telephone: (08) 9365 7236/(08) 9365 7296
Fax: (08) 9365 7001
Email: abaldwin@deloitte.com.au
Website: www.deloitte.com.au



Deloitte Australia provides a broad range of audit, tax, consulting, and financial advisory services to public and private clients.

Deloitte is a leading provider of audit services to Local Government. The Perth office has over 400 people delivering services to clients. Both internal and external audit services are delivered to the WALGA Panel, with specialist resources also delivering risk management, control transformation, contract compliance, technology, cyber security, project risk, safety, regulatory compliance and forensic response services.

Deloitte is one of the biggest professional services firms in the world and our methodologies are continually enhanced to incorporate new capabilities.

Grant Thornton

Address: Level 1, 10 Kings Park Road, West Perth WA 6005
Contact: Michael Hillgrove, Director of Audit & Assurance Services
Telephone: (08) 9480 2000
Email: michael.hillgrove@au.gt.com
Website: www.grantthornton.com.au



Grant Thornton has a long and distinguished history of servicing the Local Government sector in Western Australia and throughout Australia. Grant Thornton's dedicated government industry team deliver quality audit and advisory services to all levels of government nationally. Grant Thornton Perth has 13 Directors, 82 professional staff and a total staff complement of 120 people. Grant Thornton brings a wide range of internal and external audit and business consulting services to this Contract.

Macri Partners

Address: PO Box 398, Victoria Park WA 6979
Contact: Mit Gudka, Manager Audit & Assurance
Telephone: (08) 9470 4848
Fax: (08) 9470 4849
Email: mgudka@macripartners.com.au
Website: www.macripartners.com.au



Macri Partners is a mid-tiered boutique accounting firm providing all facets of accounting, taxation and audit services. Their goal is to deliver the most up to date, progressive and accurate professional advice to our clients. They aim to make sure you have the information, insight and support you need to take full advantage of every business opportunity.

Their Audit and Assurance service professionals provide independent and impartial advice while ensuring compliance with relevant regulatory requirements and accounting standards. Their team will work closely with you to get to know your business and highlight where improvements to internal controls are possible.

Paxon Group

Address: Level 5, 160 St Georges Terrace, Perth WA 6000
Contact: Cameron Palassis, Director
Telephone: (08) 9476 3144
Mobile: 0414 509 664
Email: cpalassis@paxongroup.com.au
Website: www.paxongroup.com.au



Paxon is a leading Australian advisory and consulting firm offering expert advice to private and public sector clients.

As one of Australia's strongest multi-disciplined audit and risk management advisory firms, Paxon has a successful record of delivering specialist internal audit and risk management services to Local Government.

Paxon is able to provide a rounded set of business solutions tailored to specific requirements. This encompasses financial management, taxation, outsourced financial management services and information technology outsourcing solutions.

Established over 30 years ago, Paxon has offices in Perth, Melbourne and Sydney.

PKF Audit (WA) Pty Ltd

Address: PO Box 609, West Perth WA 6872
Contact: Alan Burns, Director Audit and Assurance
Telephone: (08) 6272 6888
Mobile: 0417 955 564
Fax: (08) 6272 6999
Email: aburns@pkflawler.com.au
Website: www.pkf.com.au



PKF Audit (WA) Pty Ltd is a West Australian owned and based practice whose participants have a long history operating on the WA market for over 35 years and is part of the international accounting network known as PKF. The PKF network provides PKF Audit (WA) Pty Ltd with national and international resources and branding. However they are still an independent practice with local decision making.

PKF Audit (WA) Pty Ltd is very proud of their ability to service a quality niche market of clients. Their underlying philosophy is to develop strong long term relationships with core clients. This core philosophy enables them to provide the advantages of a major accounting firm with the responsiveness and personal attention of a small business owner.

