



## **Shire of Wandering**

### **Audit Committee Meeting 17 December 2015**

**Minutes  
1.00 pm**

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# **Audit Committee Meeting**

## **Agenda**

### **1. DECLARATION OF OPENING**

The Shire President, Cr B Whitely declared the meeting open at 1.00 pm

### **2. RECORD OF ATTENDANCE**

#### **2.1 PRESENT**

Cr B Whitely	President
Cr B Dowsett	Deputy President
Cr W Gowland	
Cr J Price	
Cr J McNeil	
Cr C Ferguson	
Cr K Stripe	

#### **Staff:**

Ms A O'Halloran	Chief Executive Officer
Mr D Ojha	Manager Administration & Finance
Mrs H Mark	Admin Officer

#### **2.2 Apologies**

#### **2.3 Approved Leave of Absence**

Nil

### **3. ANNOUNCEMENT OF VISITORS**

Nil

### **4. DECLARATION BY MEMBERS**

That Councillors have given due consideration to all matters contained in the Agenda presently before the meeting

### **5. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

Minute of the Audit Committee Meeting – 19 February 2015

<b>COUNCIL DECISION – ITEM 5</b>
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**MOVED: Cr Dowsett**

**SECONDED: Cr McNeil**

**CARRIED 7/0**

**6. REPORTS OF OFFICERS**

**6.1 MANAGER OF FINANCE & ADMINISTRATION REPORT**

**6.1.1 RECOMMENDATION OF AUDITOR**

**FILE REFERENCE:** 10.1.6

**PROPONENTS:** Nil

**DISCLOSURE OF INTEREST:** Nil

**DATE:** 1 December 2015

**PREVIOUSLY BEFORE COUNCIL:** N/A

**AUTHORS NAME & POSITION:** Durga Ojha, Manager Finance & Administration

**NATURE OF COUNCILS ROLE IN THE MATTER:** Legislative

**PURPOSE OF THE REPORT**

In accordance with Local Government Act 1995, the Shire of Wandering audit committee recommends to the Council to appoint the auditor for maximum of 5 years term. The appointment of auditor will be presented for council consideration.

**BACKGROUND**

In accordance with the Local Government Act 1995, local governments are required to appoint an auditor at least once every five years. The Shire of Wandering's present auditor, Butler Settineri's contract has ended on 30 June 2015 which was previously appointed for three years, effective from 1 July 2012. Therefore, Council has to appoint a new auditor for a maximum of five years starting from 1 July 2015. Verbal requests for quotations were called on 11 November 2015 and were based on the scope of the audit being in accordance with the Local Government (Audit) Regulations.

**COMMENT/ DETAILS**

After conducting an extensive research around the neighbouring Shires the following auditors were chosen to ask for quotations. All three quotations have been received from each of the three auditors, Butler Settineri, AMD Chartered Accountants and Moore Stephens as attached the below.

Butler Settineri's quotation [Attachment 2](#)  
 Moore Stephens's quotation [Attachment 3](#)  
 AMD Chartered Accountants' quotation [Attachment 4](#)

Summary of quotations excluding disbursement & GST.

Assessment Criteria	AMD Chartered Accountants	Butler Settineri	Moore Stephens (Average)
Audit price per year 15/16	\$11,000	\$8,500	\$15,600
Audit price per year 16/17	\$11,500	\$8,925	\$15,600
Audit price per year 17/18	\$12,000	\$9,370	\$15,600
Audit price per year 18/19	\$12,500	\$9,840	\$15,600
Audit price per year 19/20	\$13,000	\$10,330	\$15,600
<b>Total audit fees over five years</b>	<b>\$60,000</b>	<b>\$46,965</b>	<b>\$78,000</b>

Value for money was used as a basis for assessment in order to recommend to council. Due to the small size of the Shire of Wandering, Butler Settineri's audit fees are significantly lower than compared to the other two auditors. In addition, Council is satisfied with the service of current auditor Butler Settineri.

## CONSULTATION

Department of Local Government & Communities

## STATUTORY/ LEGAL ENVIRONMENT

The following Local Government Act 1995 and Local Government (Audit) Regulations are applicable to appoint the auditor.

Local government Act 1995 S7.3

1. A local government is to, from time to time whenever such an appointment is necessary or expedient, appoint\* a person, on the recommendation of the audit committee, to be its auditor.

\* Absolute majority required.

2. The local government may appoint one or more persons as its auditor.
3. The local government's auditor is to be a person who is —
  - (a) a registered company auditor; or
  - (b) an approved auditor.

Local Government (Audit) Regulations

## POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

All audit costs are included in each year's budget for next five years

**STRATEGIC IMPLICATIONS**

**Community Strategic Plan 2013-2023**

**Goal 5 – A strong and Effective Organisation**

Outcome 5.2: Accountable decision making and resource allocation through effective governance.

**Strategy 5.2.1:** Ensure Council's decision making process is effective and transparent

**Strategy 5.2.3:** Ensure appropriate funds are available to implement current and future action plans

**VOTING REQUIREMENT**

Absolute Majority

**OFFICER RECOMMENDATION**

**That Audit committee of the Council**

1. Accept quotation from the Butler Settineri and recommend to Council to appoint Marius Van Der Merwe (Registered Company Auditor #404957) to be the auditor for the Shire of Wandering for next five years effective 1 July 2015 to 30 June 2020.

**COUNCIL DECISION – ITEM 6.1.1**

**MOVED: Cr Price**

**SECONDED: Cr Dowsett**

**That Audit committee of the Council**

Accept quotation from the Butler Settineri and recommend to Council to appoint Marius Van Der Merwe (Registered Company Auditor #404957) to be the auditor for the Shire of Wandering for next five years effective 1 July 2015 to 30 June 2020.

**CARRIED 7/0**

**7. NEXT MEETING**

The next Audit and Risk Committee Meeting will be held at a time to be determined.

**8. CLOSURE OF MEETING**

The Shire President declared the meeting closed at 1.05 pm

**These Minutes were confirmed at the Ordinary Council Meeting  
on Thursday 17 December 2015.**

**Signed:**



**Presiding Person at the meeting at which the minutes were confirmed**

**Date:**

**18/2/2016**

**A PROPOSAL TO:  
SHIRE OF WANDERING**

**Statutory Audit Quotation  
1 July 2015 - 30 June 2020**

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## Company profile



**Butler Settineri was established in the mid 1980's and is West Australian based and owned. Butler Settineri has enjoyed a reputation for providing clients with integrated Auditing, Accounting and Financial Services advice.**

Our aim is to be a leading financial and business services provider.

We will be 'Partners in Business' and aim to listen to and understand our clients' needs and then strive to not only meet, but to exceed those expectations.

We are fully committed to building relationships with clients and ensuring that we assist our clients to meet their business goals.

## Vision, Mission & Core value

We will maximize the positive impact on the business and personal success of clients by delivering quality and timely service.

We will develop key relationships, and be dedicated to providing knowledgeable solutions that will exceed the expectation of our clients.

## Core values

Butler Settineri is a professional business services provider. We aim to deliver value beyond clients' expectations. We achieve this goal by taking pride in our work, and always respecting our client and fellow team members. We are responsible for exercising good judgment and maintain excellent ethical behavior as we all work towards a common business objective.

Our clients and colleagues trust us to use our professionalism and integrity and we will maintain our reputation of delivering excellence.

We will be responsible in the confidential use of our clients' information.

There are **People** behind the numbers, who

- ⇒ Take Ownership
- ⇒ Respect and acknowledge others
- ⇒ Strive for continual Improvement
- ⇒ Work as a Team
- ⇒ Act with Integrity & Independence at all times
- ⇒ Create Value - Provide Solutions
- ⇒ Timely, honest and open Communication

We have **Fun, Enjoy** what we do and  
Celebrate success

Proactive

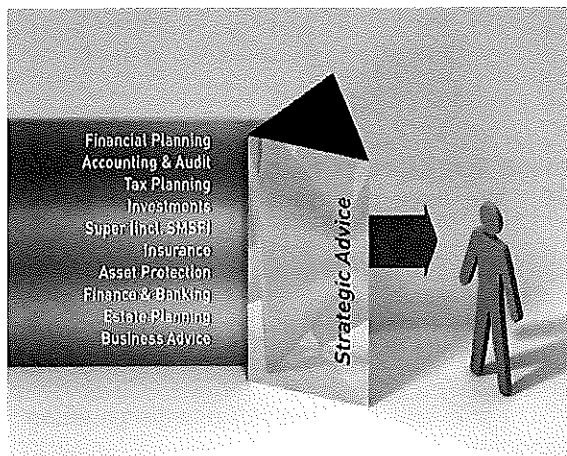
Quality

Supportive

## Expertise

The partners and staff at Butler Settineri enjoy what they do. The partners use that passion to assist both their employees and clients to feel the same way about their careers and businesses. The partners and their teams are driven by educating their clients and believe their business is a means to provide resources to help them achieve their personal goals. Client assignments concentrate on identifying and pursuing these goals.

Butler Settineri offers a range of services to assist clients at all levels of their business. This includes audit & assurance services for a wide range of entities; accounting and business services; taxation planning and advice; financial planning; investment advice; business development and coaching; asset protection; self-managed superannuation fund assistance; and life insurance and wealth protection.



## Service delivery model

### The Team Approach

- ⇒ You will have continuous access to a qualified team of professional staff at all times

### The Service Delivery

- ⇒ The partner is the principal point of contact and co-ordinates the delivery of services on time and on budget

Through integration and access to combined expertise, we can identify and address issues due to our knowledge of your business and operations.

The difference between Butler Settineri and other accounting firms is in our commitment to superior personalised client service and a full range of specialist divisions tailored to assist our clients in every possible way.

## History

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. Two of the partners have been together since 1988. The remaining partners joined between 1995 and 2011.

Butler Settineri has a broad base of tax, accounting and audit clients with no client representing more than 2% of total fees. The tax division has been fully committed to helping clients with the ongoing changes to the taxation system including GST and PAYG. We provide a wide range of accounting services for clients requiring monthly, quarterly, half yearly and annual accounts.

As a strategy for the future, we established an Investment Advisory arm in association with a large national group based in Melbourne. We also have a Superannuation Advisory division dealing in Self-Managed Superannuation Funds. This strategy has proven to be very successful, as clients feel confident in receiving independent quality advice to enable them to plan for their future wealth creation and for their retirement.

## Butler Settineri (Audit) Pty Ltd

Although the firm has been involved with audit engagements from its inception, a separate audit and assurance division was created as of January 2001. We have established a team of senior professional staff who have extensive experience.

