



**CONFIDENTIAL CORPORATE
GOVERNANCE COMMITTEE MEETING**

CONFIDENTIAL MATTERS

STAFF REPORTS

Matters which cannot be delegated to a Committee or Staff

| | | |
|-----|-------------------------------|---|
| 8.1 | External Audit Contract | 5 |
|-----|-------------------------------|---|

INFORMAL DISCUSSION

| | | |
|-----|----------------------------------|----|
| 8.2 | Findings of External Audit | 10 |
|-----|----------------------------------|----|

Released 08 May 2025

STAFF REPORTS

MATTERS TO BE CONSIDERED BY THE COMMITTEE AND REFERRED TO COUNCIL

***Matters which cannot be
delegated to a Committee or Staff***

Confidential Matters

8.1 EXTERNAL AUDIT CONTRACT

Contact Person: Luke Culhane

Why is this matter confidential?

Subject to an order pursuant to Section 90(3)(d) of the *Local Government Act 1999*, this matter is confidential because it is a discussion regarding performance and exercising contract option for external auditor.

A. COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

8.1 EXTERNAL AUDIT CONTRACT

Responsible Executive Manager : Luke Culhane

Report Author : Trisca Price

Delegated Authority : Matters which cannot be delegated to a Committee or Staff

PURPOSE

To provide the Corporate Governance Committee with a recommendation to extend the contract for external audit services with BDO.

STAFF RECOMMENDATION

Council exercise the one (1) year option to extend the external audit services contract with BDO expiring 30 September 2025.

EXECUTIVE SUMMARY

Council's existing contract with BDO for external audit services is due to expire on 30 September 2024. Council has the option of extending the existing contract for a further one year or procure a new external audit provider.

Council experienced some performance issues with BDO during the 2022/23 audit process. This has been discussed with the Corporate Governance Committee and BDO with BDO's commitment to rectify the identified issues for the 2023/24 audit. Staff are pleased to confirm they have experienced change which has resulted in an improved service by BDO and has addressed the concerns that have been raised by staff in the past. Staff are comfortable with the service we have received during the current audit and feel this has met the expectation of what is required under the contract.

1. BACKGROUND

BDO were appointed as external auditors for Council on 1 October 2020. The initial contract expires on 30 September 2024. A one (1) year extension option exists in the contract at the sole discretion of Council to 30 of September 2025. In exercising the extension, this takes their total engagement to the legislative limit of five (5) years when Council will be required to tender for a new external auditor.

The external auditor is engaged to provide Council with an audit opinion as to whether the financial report, presents fairly, in all material respects, the financial position as at the end of the financial year and its financial performance for the year ended on that date, in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Section 128(1) of the *Local Government Act 1999*, states that Council must have an auditor.

Section 128(2) of the *Local Government Act 1999*, states that the auditor must be appointed by Council on the recommendation of the Audit and Risk Committee.

Section 128(4a) of the *Local Government Act 1999* limits the term of the external auditor to five (5) years.

2. RELEVANCE TO STRATEGIC PLAN

Decision-making filter: We will ensure that we meet our legislative requirements and legal obligations.

The Committee is a requirement under Section 128(2) of the *Local Government Act 1999* to provide a recommendation for the appointment of an external auditor.

3. PUBLIC CONSULTATION

No public consultation is required.

4. DISCUSSION

The appointed auditor must report to Council on the General Purpose Financial Statements prepared annually in accordance with the Act as well as the internal controls of Council. The auditor is required to report to Council on particular matters arising from the audit as per Section 129 of the *Local Government Act 1999*. The auditor must specifically identify in the report any irregularity in the Council's accounting practices or the management of the Council's financial affairs identified during the course of an audit.

BDO have carried out the required work under the existing contract to a satisfaction level council considers appropriate and within agreed timeframes. Staff feel an extension of a further year of the existing contract is appropriate given the improved service and work performed.

5. OPTIONS

Recommendation

Council exercise the one (1) year option to extend the external audit services contract with BDO expiring 30 September 2025.

Option 2

Council does not exercise the one (1) year option to extend the external audit services contract with BDO and tender for new external audit services.

6. ANALYSIS OF OPTIONS

6.1 Recommendation Analysis

6.1.1 Analysis & Implications of the Recommendation

Extension of existing contract for a further one (1) year meets legislative requirements with an external auditor appointed not exceeding five (5) years of service.

Risk Appetite

Regulatory Compliance

Council has a zero tolerance for non-compliance with applicable legislation including but not limited to: Local Government Act (LGA) 1999; Independent Commissioner Against Corruption (ICAC) Act 2012; Work Health & Safety (WHS) Act 2012; Environment Protection Act (EPA) 1993; Development Act 1993; Equal Employment Opportunity legislation; and Public Consultation legislation.

This decision will ensure legislative compliance.

6.1.2 Financial Implications

There are no financial or resource implications.

6.2 Option 2 Analysis

6.2.1 Analysis & Implications of Option 2

Market tender for new external audit services for up to a period of five (5) years, to provide Council with an audit opinion as to whether the financial report, presents fairly, in all material respects, the financial position as at the end of the financial year and its financial performance for the year ended on that date, in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

6.2.2 Financial Implications

This is unknown until tender is undertaken and appointment of new audit service provider.

C. COMMITTEE TO DECIDE HOW LONG ITEM 8.1 IS TO BE KEPT IN CONFIDENCE

PURPOSE

To resolve how long agenda item 8.1 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of the *Local Government Act 1999*, the Committee orders that the following aspects of Item 8.1 be kept confidential in accordance with reasons to deal with this item in confidence pursuant to Section 90(3)(d) of the *Local Government Act 1999*:

- Report for Item 8.1
- Minutes for Item 8.1

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the *Local Government Act 1999*.

Released 08 May 2025

INFORMAL DISCUSSION

Confidential Matters

8.2 FINDINGS OF EXTERNAL AUDIT

Contact Person: Luke Culhane

Why is this matter confidential?

Subject to an order pursuant to Section 90(3)(b) of the *Local Government Act 1999*, this matter is confidential because it is a discussion between the Committee and the External Auditor to be held in confidence to provide assurance regarding preparation of financial statements.

A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

8.2 Findings of External Audit

Presenter: Mr Andrew Tickle

Purpose: Committee discussion with External Auditor regarding external audit

Duration: 30 Minutes

C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 8.2 IS TO BE KEPT IN CONFIDENCE

Purpose

To resolve how long agenda item 8.2 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of the *Local Government Act 1999*, the Committee orders that the following aspects of Item 8.2 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90(3)(b) of the *Local Government Act 1999*:

- Minutes for Item 8.2

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the *Local Government Act 1999*.