UHY Haines Norton

Address: 16 Lakeside Corporate, 24 Parkland Road, Osborne Park WA 6017
Contact: David Tomasi, Partner
Telephone: (08) 9444 3400
Mobile: 0427 177 119
Email: dtomasi@uhyhn.com.au
Website: www.uhyhn.com.au



UHY Haines Norton is a respected firm of Chartered Accountants with divisions providing services in every aspect of a specialist accounting practice. UHY Haines Norton has provided extensive audit and consulting services to Local Government since 1993. The Perth firm currently comprises 9 Partners and 50 staff with substantial industry experience. Both internal and external audit services are offered by UHY Haines Norton under this Contract.

Audit Services and Financial Advice

Contract no: 23706

Buying Rules: Mandatory (Perth Region only)
Pick and Buy arrangement

Term: 1 July 2008 - 30 June 2015
(plus three 1 year extension options)



What do I use this contract for?

Audit Services

- Internal Audits
- Corporate Governance Reviews
- Performance (Operational Audits)
- Compliance Audits
- Financial Audits
- Information Systems Audits
- Probity Audits
- Risk Review
- Risk Assessments
- Risk Facilitation Services
- Investigations/Forensic Audits

Financial Advice

- Capital Structure Advice
- Procurement, Tendering and Commercial Advice
- Financial Statement Analysis
- Development of Account Policies and Procedures
- Preparation of Financial Statements and Annual Reports
- Accounting Advice
- Taxation Advice

Financial Assessment Services

- Five Day Turnaround Assessment
- Three Day Turnaround Assessment
- Other Services

Who are the contracted suppliers?

	Audit Services	Financial Advice	Financial Assessment Services
2020 Global	✓	✓	✓
Accru Page Kirk and Jennings	✓	✓	
AOT Consulting	✓	✓	
Andrew Burchfield Consulting	✓	✓	
APV Valuers & Asset Management		✓	
BDO Corporate Finance	✓	✓	✓
Blue Zoo Holdings	✓	✓	✓
Bluerose Consulting		✓	
Braxford Consultancy	✓		
Brewerton & Associates	✓	✓	
Charles Vinci and Associates	✓		
Corporate Scorecard			✓
Courage Advisory Services	✓		

	<i>Audit Services</i>	<i>Financial Advice</i>	<i>Financial Assessment Services</i>
Crowe Horwath Perth	✓	✓	✓
Deloitte Touche Tohmatsu	✓	✓	✓
Dr Gordon M Robertson	✓		
Equal Assurance	✓		
Ernst & Young	✓	✓	
GCM Management Consulting	✓	✓	
Grant Thornton	✓	✓	✓
Gresham Partners Limited		✓	
Investec		✓	✓
KordaMentha	✓	✓	
KPMG	✓	✓	✓
LG Solutions		✓	
LSI Consulting	✓		
Macquarie (Capital) Australia Limited		✓	
Marsden Jacob Associates	✓	✓	
maZentre	✓	✓	
McGrathNicol	✓	✓	✓
Momentum Partners	✓	✓	
Navitas		✓	
Nexia	✓	✓	✓
Nous Group	✓		
Oyster Consulting	✓	✓	
Paxon Consulting	✓	✓	✓
Pitcher Partners	✓	✓	
Portland Group		✓	
Pottinger		✓	
PricewaterhouseCoopers	✓	✓	✓
PricewaterhouseCoopers Indigenous Consulting	✓	✓	
Profectus Australia	✓		
Protiviti Pty Ltd	✓	✓	✓
Quantum Consulting Australia	✓		✓
Quantum Management Consulting and Assurance	✓		
RiskWest	✓		
RSM Bird Cameron	✓	✓	✓
Santo Casilli	✓	✓	
SR Governance	✓	✓	
Stantons International	✓	✓	
Titan ICT Consultants	✓		
Torridon Partners		✓	
UHY Haines Norton	✓	✓	
William Buck	✓	✓	✓

Buyers Tips

- Scope of work – be as specific as you can to ensure the contractor gives you the best value for money.
- Plan ahead to ensure your contractor of choice is available.
- Assess the risk level of the assignment before selecting the most appropriate contractor(s).
- Remember to get a sufficient number of quotes if the contract value is over \$150,000.
- Quotation – to ensure you get value for money, seek quotes from more than one contractor and compare results.