We incorporated our audit practice on 1 July 2005 obtaining registration as an authorised audit company in accordance with Part 9.2A of the Corporations Act 2001.

Audit services and related corporate work accounts for 30% of overall fees and includes the provision of services to listed companies, local government authorities, not-for-profit organisations, small to medium sized public and private corporations, AFS Licensees, self-managed superannuation funds and trust audits for legal practitioners, travel agencies and property related entities.

We have been involved with the external audit of local government authorities in WA for more than twenty years. We are currently the external auditors for the Shires of Dardanup, Dundas, Narrogin, Williams, Wandering, Leonora, Merredin, and Cuballing, Peppermint Grove, Koorda, Wagin (2016 year), Menzies (2016 year) and the Tamala Park and South Metropolitan Regional Council.

Our audit philosophy is based on "Partner led audits" which ensure that you have access to the decision makers during the audit process to resolve matters that may be identified during the audit process, avoiding "last minute surprises".

## Audit & assurance services

In today's highly regulated marketplace, audit & assurance services add value to your organisation by:

- ⇒ Providing independent credibility to your financial statements
- ⇒ Professional advice to management
- ⇒ Solutions to improve systems and performance

Butler Settineri's approach is designed to:

- ⇒ Focus on key risks and financial areas
- ⇒ Add value to your business by providing you with constructive ideas for improving internal controls and on-going business systems

Our partner-led assurance service team is committed to meeting your specific business needs by:

- ⇒ Working closely with you to get to know your business whilst maintaining our independence
- ⇒ Using the latest computerised systems and audit techniques
- ⇒ Conducting an in-depth review of your financial records to enable identification of key areas where additional support and attention will improve your business

Our team is qualified and experienced in delivering efficient audit services which comply with Australian auditing standards and maintain ethical behavior and independence. Currently we provide these services to:

- ⇒ Listed and unlisted public companies
- ⇒ Local and interstate companies
- ⇒ Subsidiaries of foreign entities
- ⇒ Local and State government agencies
- ⇒ Not for profit entities
- ⇒ Small to large reporting and non-reporting entities



## Independence

We confirm that Butler Settineri and its personnel will have no conflict of interest in relation to the proposed appointment and that the independence requirements of the relevant professional bodies are complied with.

## Our understanding of your needs

We recognise that you want to engage auditors who understand the intricacies and unique aspects of a local government. We note that Council requires us to provide an independent audit opinion of the accounts and annual financial reports of the *local government* for each financial year covered by the term of the audit appointment. The audit will meet the statutory requirements under the Local Government Act and Regulations and will be carried out in accordance with the Australian Auditing Standards.

- 1) The auditor is to carry out such work as is necessary to form an opinion as to whether:
  - (a) the accounts are properly kept; and
  - (b) the annual financial report:
    - (i) is prepared in accordance with the financial records; and
    - (ii) represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards, the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and other mandatory professional reporting requirements.
- 2) Give an opinion in his or her audit report on –
  - (a) the financial position of the local government; and
  - (b) the results of the operation of the local government.
- 3) We will also include the following matters in the report:
  - a) Any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government; and
  - b) Any matters of non-compliance with financial management or control requirements of the Act, Regulations and any other written law which come to our attention
- 4) We will include within our quote in 2018 a review of the appropriateness and effectiveness of the financial management systems and procedures of the Shire of Wandering as per Financial Management Regulation 5 (2) (c).

We will be available to perform other additional auditing requests as directed. We will attend at least one meeting of Council's Audit Committee each year in person if so required. The engagement partner and audit team will visit the Shires' offices during each stage of the audit and we will be available for subsequent meetings at Councils' request

## Critical Audit Areas

We will obtain an understanding of your operations and design audit procedures that address key risk areas. Areas which will be specifically included in our audit are:

- a) Revenue
  - i) Rates revenue
  - ii) Government grants
  - iii) User pays revenue
  - iv) Profit on sale of non-current assets
  - v) Other income
- b) Expenditure
  - (i) Salary and wage costs
  - (ii) Depreciation
  - (iii) Materials and contract expenditure
  - (iv) Loss on sale of non-current assets
  - (v) Insurances
  - (vi) Bad debts
  - (vii) Other expenditure
- c) Current Assets
  - i) Bank and short term investments
  - ii) Receivables and prepayments
  - iii) Inventory
- d) Non-Current Assets
  - (i) Property, plant, furniture and equipment
  - (ii) Infrastructure and depreciation
  - (iii) Other receivables
- e) Liabilities (Current and non-current)
  - i) Creditors and accruals
  - ii) Loan borrowings including new loans raised
  - iii) Provision for annual and long service leave entitlements
- f) Reserve Funds
- g) Contingent Liabilities
- h) Capital Commitments
- i) Accounting Policies and Notes to the Financial Statements
- j) Statement of Cash Flows
- k) Financial Ratios required by Local Government (Financial Management) Regulations 1996
- l) Implementation of the Fair Value for Assets reporting requirements
- m) Royalties for Regions Grant Acquittals
- n) Roads to Recovery Grant Acquittal
- o) Any other statutory obligations

## Our understanding of your needs (continued)

We will address the audit areas identified by applying our audit methodology, in compliance with all applicable Australian Auditing Standards:

Pre-engagement activities	We will comply with the legislative requirements of independence, client acceptance and other pre-engagement activities. This will result in the preparation of an engagement letter that will set out our understanding of the engagement(s) and will provide certainty as to the specifics of our role and responsibilities.
Risk assessment procedures	Through discussions with the management team at the Shire of Wandering and the members of the Audit Committee and a review of key accounting systems and operations, we will assess the risks of material misstatement, and design procedures to address the matters identified above.
Audit procedures	Based on the risk assessment procedures above, we will conduct procedures to collect appropriate evidence to provide us with sufficient information to issue our audit report.
Reporting & communication	We will issue our report to the Council and the Audit Committee of the Shire of Wandering as soon as practical after the completion of our procedures.

## Referees

Shire of Williams  
Cara Ryan  
Dep. Chief Executive Officer  
Audit Client since 2015  
Tel: (08) 9039 1205

Shire of Dardanup  
Stuart Eaton  
Chief Executive Officer  
Audit client since 2005  
Tel: 08 9724 0000

Shire of Leonora  
Jim Epis  
Chief Executive Officer  
Audit client since 2013  
Tel: 08 9037 6044

Shire of Narrogin  
Geoff McKeown  
Chief Executive Officer  
Audit Client since 2014  
Tel: 08 9881 1866

Our team members have been involved with the external audit of local government authorities in WA for more than twenty years, including the Shires of Cuballing, Dardanup, Dundas, Koorda, Peppermint Grove, Leonora, Wandering, Wickpin, Woodanilling, Pingelly, Kellerberrin, Williams, Merredin, Kulin, Narrogin, Kondinin, Tammin and Narambeen, and Cities of Stirling, Fremantle, Canning, Joondalup, Albany and Geraldton-Greenough.

**We are officially registered with WALGA as a preferred supplier.**



## Proposed fee structure

Our fee proposal is based on our understanding of your needs. Should you require any other or additional services, we will propose a separate fee for such services before commencement on those engagements.

Our normal hourly rates for different levels of staff are as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	
Audit Director	\$420	\$440	\$460	\$480	\$500	Excl GST
Audit Manager	\$170	\$180	\$190	\$200	\$210	Excl GST
Auditors	\$105	\$110	\$115	\$120	\$125	Excl GST

Our proposed audit fees for these engagements are:

2016	\$8,500
2017	\$8,925
2018	\$9,370
2019	\$9,840
2020	\$10,330
<b>These fees exclude GST and travelling costs</b> <b>We do not charge time cost for travel and will only recoup direct out of pocket expenses.</b>	

Our proposed fees for the Financial Management System Review are:

2018	\$6,500
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We do not charge "hidden" costs and we will discuss any fee variations with you before commencement, in order to avoid any "last minute changes" to our fee structure.

The Grant Acquittal for the Roads to Recovery is included within our fee. Our proposed fee per each additional grant acquittal is \$800 and \$420 per hour for attendance of additional audit committee meetings, excluding GST.

A separate audit quotation can be provided upon request for any additional services requested by Council.

## Audit time and visits to Council

<b>Proposed number per annum</b>	2 visits
<b>Proposed duration of visits</b>	81 hours in conjunction with the client's requirements.
<b>Number of hours proposed for the Audit by staff classification</b>	<p>We will attend two field visits to the Shire during the course of each audit as follows:</p> <ul style="list-style-type: none"> <li>- Interim visit during May - 32 hours</li> <li>- Final visit during August/September (but not later than 30 days after receipt of the final draft financial statements) – 49 hours</li> </ul> <p>We estimate the time required to complete the audit as being 81 staff hours either on site or in the office. The quoted fees exclude travel time to from the Shire, as we do not recover travel time from clients.</p> <p>The breakdown is as follows:          6 hours – Engagement partner          18 hours – Manager          56 hours – Auditors          1 hour – Engagement Quality Control Reviewer</p> <p>We plan to meet with the CEO and Shire President during the course of our audit, to ensure effective communication between our team and the Shire.</p> <p>We plan to have entrance and exit interviews with the Finance team, either via teleconference before commencement and after closure of the audit, or as the first and last matters of business during our visits, whichever is more convenient for the Shire's staff.</p>
<b>Ability to meet in person and onsite with the Council's Audit Committee at least once each year for the term of the Contract</b>	In addition to the above the engagement partner will attend at least one Audit Committee meeting in person at the close of the audit. We will also be available to attend additional Audit Committee meetings during the year at the request of the Audit Committee.

## Methodology used to undertake audit

Our audit will be conducted in accordance with the requirements of section 7.9 of the Local Government Act 1995 and Local Government (Audit) Regulations 1996, to enable us to issue our opinion as to whether the accounts are properly kept and whether the financial report is prepared in accordance with the financial records and fairly represents the results of the Shires' operations and its financial position as at the end of the financial year.

We have adopted the Australian Auditing Standards and Auditing Guidance Statements as required by the Institute of Chartered Accountants as well as relevant Australian Accounting Standards and other professional reporting requirements.

Our audit process has several phases as follows:

Pre engagement activities  
Planning and risk assessment  
Performing audit procedures  
Reporting and communication

### ***Pre engagement activities***

This phase of the process ensures that there is an agreement as to the terms of the audit engagement for the relevant year and enables us to be flexible and adapt our work to include any additional requirements requested by management and / or the Audit Committee. The agreed terms are then recorded in our audit engagement letter which can be varied from year to year to accommodate these requirements.

