

CITY OF JOONDALUP

MINUTES OF MEETING OF THE AUDIT COMMITTEE HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY 5 DECEMBER 2006

ATTENDANCE

Committee Members:

Cr Tom McLean	<i>Presiding Person</i>	North Ward
Cr Steve Magyar	<i>Deputy Presiding Person</i>	North-Central Ward
Mayor Troy Pickard	<i>- from 1716 hrs</i>	
Cr Geoff Amphlett		Central Ward
Cr Michele John	<i>- from 1720 hrs</i>	South-West Ward
Cr Sue Hart		South-East Ward
Cr Richard Currie		South Ward

Officers:

Mr Garry Hunt	Chief Executive Officer
Mr Mike Tidy	Director Corporate Services
Ms Janet Harrison	Administrative Services Coordinator

DECLARATION OF OPENING

The Presiding Person declared the meeting open at 1715 hrs.

APOLOGIES/LEAVE OF ABSENCE

Nil

Mayor Pickard entered the Room at 1716 hrs.

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 OCTOBER 2006

MOVED Cr Currie, SECONDED Mayor Pickard that the minutes of the meeting of the Audit Committee held on 24 October 2006 be confirmed as a true and correct record.

The Motion was Put and

CARRIED UNANIMOUSLY (6/0)

In favour of the Motion: Mayor Pickard, Crs McLean, Magyar, Amphlett, Hart and Currie.

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil.

DECLARATIONS OF INTEREST**Disclosure of Financial Interests**

Nil.

Disclosure of interest affecting impartiality

Name/Position	Cr Tom McLean
Item No/Subject	Item 1 – Tender 011-06/07 Provision of Audit Services
Nature of interest	Interest that may affect impartiality
Extent of interest	A partner employed with the recommended tenderer was in the past a partner for a firm which undertook taxation work for Cr McLean's employer.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

Nil.

PETITIONS AND DEPUTATIONS

Nil.

ITEM 1 TENDER 011-06/07 PROVISION OF AUDIT SERVICES – [78593]

WARD: All

RESPONSIBLE Mr Mike Tidy
DIRECTOR: Corporate Services

PURPOSE

This report is to seek the recommendation of the Audit Committee to accept the tender submitted by Bentleys MRI Perth for the provision of Audit Services to the City of Joondalup for a period of three (3) years ending with the completion of the final audit for the 2008/09 financial year (Tender 011-06/07).

EXECUTIVE SUMMARY

Tender 011-06/07 was advertised on Wednesday 1 November 2006 in The West Australian newspaper for the provision of Audit Services to the City for a period of three (3) years ending with the completion of the final audit for the 2008/09 financial year. The closing time and date for lodgement of a response was 10.00 am Thursday, 16 November 2006 at the City of Joondalup Tender Box, Ground Floor, Administration Centre. Three submissions were received from:

- UHY Haines Norton
- PKF Chartered Accountants & Business Advisors
- Bentleys MRI Perth Partnership

It is recommended that the Audit Committee recommends that Council, BY AN ABSOLUTE MAJORITY accepts the tender submitted by Bentleys MRI Perth for the provision of Audit Services to the City and appoints Mr Michael Hillgrove, Mr Patrick Warr and Mr Maurice Anghie as the City auditors for a period of three (3) years ending with the completion of the final audit of the 2008/09 financial year, in accordance with the Terms and Conditions specified in RFT 011-06/07.

BACKGROUND

The Local Government Act 1995 (the Act) requires the accounts and annual financial report of a local government for each financial year to be audited by an auditor appointed by the local government (section 7.2)

The term of appointment of Deloitte Touche Tohmatsu ended with the completion of the 2005/06 financial year audit and new auditors need to be appointed.

Tender for the provision of the audit service was advertised and three submissions were received and evaluated.

DETAILS

Tenders were advertised on 1 November 2006 through The West Australian for the provision of Audit Services for three (3) years ending with the completion of the final audit for the 2008/09 financial year. Tenders closed on 16 November 2006. Three submissions were received from:

Tenderer	06/07 \$	07/08 \$	08/09 \$	TOTAL (GST Excl \$)
Bentleys MRI Perth	28,000.00	29,500.00	31,000.00	88,500.00
UYH Haines Norton	30,000.00	31,250.00	32,500.00	93,750.00
PKF Chartered Accountant Business Advisors (PKF)	51,241.00	53,803.00	56,493.00	161,535.00

The first part of the tender evaluation process is to check conformity with the Compliance Criteria to ensure that all essential requirements have been met.