Contract Manager:.....Daniel Hartley
Telephone:..... (08) 6551 1391
Email:..... daniel.hartley@finance.wa.gov.au

Buyers' Guide
Pick and Buy Order Form (Word Doc)
Price Schedule
Customer Contract Form (Word Doc)

6 ITEMS FOR INFORMATION ONLY

Responsible Officer: Director Corporate Services

Reporting Author: Minute Secretary

Disclosure of Interest: Nil

PURPOSE

To advise the Audit and Organisational Risk Committee of the information items for period ending May 2015.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR25

MOVED : Cr Long

SECONDED : Cr Lally

That the Audit and Organisational Risk Committee note the following information items:

- 6.1 Internal Audit – Status Report
- 6.2 Business Improvement – Progress Report
- 6.3 Audit Planning

CARRIED




FOR : Cr Smeathers, Cr Hipworth, Cr Lally, Cr Long, Cr White-Hartig
AGAINST : Nil

6.1 INTERNAL AUDIT – STATUS REPORT**File No:** FM.3**Responsible Executive Officer:** Director Corporate Services**Reporting Author:** Manager Governance and Organisational Strategy**Date of Report:** 29 May 2015**Applicant/Proponent:** Nil**Disclosure of Interest:** Nil**Attachment(s):** Nil**PURPOSE**

To provide the Audit and Organisational Risk Committee with a progress update on the Internal Audit Program.

Cash Handling Procedures Audit

The Cash Handling Audit was finalised in February 2014. Following is an update on agreed actions not previously reported as completed:

Issue	Team	Action	Status	
Procedure Manuals incomplete. Manuals lack detail as to who is responsible for their upkeep.	<ul style="list-style-type: none"> Admin Centre Airport TTI Leisureplex Karratha Library Rangers Waste Services Depot Youth Shed 	<p>CSO to develop cash handling procedures for receipting, balancing and reconciling and this will be rolled out as a template for other work areas to use as a guide.</p> <p>Promapp capturing main procedures for work areas.</p>	<p>Procedures established for:</p> <ul style="list-style-type: none"> Admin Centre Ranger Services Waste Services Leisureplex Library Services Youth Shed 	
Regular and routine cash pickup by CSO courier service from venues.	<ul style="list-style-type: none"> Leisureplex Karratha Library Youth Shed (Golf Club) 	<p>Change collection times. Consider independent security service, depot courier service and direct banking by venues.</p>	<p>Change in collection times actioned. Considering private security firm to pick up cash and provide banking service.</p>	
Petty Cash procedures inadequate	<ul style="list-style-type: none"> Leisureplex Library Waste Services Depot Youth Shed 	<p>Accounts Payable / Finance Department to develop petty cash procedures that will be rolled out to venues to adapt accordingly.</p>	<p>Procedures established for Library Services, Leisureplex and Waste Services.</p> <p>Youth Shed no longer have petty cash.</p>	

Tenders and Contract Management Audit

Paxon Group has completed the review of tenders and contract management, however the results are still under review and will be reported to a future meeting of the Audit & Organisational Risk Committee.

6.2 BUSINESS IMPROVEMENT – PROGRESS REPORT**File No:** FM.3**Responsible Executive Officer:** Director Corporate Services**Reporting Author:** Manager Governance and Organisational Strategy**Date of Report:** 29 May 2015**Disclosure of Interest:** Nil**Attachment(s)** Nil**PURPOSE**

To provide the Audit & Organisational Risk Committee with a progress update on Business Improvement.