### ***Planning and risk assessment***

This phase of the process involves the first of our two scheduled audit visits to the Shire. This is a critical phase of the process during which we will hold detailed discussions with management and perform analytical procedures to identify specific significant transactions and/or unusual trends within the financial information which may result in a material misstatement flowing through to the financial report.

Also as part of this process, and as required under the Australian Auditing Standards we will obtain an understanding of all the financial and internal control systems relating to key balances in the financial report. Having documented this understanding we will then discuss improvement matters with members of management during the audit process. Where we plan to rely on these internal control systems we will then test these systems during our interim visit. In relation to the Shire of Wandering we plan to place reliance on the rates system, the payroll system and the job costing system.

Having identified which systems we can place reliance on, the areas where there is a risk of material misstatement and considering those areas specifically required to be addressed through our audit, we then develop a tailored program of audit procedures.

## Methodology used to undertake audit (continued)

### *Performing audit procedures*

This phase of the audit involves performing the audit procedures selected to enable us to gather sufficient appropriate audit evidence on which to base our audit opinion.

On receipt of the draft financial report and the requested supporting documentation, we will start on this phase of the audit prior to our final audit visit.

In relation to the Shire's significant revenue and expenditure categories, we plan to undertake at least the following procedures:

- ⇒ Verify rates revenue and user pay revenues analytically with reference to the applicable rate in the dollar, GRV comparisons and other relevant data
- ⇒ Verify grant income to supporting documentation
- ⇒ Verify other income via sample testing of significant transactions
- ⇒ Verify any significant interest income by computation
- ⇒ Verify salary costs to the PAYG payment summary
- ⇒ Recalculate the expected depreciation charge based on the Shire's stated accounting policy
- ⇒ Sample test items classified as "materials and contracts" expenditure
- ⇒ Verify any significant interest expenditure by computation
- ⇒ Consider the reasonableness of other key income and expenditure categories through analytical review procedures

We would then adopt a largely substantive approach to the balance sheet by using a combination of verification procedures, substantive analytical review procedures and sampling. For example:

- ⇒ Direct confirmation of cash balances held at banks and/or building societies
- ⇒ Vouching significant additions and disposals of fixed assets to supporting documentation
- ⇒ Direct confirmation of any loans and other financial liabilities
- ⇒ Analytical review of employee entitlement provisions
- ⇒ Sampling of balances within sundry receivables and payables

In addition to the above, all council meeting minutes will be subject to audit review.

### *Reporting and communication*

This phase of the process involves collating and concluding on the audit evidence gathered as a result of our procedures and then addressing areas such as the impact of subsequent events on the information presented in the financial report.

At this stage we perform a detailed review of the financial report to ensure that it incorporates all the required information and any additional information that may be required to fully explain the information being reported.

Additional to our audit report we will present management and the Audit Committee with a summary of the key areas of the audit. Any issues or concerns regarding the system of internal control will be raised in the form of a management letter.

Once the audit process is finalised, the team will hold a debriefing session and will note any items for consideration in the next audit.

## Corporate social responsibility

Butler Settineri has a view that, as an organisation, it has a responsibility not only to its clients and its people but also to the general community.

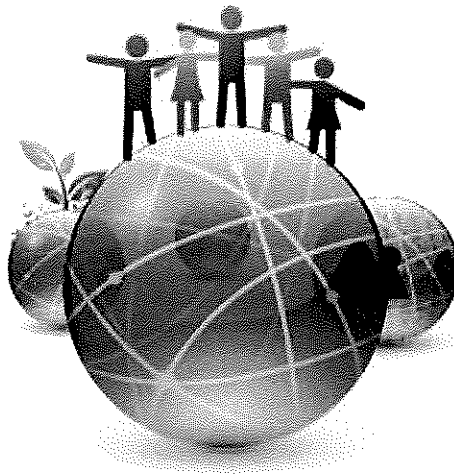
Giving back to the community, wherever it is needed, is an important part of doing business at Butler Settineri. This philosophy is aligned with the values that we maintain as a firm and our desire to make a positive and enduring difference.

We have defined Corporate Social Responsibility 'CSR' as an investment in a strategic capability that provides an opportunity for staff and clients to make a positive contribution to the community in a way which benefits the community, the company and individuals.

Every activity that Butler Settineri undertakes, both as an organisation and its individual people, has an impact on the communities in which we operate. Our responsibility is to ensure that these activities support strong thriving and diverse communities.

In a competitive market people are integral to an organisation's business success. Building a positive workplace culture which supports diversity and well-being is integral to Butler Settineri's high performance, innovation and agility in the marketplace.

We act as pro bono auditors of various small not for profit organisations.



## Contact details

Our professional team is key to our client service. We will provide clearly communicated, tailored solutions and practical recommendations to ensure you grow and succeed in today's challenging environment.

Our people have the right attitude, skills and industry experience to provide valuable support to Council. We are continually improving through training, professional development, and workplace programs.



**Marius van der Merwe**  
B.Com (Hons) CA  
(Partner)

Marius is a Registered Company Auditor with the Australian Securities and Investments Commission (Reg. No. 404957). Marius was admitted to the Butler Settineri partnership in July 2012 and became a director of the audit company in July 2011. Marius specialises in the external audit and investigation field. His portfolio includes, amongst others, Australian Financial Service License holders, Not for Profit Organisations and Local Governments. He also serves on the Audit Committee of a National Statutory Authority.



**Lucy Gardner**  
B. Sc (Hons) CA  
(Partner)

Lucy is a registered company Auditor (Reg. No. 280101). Lucy became a director of the audit company on its registration and admitted to the partnership as of 1 July 2007. She has a key role in the audit and corporate services team and is instrumental in ensuring that the firm internal standards, checklists and work papers satisfy Australian best practice.



**Janine Sirgel**  
BCompt (Hons) CA  
(Manager)

Janine has been involved in external audit since 2006 and is currently the Manager in charge of our extensive external audit client base, including our local government portfolio.



**Danielle Cavanagh**  
MAAT  
(Audit coordinator)

Danielle has over 13 years public practice audit experience in the UK., covering internal and external audits of various industries. Danielle is currently managing our property management and superannuation audit division.

## Specified personnel

<b>Full name</b>	Marius van der Merwe
<b>Registered Company Auditor No.</b>	404957
<b>Position Held</b>	Director of Butler Settineri (Audit) Pty Ltd
<b>Percentage of time on the project</b>	20%
<b>Qualifications</b>	<p>Member of the Institute of Chartered Accountants Australia</p> <p>Registered Company Auditor</p> <p>Registered SMSF Auditor</p> <p>Honours Bachelor of Accounting Science Degree (Hons B Compt) from the University of South Africa</p>
<b>Level of expertise and experience in Local Government</b>	<p>Marius trained with a mid-tier accounting firm in South Africa. He qualified as a Chartered Accountant in 2000 and specialises in the external audit field.</p> <p>He acted as audit principal in his own practice for over ten years, delivering external audit and taxation services to a broad range of clients across a variety of industries, including government and government controlled agencies.</p> <p>On arrival in Perth, Marius worked as a senior audit manager at a large mid-tier firm in Perth and has audit knowledge at a senior level in a range of industries, including several local government authorities.</p> <p>Marius joined Butler Settineri in December 2010 as an external audit specialist. He has a key role in the audit and corporate services team. He was admitted to the partnership on 1 July 2012.</p> <p>Marius is currently the engagement partner responsible for our local government portfolio.</p>
<b>Capacity in which each person is to act</b>	Engagement Partner (Audit Director)

## Specified personnel (continued)

<b>Full name</b>	Lucy Gardner
<b>Position Held</b>	Director of Butler Settineri (Audit) Pty Ltd
<b>Registered Company Auditor No.</b>	280101
<b>Percentage of time on the project</b>	5%
<b>Qualifications</b>	<p>Member of the Institute of Chartered Accountants Australia</p> <p>Registered company auditor with the Australian Securities and Investment Commission</p> <p>Registered SMSF Auditor</p> <p>Graduate Diploma in Applied Corporate Governance</p> <p>Bachelor of Science (Hons) in Geological Sciences from Durham University, UK</p>
<b>Level of expertise and experience in Local Government</b>	<p>Lucy trained with BDO – Binder Hamlyn, a medium sized firm of Chartered Accountants in Newbury, England before immigrating to Australia. She qualified as a Chartered Accountant in 1995 and specialises in the external audit field.</p> <p>On arrival in Perth, Lucy worked as an audit senior at one of the "Big 4", Ernst &amp; Young. She was promoted to manager as of January 1996 and has experience auditing at a senior level in a range of industries.</p> <p>Lucy joined Butler Settineri in August 1999 as an external audit specialist. Lucy has a key role in the audit and corporate services team and is instrumental in ensuring that the Firm's internal standards, checklists and work papers satisfy Australian and International best practice.</p>
<b>Capacity in which each person is to act</b>	Engagement Quality Control Reviewer (Audit Director – EQCR)



## Specified personnel (continued)

<b>Full name</b>	Janine Sirgel
<b>Position Held</b>	Audit Manager of Butler Settineri (Audit) Pty Ltd
<b>Percentage of time on the project</b>	25%
<b>Qualifications</b>	Member of the Institute of Chartered Accountants Australia  Honours Bachelor of Accounting Science Degree (Hons B Compt) from the University of South Africa
<b>Level of expertise and experience in Local Government</b>	Janine trained with a mid-tier accounting firm in South Africa and qualified as a Chartered Accountant in 2008.  Janine joined Butler Settineri in February 2013 and has been involved in managing the extensive audit portfolio, which includes several local government authorities.
<b>Capacity in which each person is to act</b>	Manager

Other members of our audit team will make up the remaining 50% of the expected audit hours.

## Execution by respondent

<b>Name of Respondent</b> Butler Settinieri (Audit) Pty Ltd	
<b>Address of Respondent</b> Unit 16, 100 Railway Road SUBIACO WA 6008	
<b>Postal Address</b> Locked Bag 18 SUBIACO WA 6904	
<b>Refer enquiries to:</b> Marius van der Merwe Email: <a href="mailto:mvd@m@butlersettineri.com.au">mvd@m@butlersettineri.com.au</a>	
<b>Phone Number:</b> (08) 6389 5222	<b>Fax Number:</b> (08) 6389 5255
<b>Legal Entity :</b> Butler Settinieri (Audit) Pty Ltd	<b>ABN</b> 61 112 942 373 <b>Registered Company Auditor No.</b> 289109

# **MOORE STEPHENS**

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## **Moore Stephens**

### **Response to :**

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#### **SHIRE OF WANDERING**

Reference Number : VP41074

Response posted on 01/Dec/15 03:45 PM

Response Reference: none provided

Response ID: VPR72924

Response created by:

David Tomasi (dtomasi@moorestephens.com.au)

Response posted via the Audit Services

Shire of Wandering

## Response from:

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Response reference: None provided

Response ID: VPR72924

Response via: Audit Services

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**Business:** **Moore Stephens**

**ABN** **16 874 357 907**

**Location:** Unit 16 24 Parkland Road  
Osborne Park  
6017, Western Australia, Australia

**MOORE STEPHENS**

**Contact:** *Contact Name:* David Tomasi  
*Position:* Partner  
*Main Phone:* +61 8 9444 3400  
*Mobile Phone:* +61 4 2717 7199  
*Email:* dtomasi@moorestephens.com.au

**Web Site:** <http://www.uhyhnperth.com/>

**Description:** Chartered Accounting firm providing all services of a professional accounting firm including, internal and external audit, remote accounting and related services, organisational and financial consulting, strategic, asset and business planning and tax advice.

