



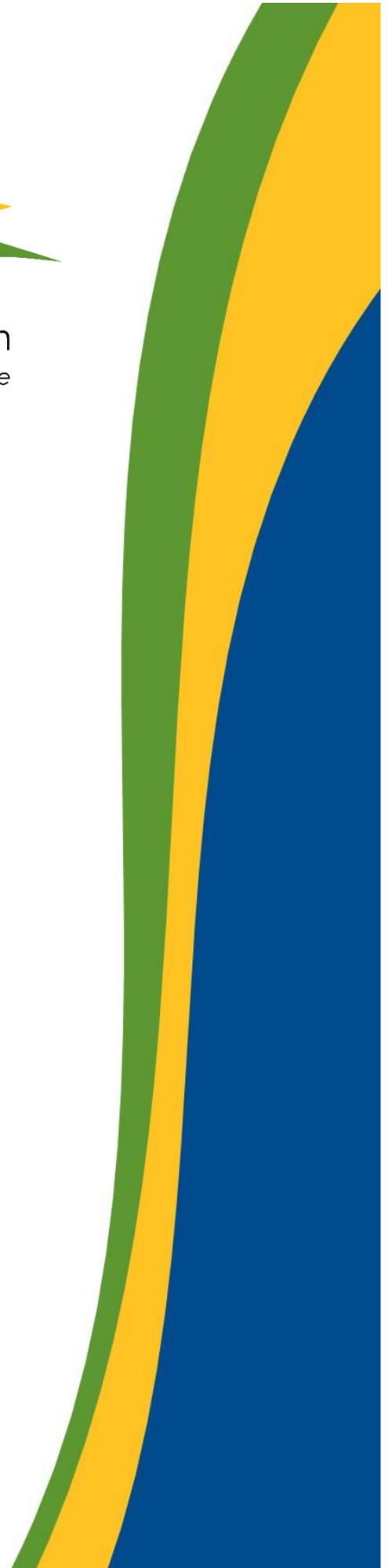
Shire of Northam
Heritage, Commerce and Lifestyle

Shire of Northam

Minutes

Audit Committee Meeting

23 August 2017



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1. DECLARATION OF OPENING

The Shire President, Cr S B Pollard declared the meeting open at 4:03pm

2. ATTENDANCE

Committee:

Shire President
Deputy Shire President
Councillors

Cr S B Pollard
Cr T M Little
Cr C R Antonio
Cr J Proud

Staff:

Chief Executive Officer
Executive Manager Corporate Services
Executive Assistant – CEO
Coordinator Governance / Administration

J B Whiteaker
C Young
A C Maxwell
C Greenough

2.1 APOLOGIES

Nil.

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3. DISCLOSURE OF INTERESTS

Nil.

4. CONFIRMATION OF MINUTES

4.1 COMMITTEE MEETING HELD 31ST MAY 2017

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.085

Moved: Cr Little

Seconded: Cr Antonio

That the minutes of the Audit Committee meeting held Wednesday, 31st May 2017 be confirmed as a true and correct record of that meeting.

CARRIED 4/0

5. COMMITTEE REPORTS

5.1 INTERNAL AUDIT

Address:	N/A
Owner:	N/A
File Reference:	8.2.7.5
Reporting Officer:	Chief Executive Officer Jason Whiteaker
Responsible Officer:	Chief Executive Officer Jason Whiteaker
Voting Requirement	Simple Majority

BRIEF

For Council to consider the appointment of consulting firms to undertake an internal audit of customer service and procurement.

ATTACHMENTS

Nil.

BACKGROUND / DETAILS

At its most recent meeting in May 2017, the Audit committee recommended to Council that it implement an internal audit function within the Shire of Northam. The recommendation of the Committee was subsequently endorsed by the Council, requiring the Chief Executive Officer to obtain quotes and present them to the Committee for further consideration.

The following was provided as the requirements of Council:

1. Procurement
Scope: undertake a risk based review of the procurement processes and practices at the Shire of Northam, including an assessment of the level of compliance with the systems and procedures in place.

Looking to provide our Council with a level of satisfaction that firstly our procurement processes are in place, effective and well utilised
2. Customer service
Scope: undertake a review of the systems and processes in place to provide customer service to the residents of the Shire of Northam.

Looking to provide our Council with a level of satisfaction that firstly our customer service processes are in place, effective and well utilised.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Theme 6 Governance & Leadership

Leading with accountability, connection and openness

Outcome 6.3

The Shire of Northam is a sustainable, responsive, innovative and transparent organisation.