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status
1. Strategic Community Plan 2012-2022	Outlines the outcomes expressed by our communities and our response as an organisation in achieving those agreed outcomes in the next 10 years.	<ul style="list-style-type: none"> • Vision • Strategies • Community Engagement • Resources and Commitments 	<ul style="list-style-type: none"> • Review to be undertaken post October 2015 following Council elections to feed into 2016/17 year.
2. Corporate Business Plan 2012-2016	Outlines what the organisation needs to deliver in the next five years. Has been extensively reworked internally over the past 4-6 weeks with a focus on consistency and measurability of KPI's.	<ul style="list-style-type: none"> • Activates Strategic Community Plan • Progress Measures to achieve delivery of outcomes • Budget information for five years 	<ul style="list-style-type: none"> • Review to be undertaken post October 2015 following Council elections to feed into 2016/17 year.
3. Operational Plan 2014-2015	Annual slice and dice of Corporate Business Plan. Has been extensively reworked internally to ensure consistency and compliance.	<ul style="list-style-type: none"> • Annual Budget. • Annual Projects and Services 	<ul style="list-style-type: none"> • The 2014/15 Operational Plan was approved on 30 June 2014. • Q2 reported to February OCM. • Q3 due to be reported to May OCM. • 2015/16 KPIs to be presented to Council at the Budget meeting

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status
4. Asset Management Plan	What Assets are required at what service level to deliver the services expressed by our communities.	<ul style="list-style-type: none"> • Asset Conditions & Ratings • Levels of Service, operational, technical and community • Financial information for maintenance of assets at an agreed level of service • Asset Disposal Strategy and Lifecycle Costing. • Action Plans 	<ul style="list-style-type: none"> • Approved by Council in June 2013.
5. Long Term Financial Plan	Informs the Strategic Community Plan and Corporate Business Plan. CEO has reviewed with EMT. Staff believe that assumptions that inform the financial modelling need review prior to Council adoption.	<ul style="list-style-type: none"> • Sensitivity Analysis • Long Term Financial Sustainability • Capital Works Program for next 10 years • Financial Modelling • Assumptions and Scenarios 	<ul style="list-style-type: none"> • Presented to Council in March 2013. • Submitted to the Department of Local Government in June 2013. • Major review of the LTFP will be presented to Council in 2015.
6. Workforce Plan 2013-2018	Development of an all-encompassing strategy which addresses staff turnover rates and an appreciation of the full number of staff required to deliver City business now and into the future.	<ul style="list-style-type: none"> • Structural Review • Performance Measurement Systems • Performance Appraisal System • Retention • Recruitment • Succession Planning • Development and training • Staff housing & accommodation • Indigenous engagement policy 	<ul style="list-style-type: none"> • Approved by Council in August 2013. • Annual review has been completed and will be presented to Council with the LTFP.
7. Housing Strategy	Development of a strategy to address the housing and accommodation needs of the City from retention and recruitment perspective.	<ul style="list-style-type: none"> • Short term review and modifications undertaken. • Options for staff housing to be developed (ownership vs leasing vs paying allowances) 	<ul style="list-style-type: none"> • Report to be presented to Council in 2015.

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status
8. Corporate Performance Management System	A tool to integrate all operations including projects and services delivered by the organisation and report on the individual status and financials.	<ul style="list-style-type: none"> • Ability for all reporting teams to update their quarterly performances 	<ul style="list-style-type: none"> • Contract awarded to Civica Pty Ltd. • New KPIs in system for 2014/15 and quarterly performance reporting.
9. Procurement and Tendering	Given the large growth and volume of projects that the City is accountable for, there needs to be a review of the way procurement and tendering occurs to ensure a more centralised approach is adopted which is connected across the various directorates within the organisation.	<ul style="list-style-type: none"> • Centralise and streamline the approach to procurement and tendering • Create knowledge management and succession planning of procurement and tendering through the organisation 	<ul style="list-style-type: none"> • Developing documentation to adequately meet the organisation's needs and statutory accountabilities. • Current practices are being process mapped as an internal resource and guide to all staff. • Induction and awareness training commenced June 2014. • Internal audit conducted on tenders and contract management • Purchasing Manual to be updated and RFQ process to be mapped before 30 June 2015.
10. Functional Processes	A review of the key processes that link how things are done within the organisation and examine the need to streamline and avoid duplication of activity that further create efficiencies in time and cost on how activities are undertaken.	<ul style="list-style-type: none"> • Define what a process is and how these will be recorded. • Conduct a review of current functional processes across the organisation • Define what functional processes are needed, how they will be recorded, understood and applied consistently throughout the organisation. 	<ul style="list-style-type: none"> • Policies adopted. • Current practices are being process mapped as an internal resource and guide to all staff. • 511 processes are under development with 188 processes already published.