**Docs attached by the list admin to this supplier:** None...

**Compliance Details:**

*Type:* Motor Vehicle Insurance  
*Policy/Doc #:* P404758M6  
*Value:* Market Value  
*Insurer:* QBE  
*Expiry:* 15/Feb/16  
*Comments:* Not provided

*Type:* Professional Indemnity Insurance  
*Policy/Doc #:* 63 2229335 PIL  
*Value:* \$15 million each and every claim  
*Insurer:* Zurich Australian Insurance Limited  
*Expiry:* 30/Jun/16  
*Comments:* Not provided

*Type:* Workers Compensation Insurance  
*Policy/Doc #:* O/15-6547  
*Value:* \$50,000,000 Limitation Any Claim  
*Insurer:* CGU Workers Compensation  
*Expiry:* 30/Jun/16  
*Comments:* Not provided

*Type:* Public Liability Insurance  
*Policy/Doc #:* PEBP-0005-4710  
*Value:* 20,000,000  
*Insurer:* WFI Insurance Limited T/A Lumley Insurance  
*Expiry:* 30/Jun/16  
*Comments:* Not provided

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**Selection Status:**

Your decision                      Undecided

**Your attachments to this response**

None provided

**Suppliers response:**

Please refer to attached proposal documents

**Supplier provided pricing**

Price EXCLUDING Tax:        \$ 78,000.00 AUD  
Tax component:                \$ 7,800.00 AUD  
TOTAL PRICE:                  \$ 85,800.00 AUD  
These prices are:              Estimated  
Comments                        Not provided

**Invoicing Details**

If successful, the supplier will invoice with the following details

Business Name: Moore Stephens

Business Number: 16 874 357 907 (ABN)

## **Suppliers Attachments**

The supplier has attached 2 documents to this response. You can find them in this zip file under  
'/Responses/Moore\_Stephens/VPR72924/Docs/'

# AUDIT SERVICES

2015/16 TO 2019/20



## External Audit Services Request For Quotation



Independent Member of  
**B K R**  
INTERNATIONAL



CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

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# Audit Contract Requirements

## 1. Principals Request

### 1.1 Contract Requirements in Brief

The Shire of Wandering has requested quotations from Chartered Accountants and Certified Practicing Accountants with experience in Local Government Audits to undertake the Shire of Wandering Audit Contract for the period 1 July 2015 to 30 June 2020.

We would be pleased to undertake Shire of Wandering's audit requirements for this period.

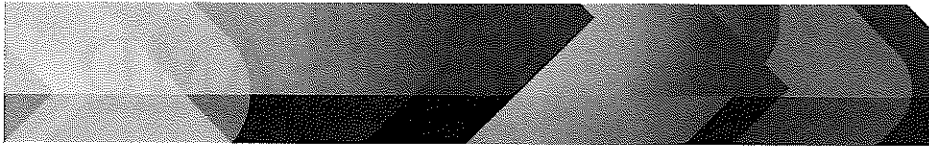
#### 1.1.1 Financial Information

We have reviewed Council's 30 June 2014 financial report and confirm we undertake audits for Council's of similar size. We are currently the auditor of approximately 20 Councils, with revenues ranging from \$4m to \$60m. The majority of our existing Local Government clients are similar in size to Shire of Wandering.

#### 1.1.2 Audit Requirements

Our proposal includes the following:

- Proposed scale of fees for the 5 years ending 30 June 2020 – Refer to Section 2.6.
- Overview of services provided within the scale of fees – Refer to Sections 2.2 to 2.5.1.
- Proposed time frame for the audit with commencement and completion dates for each year including a breakdown of dates for all stages – Refer to Section 2.5.
- Details of Local Government audit experience and qualifications of all persons conducting the audit – Refer to Appendix 1 and 2.
- Technical skills, experience, and expertise of key personnel who will be conducting the audit – Refer to Appendix 2.
- An overview of any additional services which may be provided over and above the audit specification provided below inclusive of any relevant scale of fees that are applicable to those services – Refer to Section 2.6.1.



## Scope of Works

### 2. Specifications

In accordance with the audit services quotation request from the Shire of Wandering, we provide the following:

#### 2.1 Parties to Agreement

(a) Council	Shire of Wandering
(b) Auditors	Tim Partridge AMD Chartered Accountants Registered Company Auditor Number: 225698  Maria Cavallo AMD Chartered Accountants Registered Company Auditor Number: 308235

#### 2.2 Objectives of Audit

To provide an independent audit opinion of the accounts and annual financial reports of the Council for each financial year covered by the term of the audit appointment.

We are currently the auditors for twenty Local Government Councils, and in addition to completing statutory audits, we are often requested to provide other additional assistance and advice specific to Local Government requirements throughout Western Australia.

The above objectives and outcomes of the audit are consistent with the objectives of the other Local Government audits we conduct.

We will provide an independent audit opinion of the accounts and annual financial reports of the Shire of Wandering for each financial year covered by the term of the audit appointment in accordance with the Local Government Act and Regulations.

We will provide the audit report and a management letter upon completing the audit.

The management letter details any matters arising during the course of the audit and not otherwise reported and will include suggestions for improvements in efficiency of resources detected during the course of the audit (issued in accordance with ASA260 and satisfies the requirements of section 7.9 of the Local Government Act). This letter will be forwarded to the Shire President, the CEO and the Minister (refer further details in respect to this management letter within Section 2.5 of this submission).

The goal of AMD Audit and Assurance Services is not only to carry out cost efficient audits to provide an opinion on the annual financial report but also to provide clients with constructive and independent advice on systems and procedures and on the way in which this information is reported.

## 2.3 Term of Audit Appointment

For the financial years commencing 1 July 2015 through to 30 June 2020.

## 2.4 Scope of the Audit

We understand the auditor is to carry out such work as is necessary to form an opinion as to whether:

- a. The accounts are properly kept;
- b. The annual financial report:
  - i. is prepared in accordance with the financial records; and
  - ii. represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the *Australian Accounting Standards, Australian Equivalents to International Financial Reporting Standards, the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended)* and other mandatory professional reporting requirements.
- c. Give an opinion in the audit report on –
  - i. the financial position of the local government; and
  - ii. the results of the operation of the local government.
- d. Include in the audit report –
  - i. any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government;
  - ii. any matters indicating non-compliance with financial management or control requirements of the Act, Regulations and any other written law;
  - iii. details of whether information and explanations were obtained by the auditor;
  - iv. a report on the conduct of the audit; and
  - v. the opinion of the auditor as to whether or not the specific financial ratios reported are supported by verifiable information and reasonable assumptions.

The scope of our audit will be based on the requirements of Part 7 – Division 3 of the Local Government Act 1995 and the Local Government (Audit) Regulations 1996.

We confirm that audits completed by us are carried out in accordance with Australian Auditing Standards and Auditing Guidance Statements.

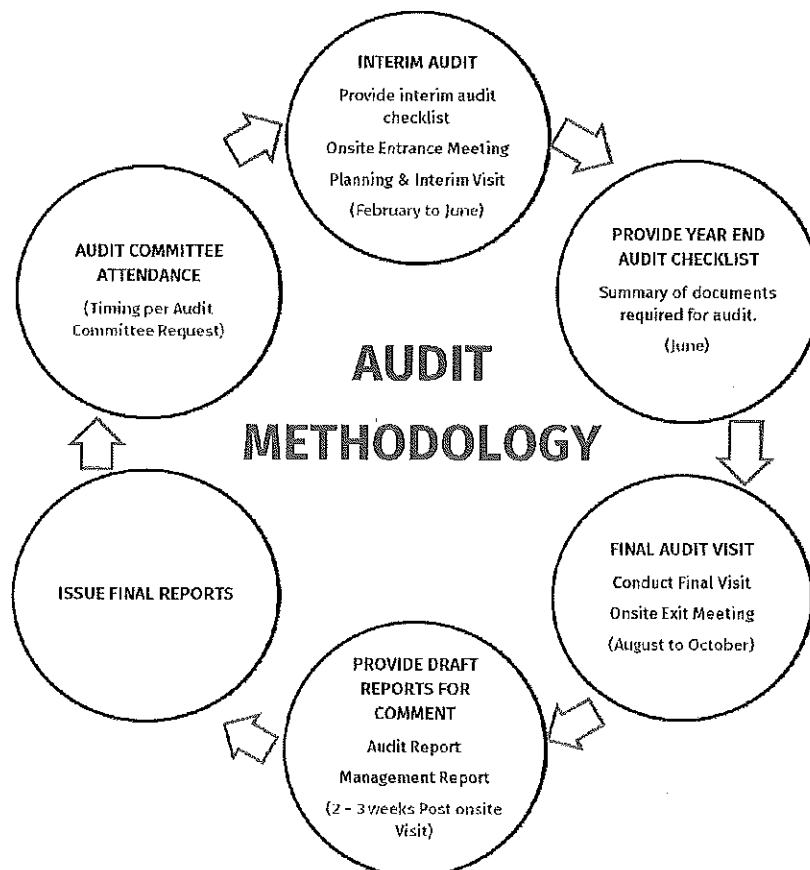
## 2.5 Audit Methodology and Approach

We confirm:

- a. We will comply with the requirements of section 7.9 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.
- b. We will carry out the audit in accordance with "Auditing Standards" and "Auditing Guidance Statements" adopted from time to time by the Australian Society of Certified Practising Accountants and Institute of Chartered Accountants in Australia.
- c. We have provided Council with a general outline of our methodology (refer below).
- d. We provide below a proposed timetable for the audit including;
  - vi. Timing of entrance interview;
  - vii. Timing of interim audit visits;
  - viii. Final audit visit;
  - ix. Timing of exit interview; and
  - x. Timing of the legislative requirement to meet with the local government and whether that meeting will be in person or by some other means.