Financial / Resource Implications

A notional \$20,000 allocation was made within a more general \$175,000 allocation for external consultants.

Customer Service

<u>Company</u>	<u>Time</u>	<u>Interviews</u>	<u>Observe</u>	<u>Mystery calls</u>	<u>Report</u>	<u>Cost</u>
Edge Communication	5 days	yes	yes	yes	yes	\$9,750
Aveling	4 days	yes	yes	Desktop	yes	\$5,573
CSIA	3.5 days	yes	yes		yes	\$9,900

Procurement

<u>Company</u>	<u>Time</u>	<u>Negotiation</u>	<u>Risk</u>	<u>Standards</u>	<u>Report</u>	<u>Cost</u>
RSM	?	yes	yes	Testing	yes	\$18,000
BDO	6 days	yes	yes	Testing	yes	\$19,274
Moore Stephens	5 days	yes	yes	Assessment	yes	\$9,750

Legislative Compliance

There is no legislative requirement to undertake internal audits, however it is considered a sound management practice.

Policy Implications

F4.2 – Purchasing and Tendering Policy will be applied if the Officers Recommendation is supported by Council.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

It is considered that the development of an internal audit function will act as a significant organisational risk mitigation strategy for Council.

OFFICER'S COMMENT

In accordance with Council Policy three quotes were obtained to undertake the two required functions, procurement and customer service.

In assessing the provided quotes staff gave consideration to price, experience and quality of service being proposed.

All companies who submitted a quote appeared to meet the brief, however to differing levels.

In relation to the customer service recommendation, Aveling are the most cost effective whilst also providing a very good service. Of particular 'attraction' to their submission is the opportunity to become quality assured, which would be a positive step for the Council.

Assessing the procurement was more difficult, as staff have formed the view that the most expensive quote from BDO Australia in fact provides the most detailed and best outcome assessment. In saying this, Moore Stephens submission was also very good, although not as extensive as BDO Australia. In addition to this having a separate firm undertake the internal audit as opposed to the external audit (currently undertaken by Moore Stephens) was also a consideration. While it is acceptable for the internal and external auditor to be the same firm, staff have formed a view that having an entirely new 'set of eyes' look over our procurement practices would be beneficial.

RECOMMENDATION

That Council appoints;

- 1. BDO Australia to undertake a 2017 internal audit of the Shire of Northam procurement activities at a cost of \$19,274 (ex GST); and**
- 2. Aveling to undertake a 2017 internal audit of the Shire of Northam customer service activities at a cost of \$5,753 (ex GST).**

COMMITTEE DECISION

Minute No: AU.086

Moved: Cr Antonio

Seconded: Cr Little

That Council appoints Moore Stephens to undertake a 2017 internal audit of the Shire of Northam procurement activities at a cost of \$9,750 (ex GST).

CARRIED 4/0

Reason for Change to Officer Recommendation

The Committee formed the view that the submission by Moore Stephens was a more cost effective option than that recommended by staff.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.087

Moved: Cr Proud

Seconded: Cr Antonio

That Council appoints Aveling to undertake a 2017 internal audit of the Shire of Northam customer service activities at a cost of \$5,753 (ex GST).

CARRIED 4/0

- Clarification was sought in relation to whether an evaluation matrix was undertaken/provided for this assessment. The Chief Executive Officer advised that a detailed assessment report has not been completed in this instance and is generally more relevant for quotations and/or tenders which are of a considerable.
- Clarification was sought in relation to why the most expensive was being recommended by Officers. The Chief Executive Officer advised that the decision was marginal, however Officers believed that BDO Australia provided a better methodology and more extensive audit.

6. URGENT BUSINESS APPROVED BY PERSON PRESIDING OR BY DECISION

Nil.

7. DATE OF NEXT MEETING

The next Audit Committee Meeting is proposed to be held on 22nd November 2017 at 4:00pm.

The Committee were advised that this date may be altered as it was dependent on the annual audit. The date of the next meeting will be confirmed once this information is available and the Committee will be notified accordingly.

8. DECLARATION OF CLOSURE

There being no further business the Shire President, Cr S B Pollard declared the meeting closed at 4:15pm.

"I certify that the Minutes of the Audit Committee meeting held on Wednesday, 23rd August 2017 have been confirmed as a true and correct record."

_____ Shire President

_____ Date