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status
11. Risk Management Review	<p>Review of existing policies, procedures and supporting documentation.</p> <p>Development of Risk Management Framework.</p>	<ul style="list-style-type: none"> • Common, contemporary, compliant framework to be developed and utilised by four (4) Pilbara LGA's. 	<ul style="list-style-type: none"> • PRC Document has been produced and presented to Council. • Implementation of report recommendations being progressively undertaken by Corporate Compliance team in collaboration with other staff. • Risk Framework identified. • Risk Register prepared. • Risk plan and policies approved by Council in June 2014. • Risk reviews carried out by work areas in April and are in the process of being finalised.
12. Business Continuity Management Project	<p>A project funded by the PRC to assist Pilbara councils to establish a business continuity framework for their local authorities.</p>	<ul style="list-style-type: none"> • Business Continuity Management Policy • Business Continuity Management Plan • BCM Governance Framework • Exercise Maintenance and Awareness Plan 	<ul style="list-style-type: none"> • Draft documents prepared and being reviewed by the City. • Training to be provided by PRC to Critical Response Team by undertaking exercises and reinforcing the contents of the plans in June 2015.

6.3 AUDIT PLANNING

File No:	FM.3
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Financial Services / CFO
Date of Report:	29 May 2015
Disclosure of Interest:	Nil
Attachment(s)	Grant Thornton Audit Planning Memorandum

PURPOSE

To provide the Audit & Organisational Risk Committee with a copy of the Grant Thornton Audit Planning Memorandum.

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Audit Planning Memorandum

City of Karratha

5 May 2015

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1. Audit responsibility / Reporting requirements

Responsibility

- We conduct an independent audit in order to express an opinion. Our audit is conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial reports are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, because of the inherent limitations in any audit, our audit can only provide a reasonable, **not absolute**, assurance that the financial report is free from material misstatement.
- We perform procedures and prepare and sign an audit opinion as to whether:
 - a The financial report gives a fair view of the council's financial position as at 30 June 2015 and of its performance for the financial year ended 30 June 2015; and
 - b The financial statements comply with Australian Accounting Standards.
- We form our audit opinion on the basis of these procedures, which include:
 - Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
 - Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made.
- We will inform the City of any material errors, instances of fraud or illegal acts and material weaknesses relating to internal control and accounting procedures we identify.