The above are completed at mutually agreed times, based on our client requests.

- e. We will produce an audit report as required by section 7.9 of the *Local Government Act 1995* and, if considered appropriate by the auditor, a management report, which addresses all of the following areas:



Please note, completion of the annual audit as per the aforementioned timeframe is dependent upon our year end information request being completed in full, and financial records being fully reconciled to a draft financial report prior to commencement of our final audit visit.

### **Interim Audit**

#### **Entrance Interview**

Before we commence the audit, our audit team will hold a discussion with the Chief Executive Officer and / or Manager Administration and Finance to ensure there is a mutual understanding of the audit requirements and approach. This interview is also utilised to discuss any areas of concern or issues.

If required, we will also be available to hold a phone conference with the Audit Committee prior to commencement of the audit to discuss any areas of concerns or issues.

#### **Planning and Interim Visit**

Prior to the end of each financial year, we will perform an audit planning visit. This visit would normally be completed between February and June at a mutually convenient time, and would take place at Council's offices.

Prior to the interim audit taking place, we provide an Interim Audit Checklist, to ensure there is an understanding of the information we will require at the time of our interim audit, and to assist Council's finance team in being prepared for our visit.

The purpose of the interim audit is to complete our audit planning in accordance with Australian Auditing Standards and Auditing Guidance Statements including assessing audit risk areas.

During this visit we will also assess compliance with the financial management sections within the Local Government Act and Financial Management Regulations. As part of this compliance assessment, we will review governance and control including roles and responsibilities, delegated authorities, Council / Committee minutes and directions, monthly financial reporting to Council and budget management.

Once we have obtained an understanding of risks, key systems and internal controls are reviewed and documented including:

- a. Revenue:
  - Rates revenue;
  - Government grants;
  - User pays revenue;
  - Profit on sale of non-current assets; and
  - Other income.

- b. Expenditure:
  - Salary and wage costs;
  - Depreciation;
  - Materials on contract expenditure;
  - Loss on sale of non-current assets;
  - Insurances;
  - Bad debts; and
  - Other expenditure.
- c. Current Assets:
  - Bank and short term investments;
  - Receivables and prepayments; and
  - Inventory.
- d. Non-Current Assets:
  - Property, plant, furniture and equipment;
  - Infrastructure and depreciation; and
  - Other receivables.
- e. Liabilities (current and non-current):
  - Creditors and accruals;
  - Loan borrowings including new loans raised; and
  - Provisions for annual and long service leave entitlements.
- f. Reserve Funds;
- g. Contingent Assets / Liabilities;
- h. Capital Commitments;
- i. Accounting Policies and Notes to the Financial Statements;
- j. Statement of Cash Flows; and
- k. Financial ratios required by the Financial Management Regulations.

Tests of internal controls are then designed and performed to ensure key controls relating to the above specific matters to be audited are operating effectively. The sample sizes utilised for our audit testing will be based on Australian Auditing Standard ASA530 "Audit Sampling."

Upon completion of this interim audit visit, an interim management letter will be prepared after discussion with your accounting team, only if there are areas of significant concern arising from our interim audit procedures. This report will outline any weaknesses or areas of concern identified during the review and testing phase, with detailed recommendations provided to rectify issues identified. Recommendations raised are in accordance with Local Government best practice.

#### **Year End Audit Checklist**

AMD's Local Government Year End Information Checklist will be provided to the accounting team by 30 June each year.

The checklist details key summaries and reconciliations to be prepared as at 30 June, which we will require to complete our year end audit.

The completed checklist forms the basis of a year end file, provided to us at commencement of our final audit, (containing copies of reconciliations and summaries etc.). The content of our audit checklist is based on matters forming the Critical Audit Areas as outlined above.

This process ensures our clients are aware of what we need prior to us commencing our final audit visit by providing a clear understanding of what we required. We believe this process will assist the Shire of Wandering finance and administration team in their year end preparation as it gives a clear understanding of what is required. We also consider this process will assist in the efficiency of the audit process and ensure all necessary documentation has been prepared prior to our visit.

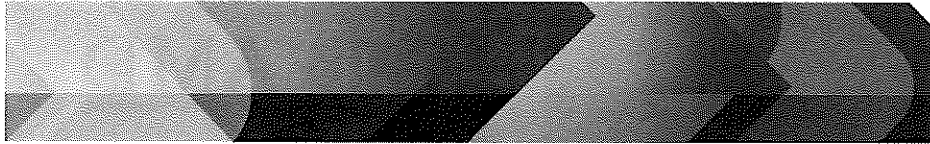
Our expectation and fee quotation is provided on the basis all information as per our checklist is provided to us one week prior to our onsite visit. Should supporting information and schedules not be available at commencement of our onsite visit and this significantly impacts on us completing our onsite procedures, additional fees may be charged.

#### **Final Audit Visit**

The final audit visit after the end of the financial year includes all procedures necessary to audit the financial statements (including accounting policy notes, statement of cash flows, financial ratios etc.) in accordance with Australian Auditing Standards, Auditing Guidance Statements, Local Government Act, Local Government Regulations and other legislative requirements.

These audit procedures would be completed at Council's offices at a mutually convenient time as agreed with the accounting team.

On completion of our final visit, a management letter to the Shire President and CEO is prepared. This letter details any recommendations regarding the improvement of internal controls, together with commentary regarding the action outcomes of the interim management report (if one was issued).



This report will identify:

- (a) Any significant adverse trends in the financial position or the financial management practices of the Shire of Wandering;
- (b) Any material irregularities in the Council's accounting practices or in the management of the Council's accounting practices or in the management of the Council's financial affairs identified during the course of the audit; and
- (c) Any weaknesses in the internal controls in operation.

An audit report will also be provided by us on completion of our audit, as required by Section 7.9 of the Local Government Act 1995.

Please note that our audit methodology and approach relating to Local Government audits has been independently assessed by the Chartered Accountants Australia and New Zealand and confirmed to be appropriate.

#### **Exit Interview**

The audit senior will be onsite to meet and discuss any matters arising from the audit with the Chief Executive Officer and / or Manager Administration and Finance on completion of the onsite audit procedures.

#### **Provide Draft Reports**

On the basis we have all requested information on completion of our onsite visit we aim to have the draft audit report and management report circulated 2 to 3 weeks after our on site visit.

#### **Issue Final Reports**

Final reports are usually issued upon receiving comments on draft reports.

#### **Audit Committee**

Council's nominated auditor is available to attend Audit Committee meetings following completion of the final audit visit each year and other meetings as requested at an additional fee.

Where a phone conference with the Audit Committee is considered sufficient, no additional fee will be charged.

#### **Government Grants**

We will provide a separate audit certification for the Deferred Pensioner Interest on an annual basis as part of our external audit services contract. Other separate government grant audit fees will be negotiated as requested.



If we are requested by Council to perform any separate audits in addition to the audit function, the fee for these assignments shall be on the basis of either a quoted fee or actual time incurred at the normal professional hourly rate for that level of work. We utilise the internal controls testing and knowledge of Council's operations obtained during our audit engagement to find efficiencies in completing these separate acquittal audits where possible. We also try to perform these remotely where possible to save on travel costs.

### 2.5.1 Critical Audit Areas

Refer to Section 2.5 for Critical Audit Areas.

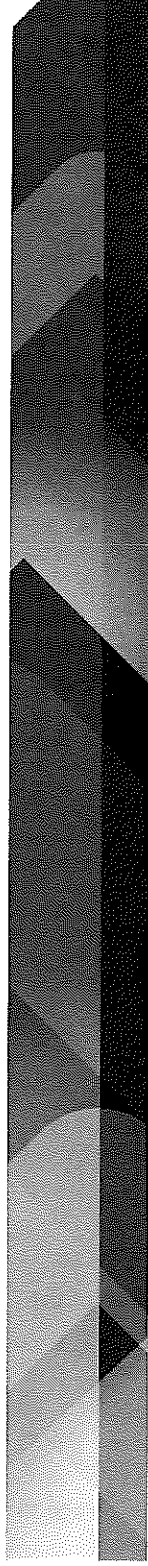
## 2.6 Fees and Expenditure

If we are requested by Council to perform any separate audits in addition to the audit function, the fee for these assignments shall be on the basis of either a quoted fee or actual time incurred at the normal professional hourly rate for that level of work. We utilise the internal controls testing and knowledge of Council's operations obtained during our audit engagement to find efficiencies in completing these separate acquittal audits where possible. We also try to perform these remotely where possible to save on travel costs.

Please refer below for our current hourly rates, which are subject to annual review and adjustment:

Line No	Description / Classification of Personnel	Tender Unit	Price Tendered (ex GST)	GST Component	Price Tendered (inc GST)
1(a)	Audit Partner	Per hour	\$380	\$38	\$418
1(b)	Client Advisor	Per hour	\$225	\$22.5	\$247.5
1(c)	Auditor Senior	Per hour	\$210	\$21	\$231
1(d)	Assistant Auditor	Per hour	\$130	\$13	\$143
1(e)	Secretary	Per hour	\$90	\$9	\$99
2	Report production cost	Per unit	\$Nil	\$Nil	\$Nil
3	Phone/video conference with Audit Committee	Per Annum	Included. If attendance by the nominated auditor is requested onsite in person, a quoted fee will be provided on request.		

The above schedule of rates is current as of the date of this quotation, and provides an indication as to levels of staff within our audit team and costs incurred to complete additional assignments outside of the statutory audit scope.