All Submissions received were considered compliant and remained for further evaluation. Panel members assessed each of the submissions individually against the selection criteria using the weightings determined during the tender planning phase. The Evaluation Panel then convened to discuss their individual assessments and derive the consolidated score determining the successful tenderer to be recommended to Council.

The Compliance Criteria for Tender Number 011-06/07 were as follows:

- Compliance with the Conditions of the Request;
- Compliance with the Specification;
- Financial and resource capacity to perform the proposed Contract;
- Non-existence of conflict of interest
- Compliant Insurance coverage;
- Registration and qualification details.

These criteria were not point scored. Each Submission was assessed on a Yes/No basis as to whether a criterion was satisfactorily met.

The qualitative criteria and weightings for this Request were:

- Qualifications and relevant Audit Experience of Partners and Personnel 25%
- Capacity to undertake Audit work and provide supplementary service: 25%
- Availability and timing of Interim Audits 15%
- Quality of references provided 20%
- Cost of Services 15%

The evaluation panel carried out the evaluation of the Submissions in accordance with the Qualitative Criteria in a fair and equitable manner and concluded that the Offer representing the best value to the City is that submitted by Bentleys MRI Perth at the offered price of \$88,500 for the Contract period.

Bentleys are the current auditors for three comparable metropolitan local governments, being the Cities of Perth, Fremantle and Gosnells. They offer an experienced team and, in the opinion of the panel, are better placed to add value to the City of Joondalup. This is supported by the feedback obtained from the referees nominated at the three Cities that are currently audited by Bentleys' nominated auditors.

The Auditors that Bentleys' are nominating are Mr Michael Hillgrove, Mr Patrick Warr and Mr Maurice Anghie. They are qualified to be appointed in accordance with Section 7.3 of the Local Government Act 1995.

Bentleys' tendered price represented the best value to the City and included all grant acquittals and meeting attendance at no additional cost. Acceptance of Bentleys' tender and the appointments of its nominated auditors is therefore recommended.

Link to Strategic Plan:

4.1 To manage the business in a responsible and accountable manner

Legislation – Statutory Provisions:

Part 7 of the Local Government Act 1995
Local Government (Audit) Regulations 1996

Risk Management considerations:

It is considered that awarding the contract to the recommended Respondent and the appointment of its key personnel will represent a low risk to the City based on qualification, registration and local government audit experience.

Financial/Budget Implications:

In its 2006/07 annual budget the City allocated \$33,250 for the audit service, which is sufficient to cover Bentleys' tendered price of \$28,000 for the year, exclusive of the GST.

For the last year of the previous Audit contract the City paid \$31,000.00 for the service.

The City of Joondalup is a registered business entity for GST purposes and is able to claim input tax credit for the amount of GST payable.

Policy implications:

Not applicable

Regional Significance:

Not applicable

Sustainability implications:

The audit requirement is a statutory obligation to ensure prudent and sustainable operation of the City.

Consultation:

Bentleys' auditors are recommended following a fair evaluation process and after receiving positive feedback from other metropolitan Local Governments that are currently audited by Bentleys.

COMMENT

Following public advertisement of tender 011-06/07 for the provision of audit services to the City, three submissions were received and evaluated among which the tender submitted by Bentleys MRI is considered the most advantageous to the City and is therefore recommended.

ATTACHMENTS

Nil

VOTING REQUIREMENTS

Simple Majority.

The Director Corporate Services provided an overview of the report. Discussion ensued.

Cr John entered the Room at 1720 hrs.

MOVED Cr John SECONDED Cr Currie that the Audit Committee recommends that Council, BY AN ABSOLUTE MAJORITY, accepts the tender submitted by Bentleys MRI Perth for the provision of Audit Services to the City and APPOINTS Mr Michael Hillgrove, Mr Patrick Warr and Mr Maurice Anghie as the City auditors for a period of three (3) years ending with the completion of the final audit of the 2008/09 financial year, in accordance with the Terms and Conditions specified in RFT 011-06/07.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Pickard, Crs McLean, Magyar, Amphlett, John, Hart and Currie.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Person declared the Meeting closed at 1724 hrs; the following Elected members being present at that time:

Cr T McLean
Cr S Magyar
Mayor T Pickard
Cr G Amphlett
Cr M John
Cr S Hart
Cr R Currie