Reporting Requirements

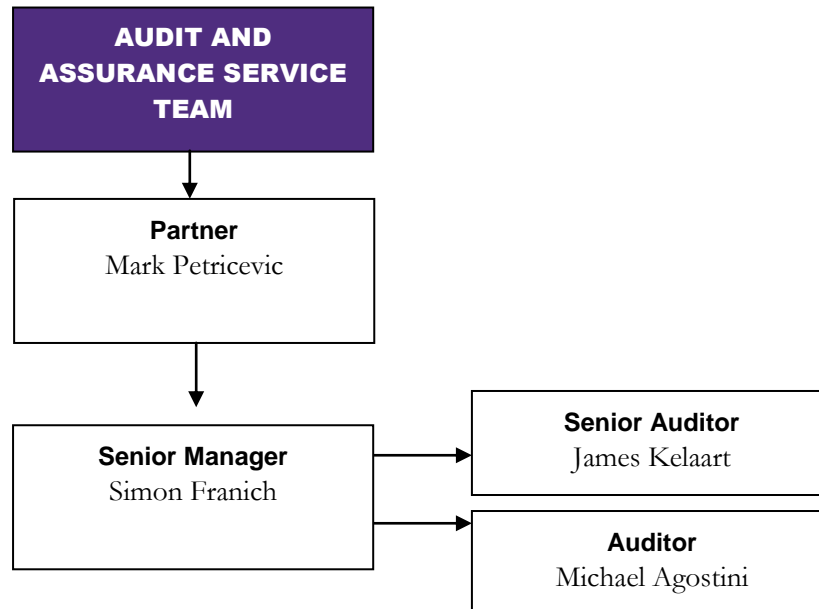
- 1 Grant Thornton will provide an audit opinion on the 30 June 2015 statutory accounts of the City for the purpose of fulfilling the City's requirements under the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.
- 2 We have included a proposed audit timeline that we have agreed with management within section 6.
- 3 Our audit timeline also includes the audit of any grant acquittals that you require.
- 4 Grant Thornton will also ensure that all specific reporting requirements in relation to the audit of the City are met within the prescribed timeframes.

2. Audit process chart

<p>Step 1</p> <ul style="list-style-type: none"> • Perform risk assessment procedures and identify risks. • Determine audit strategy and identify critical accounting matters. • Determine planned audit approach. • Prepare all pre audit planning materials 	<p>Step 2</p> <ul style="list-style-type: none"> • Understand accounting and reporting activities. • Evaluate design & implementation of selected controls. • Test operating effectiveness of selected controls. • Assess control risk & Risk of Significant Misstatement. 	<p>Step 3</p> <ul style="list-style-type: none"> • Plan substantive procedures. • Perform substantive procedures. • Consider if audit evidence is sufficient and appropriate. • Conclude on critical accounting matters. 	<p>Step 4</p> <ul style="list-style-type: none"> • Perform completion procedures. • Perform overall evaluation of financial statements and disclosures. • Review format of financial statements • Verify balances for disclosure • Consider if audit evidence is sufficient and appropriate. • Conclude on critical accounting matters.
<p>Specific Procedures (testing to be for the 10 month period to April 2015):</p> <ul style="list-style-type: none"> • Completion of all administrative requirements including sending of all confirmations and signing of audit engagement letter. • Documentation of risk areas detailed within section three including a review of significant processes and controls and who conducts each control identified. • Employee entitlement testing of annual and long service leave • Fixed asset testing of material additions and disposals • Control testing of purchases and rates • Document internal control findings and results 		<p>Specific Procedures:</p> <ul style="list-style-type: none"> • Roll forward interim testing to final month of the year. • Substantive procedures of material balance sheet items and analytical review of non-significant profit and loss accounts. • Agreed all external confirmations to necessary accounts and disclosure. • Obtain all disclosure items for the financial statements. • Review financial statements. 	
<p>Planning / Interim testing: April 2015</p>		<p>Final testing: September 2015</p>	

3. Service team

The service team that has been provided to the City of Karratha includes:



KEY CONTACT DETAILS

Mark Petricevic
Mark.Petricevic@au.gt.com
(08) 9480 2185

Simon Franich
Simon.Franich@au.gt.com
(08) 9480 2050

All service team members can be contacted by phone on 9480 2000.

4. Audit methodology and approach

Our audit approach is highly automated, using leading-edge technology, in order to reduce impact on the organisation's operation and maximise efficiency. This approach places emphasis on understanding your business and supports our staff through all stages of the audit process. This technology enables the audit team to generate audit programmes that are specifically tailored to the organisation's situation.

We will perform the audit using an electronic audit file and the majority of our work will be performed and stored electronically.