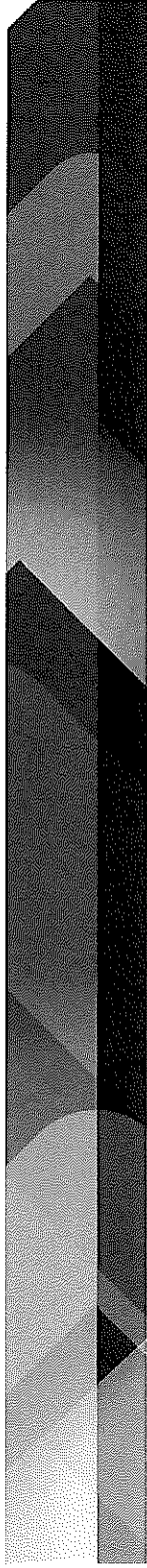
## 2.6 Hours, Fees and Expenditure

*Our quoted costs are exclusive of all out of pocket disbursements, including travel and accommodation which will be charged at actual cost. We have included an estimate of travel disbursements below, however actual costs will be on-charged.*

*We would expect the interim visit to take 1 full day onsite for our client advisor and auditor, and our final visit to take 2 full days onsite for our client advisor and auditor, who are efficient and experienced Local Government auditors.*

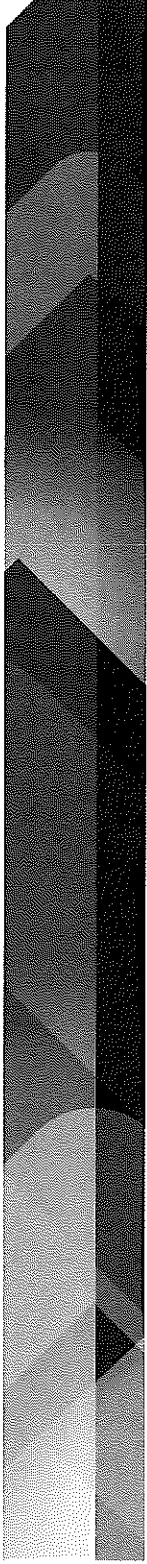
*Please note – hours below exclude travel time.*

Service Description	2015/16 Financial Year		
	Price Offered (exc GST)	GST Component	Price Offered (inc GST)
<b>Specific Audit Services</b>			
Interim Audit (20 hours onsite, 10 hours offsite).	\$3,500	\$350	\$3,850
Final Audit (40 hours onsite, 20 hours offsite).	\$7,500	\$750	\$8,250
<b>Audit Fee (exclusive of disbursements)</b>	<b>\$11,000</b>	<b>\$1,100</b>	<b>\$12,100</b>
Add: Travel disbursement estimate			\$1,800
<b>Audit fee estimate (inclusive of disbursements)</b>			<b>\$13,900</b>
<b>Audit Committee</b>			
Council's nominated auditor is available to attend one meeting in person onsite at an additional fee which will be quoted upon request. No additional fee will be charged for a phone/video conference with the Audit Committee.			
<b>Other Audit Related Services</b>			
Grant acquittals.	Refer to section 2.6 – Additional work based on hourly rates		
Specific Audit related Project works as and when required (per hour cost).	Refer to section 2.6 – Additional work based on hourly rates		



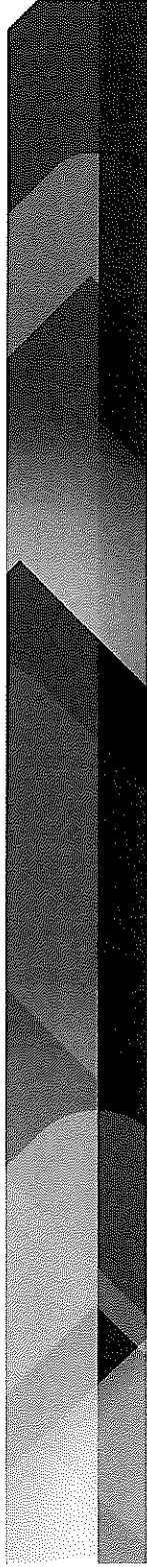
*Our quoted costs are exclusive of all out of pocket disbursements, including travel and accommodation which will be charged at actual cost. We have included an estimate of travel disbursements below, however actual costs will be on-charged.*

2016/17 Financial Year			
Service Description	Price Offered (exc GST)	GST Component	Price Offered (inc GST)
<b>Specific Audit Services</b>			
Interim Audit (20 hours onsite, 10 hours offsite).	\$3,750	\$375	\$4,125
Final Audit (40 hours onsite, 20 hours offsite).	\$7,750	\$775	\$8,525
<b>Audit Fee (exclusive of disbursements)</b>	<b>\$11,500</b>	<b>\$1,150</b>	<b>\$12,650</b>
Add: Travel disbursement estimate			\$1,800
<b>Audit fee estimate (inclusive of disbursements)</b>			<b>\$14,450</b>
<b>Audit Committee</b>			
Council's nominated auditor is available to attend one meeting in person onsite at an additional fee which will be quoted upon request. No additional fee will be charged for a phone/video conference with the Audit Committee.			
<b>Other Audit Related Services</b>			
Grant acquittals.	Refer to section 2.6 – Additional work based on hourly rates		
Specific Audit related Project works as and when required (per hour cost).	Refer to section 2.6 – Additional work based on hourly rates		



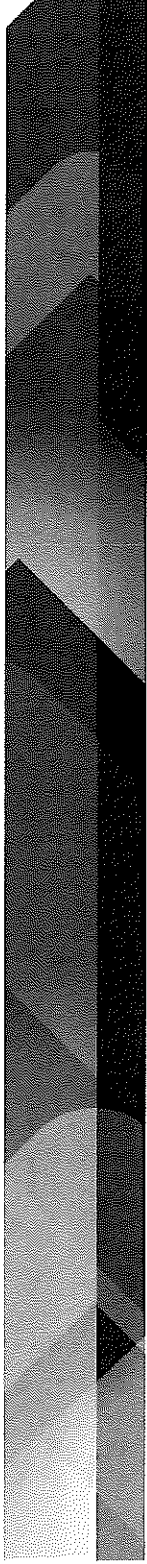
*Our quoted costs are exclusive of all out of pocket disbursements, including travel and accommodation which will be charged at actual cost. We have included an estimate of travel disbursements below, however actual costs will be on-charged.*

2017/18 Financial Year			
Service Description	Price Offered (exc GST)	GST Component	Price Offered (inc GST)
<b>Specific Audit Services</b>			
Interim Audit (20 hours onsite, 10 hours offsite).	\$4,000	\$400	\$4,400
Final Audit (40 hours onsite, 20 hours offsite).	\$8,000	\$800	\$8,800
Audit Fee (exclusive of disbursements)	\$12,000	\$1,200	\$13,200
Add: Travel disbursement estimate			\$1,800
Audit fee estimate (inclusive of disbursements)			\$15,000
<b>Audit Committee</b>			
Council's nominated auditor is available to attend one meeting in person onsite at an additional fee which will be quoted upon request. No additional fee will be charged for a phone/video conference with the Audit Committee.			
<b>Other Audit Related Services</b>			
Grant acquittals.	Refer to section 2.6 – Additional work based on hourly rates		
Specific Audit related Project works as and when required (per hour cost).	Refer to section 2.6 – Additional work based on hourly rates		



*Our quoted costs are exclusive of all out of pocket disbursements, including travel and accommodation which will be charged at actual cost. We have included an estimate of travel disbursements below, however actual costs will be on-charged.*

Service Description	2018/19 Financial Year		
	Price Offered (exc GST)	GST Component	Price Offered (inc GST)
<b>Specific Audit Services</b>			
Interim Audit (20 hours onsite, 10 hours offsite).	\$4,200	\$420	\$4,620
Final Audit (40 hours onsite, 20 hours offsite).	\$8,300	\$830	\$9,130
<b>Audit Fee (exclusive of disbursements)</b>	<b>\$12,500</b>	<b>\$1,250</b>	<b>\$13,750</b>
Add: Travel disbursement estimate			\$1,800
Audit fee estimate (inclusive of disbursements)			\$15,550
<b>Audit Committee</b>			
Council's nominated auditor is available to attend one meeting in person onsite at an additional fee which will be quoted upon request. No additional fee will be charged for a phone/video conference with the Audit Committee.			
<b>Other Audit Related Services</b>			
Grant acquittals.	Refer to section 2.6 – Additional work based on hourly rates		
Specific Audit related Project works as and when required (per hour cost).	Refer to section 2.6 – Additional work based on hourly rates		



*Our quoted costs are exclusive of all out of pocket disbursements, including travel and accommodation which will be charged at actual cost. We have included an estimate of travel disbursements below, however actual costs will be on-charged.*

Service Description	2019/20 Financial Year		
	Price Offered (exc GST)	GST Component	Price Offered (inc GST)
<b>Specific Audit Services</b>			
Interim Audit (20 hours onsite, 10 hours offsite).	\$4,300	\$430	\$4,730
Final Audit (40 hours onsite, 20 hours offsite).	\$8,700	\$870	\$9,570
<b>Audit Fee (exclusive of disbursements)</b>	<b>\$13,000</b>	<b>\$1,300</b>	<b>\$14,300</b>
Add: Travel disbursement estimate			<b>\$1,800</b>
<b>Audit fee estimate (inclusive of disbursements)</b>			<b>\$16,100</b>
<b>Audit Committee</b>			
Council's nominated auditor is available to attend one meeting in person onsite at an additional fee which will be quoted upon request. No additional fee will be charged for a phone/video conference with the Audit Committee.			
<b>Other Audit Related Services</b>			
Grant acquittals.	Refer to section 2.6 – Additional work based on hourly rates		
Specific Audit related Project works as and when required (per hour cost).	Refer to section 2.6 – Additional work based on hourly rates		

### 2.6.1 Overview of Additional Services

We have provided advisory services to Local Governments for over 30 years. An overview of some of the additional services we offer are as follows:

**a. Acquittal Audits and Grant Funding Compliance Audits**

Completed on behalf of clients to meet grant funding and other legislative requirements. The majority of these assignments are completed by Assistant Auditors or Auditors (Refer Section 2.6) to ensure the completion of these audits are cost effective.

**b. Strategic Internal Audit Services**

We undertake Strategic Internal Audits for Local Governments throughout Western Australia which incorporate the following:

- Complete Strategic Internal Audit Program;
- Liaise with the Audit Committee as required;
- Completion of Internal Audit modules annually; and
- Provide Strategic Internal Audit Report.

Internal audits undertaken by AMD are completed in accordance with the Australian Institute of Internal Auditors, Chartered Accountants Australia and New Zealand standards, and where applicable Australian Institute of Company Directors guidelines. Where clients have an existing Risk Management Framework, Strategic Internal Audit Plans prepared for clients prioritise internal audit modules with reference to the AS/NZ/ISO 31000:2009 Risk Management Standard.

**c. Financial Management Systems Review**

Pursuant to Regulation 5(2) of the Local Government (Financial Management) Regulations, we are experienced in completing reviews of the appropriateness and effectiveness for both Local Government Council's who are our audit clients and Local Governments, we are not Council's appointed auditors.

**d. Regulation 17 - Local Government (Audit) Regulations 1996 Review**

Effective 8<sup>th</sup> February 2013, Regulation 17 of the Local Government (Audit) Regulations 1996 requires the Chief Executive Officer (CEO) of a Local Government Council to undertake the following every two years:

1. The CEO is to review the appropriateness and effectiveness of a Local Government's systems and procedures in relation to –
  - a. Risk management;
  - b. Internal Controls; and
  - c. Legislative Compliance.
2. The review may relate to any or all of the matters referred to in sub-regulation 1(a), (b) and (c), but each of those matters is to be the subject of a review at least once every two years;
3. The CEO is to report to the audit committee the results of that review.

The first review was required to be completed by 31 December 2014.

We have appointed to undertake these reviews for both Local Government Councils who are our audit clients, and Local Governments for whom we are not Council's appointed auditor. The terms of reference for our reviews, incorporate an assessment of the appropriateness and effectiveness of internal controls, risk management and legislative compliance. The terms of reference also include any areas of particular concern may have.

On completion of these reviews, we prepare a written report addressed to the CEO reporting whether Council has appropriate and effective internal control systems, risk management procedures and legislative compliance procedures in place. Where we identify any minor issues during our review, we would report on these matters and raise recommendations, to address any issues identified.

**e. Taxation Advisory Services**

We have an experienced tax advisory team within AMD with over 30 years experience in providing GST, FBT and related tax advisory services to Local Government Councils. Fee estimates are provided upfront, where requested.

**f. Updates / Accounting Standards / Annual Report Advice**

We are able to provide assistance or advice in relation to Accounting Standards including changes in Accounting Standards impacting on the Annual Report. We are also available to provide assistance and advice in respect to fair value transition and other financial reporting developments.

We provide advice on a "one on one" basis, and have provided such advice to clients over recent times including advice in respect to the fair value reporting requirements impairment of investments, financial report note disclosures, changes in Australian Accounts Standards/Local Government financial reporting requirements.

Where ad-hoc advice is requested throughout the year we generally do not charge if the time taken to provide advice does not exceed half an hour.



## Appendix 1

### Performance and Experience / Organisational Structure

#### AMD Chartered Accountants

AMD is one of regional Western Australia's largest accounting and business services firm and are based in the South West, delivering a broad range of services that help clients to grow and succeed. AMD has serviced the region since 1982, and have grown to a team of 65 staff in 3 offices. The AMD service range has been built around the needs of progressive businesses and includes:

- Audit and assurance;
- Business development services;
- Company secretarial services;
- Financial feasibility studies and project analysis;
- Financial management systems;
- Accounting systems support;
- Specialist taxation;
- Strategic business planning; and
- Superannuation fund administration.

## **The AMD Service Range**

The AMD way is to think outside of the box and offer services to support the whole of your business. We aim to help you to succeed and prosper.

### **General Taxation and Accounting**

Taxation and accounting services are managed for a broad cross section of West Australian business and personal requirements. AMD also has a specialist taxation unit for complex matters and structural planning.

### **Strategic Business Planning & Development Support**

Targeted activities from direction setting workshops through to comprehensive strategic business planning or family business succession planning. Clients may also qualify for state government funding toward planning services.

### **Audit & Assurance Services**

We perform audits for and give specialised reports and advice to a wide range of clients including large private companies, local government, public companies, self managed superannuation funds, charities and schools.

### **Financial Feasibility & Project Analysis**

Business feasibility studies and financial modelling can mean the difference between guesswork and confident decision making! Our team has worked with business owners as well as third parties such as banking or legal teams.

### **Marketing Planning & Assistance**

Practical and flexible marketing support including marketing planning, positioning and creative brief, market feasibility, research and sales estimation, advertising and promotions review, budgeting and evaluation, copywriting and presentations.

### **Superannuation Fund Administration and Financial Planning**

A complete administration service for Self Managed Superannuation Funds is available. Our clients include small family funds through to corporate funds and retirees. Advice is offered on planning for retirement, estate structure, pension funds and investment.

### **Bookkeeping & Accounting Systems Support**

The quality, efficiency and application of financial information management is an essential consideration for any business. Our team can assist with computerised accounting system set up and bookkeeping training.

### **Specialist Taxation Advice**

AMD has a specialist tax unit able to assist with a range of complex tax matters including Income Tax, GST, Fringe Benefits Tax, Capital Gains Tax, taxation relating to family law matters and general taxation litigation support.

## **Service Profile – Audit & Assurance Services**

AMD Audit & Assurance Services provide independent and objective services to ensure the reliability of financial information, transactions and processes. In addition to performing cost-effective audits, we provide clients with constructive independent advice on the day to day running of their businesses. We adopt a communicative, hands-on approach in assisting clients and, being based in Bunbury, we are available to visit clients throughout the South West whenever required.

### **Statutory Audits**

As Registered Company Auditors we are responsible for the audit and preparation of financial statements in accordance with relevant legislative requirements. Statutory audits represent the core of our activities, and we adopt a practical approach in recommending system improvements.

### **Internal Procedures & Controls Review**

We perform financial system reviews to ensure procedures in place are appropriate for the type and size of the business, and are operating effectively. Our report outlines areas of concern and recommendations for improvement. We regularly perform this service for clients who do not require a full audit or businesses that have experienced rapid growth.

### **Forensic & Investigative Accounting**

We provide discreet, pro-active assistance relating to the investigation of unusual transactions or balances, in addition to reviews designed to prevent and detect fraud.

### **Management Assurance Services**

Our internal audit and risk management reviews can be tailored to include financial and non-financial aspects critical to client operations. On completion of these reviews, we report to management on an exception basis, outlining areas of concern and remedial action required.

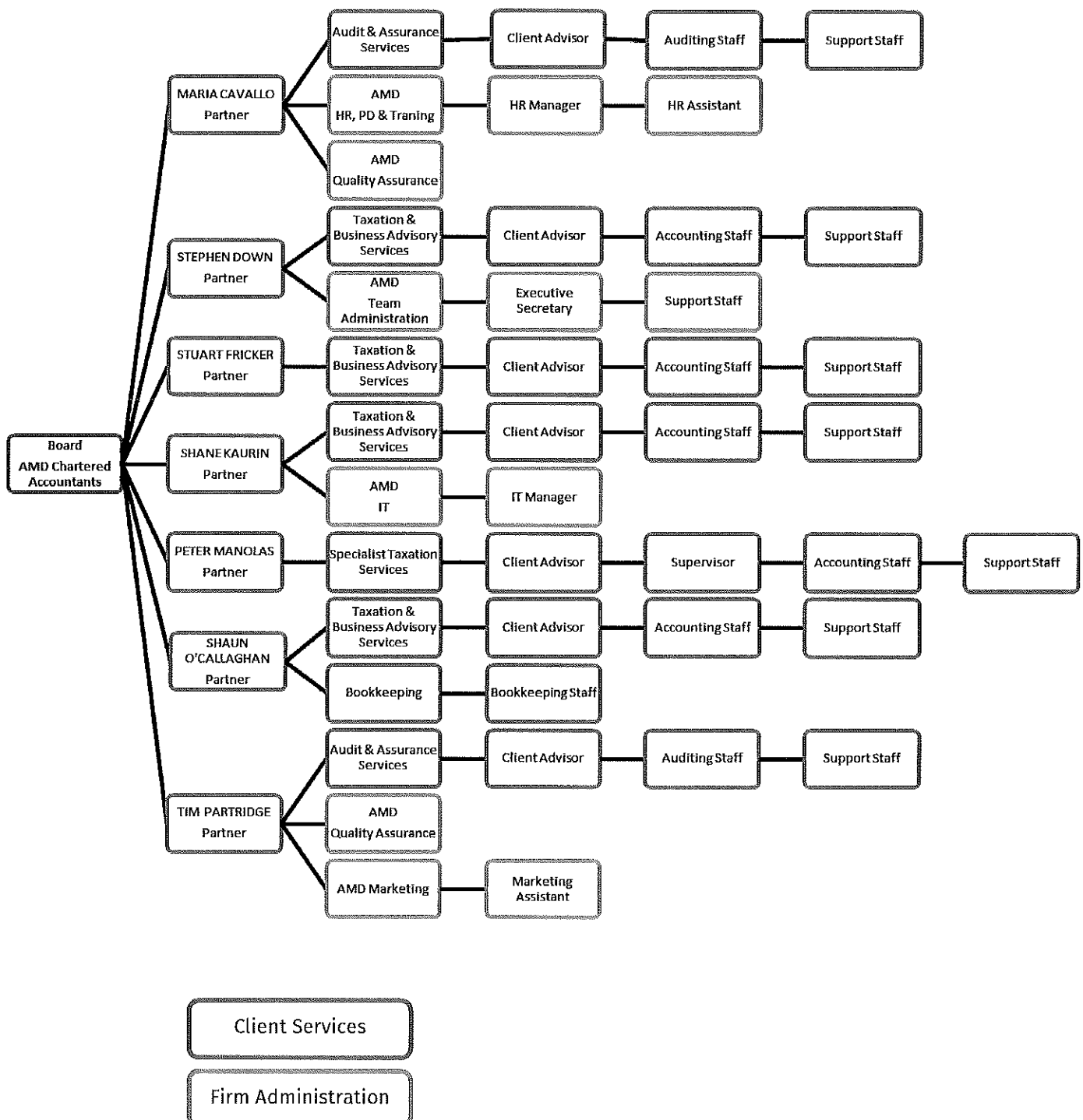
### **Corporate Governance**

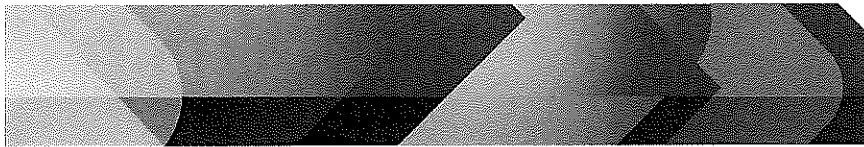
It is critical that Boards and governing bodies find the right balance between compliance, best practice and performance. Our advice in this area is practical and relevant, and tailored to the nature of the organisation.

### **Transaction Service**

We can independently review one-off transactions outside the ordinary course of business, including related technical advice. Transactions typically include due diligence reviews, the issue or buyback of shares, revaluation of non-current assets and related party transactions.

## Organisation Chart





## BKR

Independent Member of



AMD are a member firm of BKR International, a leading global association of independent accounting and business advisory firms. BKR represent the expertise of more than 160 firms in 500 offices in over 80 countries around the world.

BKR firms offer clients personalised local service and global expertise and connections.

BKR provide access to assistance, expertise and resources comparable to offerings of “Big 4” firms, while ensuring ease of communication and accessibility to Partners and other team members as required.

As a worldwide association of independent accounting, taxation and business advisors, BKR International brings together firms that offer you up-to-date global expertise.

Our member firms are large enough to offer a full range of independent and objective advisory services, but small enough to attend to your specific needs and offer the personalised attention you require.

You can depend on BKR member firms for creative and practical services to clients through highly trained, skilled and motivated professionals.

Independent members are committed to delivering superior client service throughout the world. Large enough to offer a full range of services, yet small enough to deliver personal service and objective advice.