We do not regard the audit as a one off exercise rather we consider it to be a cycle of events which culminates in us issuing our opinion on the financial statements. Our proposed audit approach has been based on the current group structure and trading conditions. The methodology to be used is as follows:



5. Preliminary risk assessment conclusion

Financial Statement Level Risks	
Focus Area	Planned Audit Approach
Revenue and debtors	<ul style="list-style-type: none"> • Perform test of controls around rates and rate payer information processing • Analytical review of revenue compared to budget-approved rates • Procedures surrounding the recoverability of debtors at year end
Operating costs and trade payables	<ul style="list-style-type: none"> • Perform test of control for purchases and procurement • Analytical review of expenditures compared to budget-approved figures • Unrecorded liabilities testing via review of payments made subsequent to balance date • Review accruals against invoices received subsequent to period end
Employee costs and entitlements	<ul style="list-style-type: none"> • Perform test of controls on the processing of payroll and leave processing • Detailed testing of employee leave and long service leave balances • Employee masterfile testing, which includes a search for invalid or inappropriate data
Capital and infrastructure assets	<ul style="list-style-type: none"> • Review and assess adequacy of the controls over the asset management and maintenance processes • Perform test of controls on the processing of capital asset transactions • Verify reconciliation between the asset register and the general ledger • Sample testing of fixed asset acquisitions and disposals • Review useful lives of fixed assets for reasonableness • Review carrying amounts of PPE, including assessing if assets have been impaired • Review carrying amounts of Land & Buildings (in particular staff housing prices given current economic climate) to ensure that these assets are not carried in excess of their recoverable amount • Review infrastructure fair value methodology, calculation adjustments for appropriateness. Hold discussions with valuer around process, data integrity and assessment of methodology in line with AASB 13.

6. Audit timeline

The following table includes the major milestone dates from our audit timeline in respect to the City of Karratha's Engagement. Please note the final reporting date is indicative only.

Week commencing	Milestone	Duration	Number of staff
27 April 2015	Audit planning on site in Karratha, file set-up and introductions Partner attendance on site Interim audit procedures	1 week	2
31 August 2015	Final audit procedures (including grant acquittals)	2 Weeks	2
21 September 2015	Key issues memorandum and draft audit report submitted to management for review prior to release	N/A	N/A
28 September 2015	Approval of financial statements by the City's CEO and release of our signed audit report	N/A	N/A

7. Audit independence

As the members of the City's management and council would be aware, our audit services are subject to Grant Thornton's and the accounting profession's strict rules and policies regarding auditor independence, as well as certain statutory requirements. We enforce these rules and policies in order to maintain objectivity and to be free of conflicts of interest when discharging our professional responsibilities.

Grant Thornton understands the importance of our role as auditors in the external reporting framework and we work hard to maintain an extensive system of quality controls over our audit practices.

For the benefit of the City, we confirm that no non-audit services have been performed during the year from 1 July 2014 to date.

We confirm that, to the best of our knowledge and belief, we are independent having regard to Grant Thornton's policies, professional rules and relevant statutory requirements regarding auditor independence.

8. Audit services and fees for 2015

Service	Fee (\$) – exclusive of GST
Statutory audit of the June 2015 financial statements	\$28,600
Other audit services (grant acquittals)	\$550 - \$1,500 ea. (depending on the size of the acquittal)

We understand that this is the last year of our 3 year contract with the City of Karratha. Local government regulations allow for the City to extend our external audit services out to 5 years without going out to tender. We have developed a strong working relationship with the City and as a valued client of Grant Thornton we hope to continue our relationship in the future and would be pleased to provide a quote for our audit services for the years ending 30 June 2016 and 30 June 2017.

7 CLOSURE & DATE OF NEXT MEETING

The meeting closed at 4.09 pm.

The date of the next meeting is to be held on Tuesday, 25 August 2015 at 10:00 am at Meeting Room 4 - Welcome Road, Karratha.

I, Cr Evette Smeathers, Chairperson for the Audit and Organisational Risk Committee of the City of Karratha, hereby declare on behalf of the Committee that the enclosed Minutes are a true and accurate record of the Audit and Organisational Risk Committee Meeting held on Tuesday 2 June 2015.

..... Date ____/____/____