BKR International member firms are selected for their local influence, expertise and international capability. Member firms must demonstrate that they have met the standards of their local jurisdiction, as well as undergo a thorough review by BKR's Regional and Worldwide Boards.

For further information please visit <http://www.bkr.com/>

## Western Australia Local Government Association (“WALGA”)

We are the only regional based firm within Western Australian recognised as Local Government specialists, and as such we are listed as Western Australia Local Government Association “Preferred Suppliers” in respect to the provision of both internal and external audit services.



## Appendix 2

### Audit Personnel

For the purpose of this proposal we have provide the resumes of both AMD's Audit and Assurance Partners. We have also included the resumes of two of our Audit and Assurance Client Advisors, and the resumes of two experienced Auditors from our team.

If appointed, the selected team will include one Audit and Assurance Client Advisor and one Auditor, overseen by one Audit and Assurance Partner. The appointed Audit and Assurance Partner would remain consistent for the duration of the tender period, and as with all client engagements we would expect the same client service team to conduct on site on an annual basis.



**Tim Partridge, B.Com, FCA, IIAA – Registered Company Auditor Number #225 698  
Partner, Audit & Assurance Services**

Tim completed a Bachelor of Commerce at the University of Western Australia in 1994 and commenced his career with KPMG in February 1995 as a Graduate Accountant in the Audit Division. While at KPMG, Tim completed his Professional Year in 1997 and was subsequently admitted as a Chartered Accountant. Tim's role as a Senior in the Audit Division involved planning internal and external audits, conducting fieldwork and preparing accounts for a broad range of clients, including companies listed on the

Australian Stock Exchange, multinationals, large proprietary companies, Government departments and statutory authorities.

Originally from the South West, Tim moved to Bunbury after being offered a position at AMD Chartered Accountants in September 1998.

As AMD's Audit and Assurance Services Partner, Tim is responsible for the internal and external audit of a broad range of organisations including large proprietary companies, private corporations, Government Trading Enterprises, Local Government authorities and co-operatives.

His role includes advice relating to the preparation of financial reports in accordance with Australian Accounting Standards, Corporations Act and other legislative requirements for many clients, once audits have been completed. Responsible for technical advice in relation to accounting issues and reporting requirements, Tim adopts a practical approach when assisting clients in these areas. Other areas of expertise Tim offers to clients include corporate governance and risk management. In addition to holding client seminars and technical updates throughout the year, Tim also lectured Auditing at Edith Cowan University for a number of years.

In January 2003, Tim became a Registered Company Auditor with the Australian Securities and Investments Commission and was admitted as a Partner of AMD in July 2004.

Tim is a member of the Institute of Internal Auditors Australia, a Graduate of the Australian Institute of Company Directors and was acknowledged as a Fellow of the Institute of Chartered Accountants in 2010.

Tim's experience in Local Government auditing resulted in AMD being included as a preferred supplier of audit services by the Western Australian Local Government Association in 2011. Tim was appointed as a member of the BKR (Asia Pacific) Audit Standards Committee in 2012, and was appointed as a Director of the BKR Worldwide Board Effective 1 July 2013.



**Maria Cavallo, B.Bus, CA – Registered Company Auditor Number #308 235**

**Audit Partner, Audit & Assurance Services**

Maria completed a Bachelor of Business degree at Edith Cowan University with a double major in Accounting and Public Practice in November 2001. She subsequently commenced employment with AMD as a graduate auditor in December of the same year.

Maria progressed to audit supervisor in June 2004, and then to audit manager in June 2005. She is responsible for completing audits for a wide range of clients in various industries including local government, insurance, education providers, employment, welfare, performing arts, solicitors, real estate and sporting clubs.

Maria is responsible for supervising and conducting audits; from the initial planning on interim audits, to completing final audits and preparing annual reports in accordance with accounting standards and other relevant legislation.

Maria also performs financial systems reviews for various clients and can provide advice in relation to technical accounting issues and reporting requirements such as International Financial Reporting Standards, related party transactions and consolidation accounting for subsidiaries. Her role includes the preparation of financial reports in accordance with Australian Accounting Standards, Corporations Act and other legislative requirements for many clients, once audits have been completed.

Maria completed her professional year studies, and qualified as a Chartered Accountant in November 2004. Ongoing studies have resulted in Maria keeping up to date with changes in accounting standards and financial reporting legislation.

Maria was made an Associate of the firm on 1 July 2010 and appointed as Partner on 1 July 2012. As the Partner in charge of Human Resources, Maria has responsibility for the growth and development of team members' career paths and has initiated a number of developments in this area.

Maria was also recognized with a 'Highly Commended Award' from the President of the Institute of Chartered Accountants Australia, in October, in recognition of her services.

Maria is also a member of the Australian Computer Society, and Australian Human Resources Institute.

Areas of expertise include information technology reviews, human resource reviews, assessing compliance with applicable legislative requirements and compliance with Australian Accounting Standards.

Maria currently is the Audit lecturer and tutor at Edith Cowan University, and has been so since 2005.

The Australian Securities and Investment Commission recognised Maria as a Registered Company Auditor, effective January 2007. Maria is also a member of the Institute of Internal Auditors of Australia.



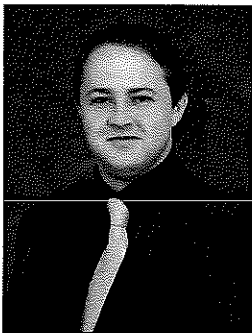
**Emily McKelvie, B.Bus, CA**

**Client Advisor, Audit & Assurance Services**

Emily commenced employment at AMD in the Audit and Assurance Services Division in March 2011 and completed a Bachelor of Business degree at Edith Cowan University in November 2011, attaining the awards for top accounting student in the Bachelor of Business degree and top accounting student in the Accounting Major. Emily qualified as a Chartered Accountant in August 2014.

Emily's clients include local governments, large proprietary companies, Aboriginal Corporations, not-for-profit organisations, trust accounts, Catholic schools and Australian Financial Service license holders.

Emily is responsible for conducting both internal and external audits including, statutory audits, financial management reviews, risk reviews, agreed upon procedures and financial consulting engagements.



**Ray Van Tonder, B.Bus, CA**

**Client Advisor, Audit & Assurance Services**

Originally from South Africa, Ray relocated with his family to Australia in November 2008.

He completed a Bachelor of Business degree at Edith Cowan University with a major in Accounting in November 2010 and commenced his career with a small firm in September 2010, working as an Undergraduate Accountant in their taxation department. Whilst completing his undergraduate year, Ray's responsibilities included preparing annual accounts, tax returns and ensuring clients met tax compliance. Ray was also responsible for the preparation of annual and half year accounts for a variety of publicly listed entities.

In January 2012 Ray joined the Audit Division at AMD. While at AMD, Ray completed his Professional Year in 2014 and was subsequently admitted as a Chartered Accountant.

Ray's role as a Senior in the Audit Division involves planning internal and external audits, conducting fieldwork and preparing accounts for a broad range of clients, including large proprietary companies, Local Government authorities, not for profit entities, Aboriginal corporations, trust accounts, schools and Australian financial service license holders. Ray also completes internal audits, agreed upon procedures, financial management reviews and risk reviews for a number of clients.

In addition, Ray is actively involved with training of graduate accountants and team member reviews.

Ongoing studies have resulted in Ray keeping up-to-date with changes in accounting standards and financial reporting legislation.





**Tyler Nicholls**

**Auditor, Audit and Assurance Services**

Tyler joined AMD in January 2014 as a Graduate Accountant in the Audit and Assurance division after completing her bachelor degree in Accounting at Curtin University, and Certificate II in Business Administration from the ACT Business College. Over this time Tyler has broad experience in completing internal and external audits for AMD's diverse client base.

She has past experience as an Office Clerk at Foraco, and volunteered for the largest student organization AIESEC. Tyler is on the process of obtaining her Chartered Accountants qualification.



**Matthew Ristovic**

**Auditor, Audit and Assurance Services**

Matt completed a Bachelor of Commerce at UWA in June 2013, choosing to major in Financial Accounting and Corporate Finance.

After graduating he completed work experience with the ATO before returning to his hometown of Busselton and joining the Audit team at AMD in January 2014. Matt is currently completing his Certified Practicing Accountant qualification.

## Appendix 3

### References

Reference points are listed below, and we welcome your contact with our clients.

Please note that we audit approximately 20 regional Councils of varying size. Our existing Local Government audit client base includes Local Government Councils where total revenue ranges from small (\$4 million) to large (in excess of \$60 million) per annum.

#### **City of Busselton**

Rates Income: \$33m, Total Income: \$54m (2014)

Mike Archer

Chief Executive Officer

(08) 9781 0444

Example of services provided: Annual audit, Section 5(1) Financial Management System Reviews, accounting standards advice, acquittal audits and general advice.

#### **Shire of Murray**

Rates Income: \$11m, Total Income: \$24m (2014)

Dean Unsworth

Chief Executive Officer

(08) 9531 7777

Example of services provided: Annual audit, accounting standards advice, Acquittal audits and general advice.

#### **Shire of Pingelly**

Rates Income: \$1m, Total Income: \$5m (2014)

Gavin Pollock

Chief Executive Officer

(08) 9887 1066

Example of services provided: Annual audit, accounting standards advice, Acquittal audits and general advice.

#### **Shire of Waroona**

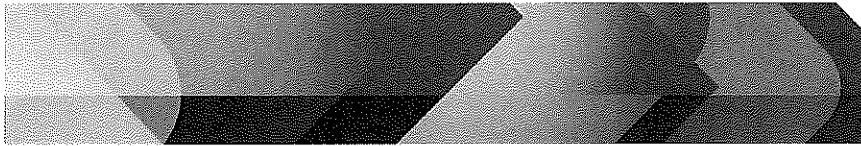
Rates Income: \$3m, Total Income: \$6m (2014)

Laurie Tilbrook

Deputy Chief Executive Officer

(08) 9531 7777

Example of services provided: Annual audit, Section 5(1) Financial Management System Reviews, accounting standards advice, Acquittal audits and general advice.



## Appendix 4

### Insurance Coverage

Type	Insurance – Broker	Policy Number	Value (\$)	Renewal Date
Public Liability	Nexus Risk Services Allianz Aust Insurance Limited	SXM016105945	\$20 million	30 June 2016
Workers Compensation / Personal Accident	Nexus Risk Services QBE Insurance (Aust) Limited	PE1948272GWC	\$50 million	30 June 2016
Professional Indemnity	Nexus Risk Services Tasman Underwriting	TU/PI/20110060	\$10 million	30 June 2016

Please note: Certificates of insurance can be provided upon request

