



REPORT FOR

**CONFIDENTIAL AUDIT & RISK
COMMITTEE MEETING**

MEETING DATE

06 DECEMBER 2023

RECORD NO:

D23/93172

REPORT OF:

STRATEGY & FINANCE

TITLE:

**RECOMMENDATION FOR THE AWARD OF CONTRACT –
PROVISION OF EXTERNAL AUDIT SERVICES**

1. *That pursuant to Section 90(2) of the Local Government Act, 1999 the Audit & Risk Committee orders that the public (except staff on duty) be excluded from the meeting to enable discussion on the Recommendation for the Award of Contract – Provision of External Audit Services.*
2. *That the Audit & Risk Committee is satisfied that pursuant to section 90(3) k of the Local Government Act 1999, the information be received, discussed or considered in relation to this item is:*
 - *tenders for the supply of goods, the provision of services or the carrying out of works*
 - *on the basis that it is inappropriate to discuss awarding of services in a public domain prior to discussions with the preferred supplier.*
3. *In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in the public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances on the basis that it is inappropriate to discuss awarding of services in a public domain prior to discussions with the preferred supplier.*

PURPOSE

To make a recommendation to Council for the award of a contract for the provision of external audit services.

RECOMMENDATION

That the that Audit & Risk Committee recommends to Council that:

Having considered the report entitled “Recommendation for the Award of Contract – Provision of External Audit Services” dated 6 December 2023, that the contract for the provision of External Audit Services be awarded to Bentleys SA & NT.

RETENTION OF CONFIDENTIAL DOCUMENTS

1. That having considered the agenda item titled “ RECOMMENDATION FOR THE AWARD OF CONTRACT – PROVISION OF EXTERNAL AUDIT SERVICES” and dated 06 December 2023 in confidence under section 90(2) & (3) k and Section 91(7) of the Local Government Act 1999:

- tenders for the supply of goods, the provision of services or the carrying out of works

the Audit & Risk Committee pursuant to section 91(7) of the Act orders that the report, attachments and minutes relevant to this item be retained in confidence until the contract has been awarded or until the Audit & Risk Committee resolves otherwise, whichever occurs first.

2. That Audit & Risk Committee gives the power pursuant to Section 91 of the Local Government Act 1999 to the Chief Executive Officer to revoke the order made under Section 91 (7) of the Local Government Act 1999 subject to the Chief Executive Officer consulting with the Mayor and reporting to the Elected Members of the revocation.

1. BACKGROUND

The objective of Council's external audit is to provide independent audit opinion on the accounts and the consolidated annual financial reports and adequacy of the internal financial controls for each financial year covered by the term of the audit appointment.

The appointment will include certification of supplementary statements produced from the same accounting period in respect of the Local Government Association Workers Compensation Scheme.

In addition, the nominated auditor will examine and report on any matter referred to them by the Audit Committee from time to time and include (but not limited to) the following minor audits:

- 'Roads to Recovery' Grant Audit; and
- Commonwealth Home Support Program
- Local Roads and Community Infrastructure Grant Audit; and
- Workers Compensation Scheme Actual Wage Declaration Audit.

Council is seeking to make the appointment of the external auditor for an initial three (3) financial years commencing with the financial year ending 30 June 2024 through to 30 June 2026 plus two options of one (1) financial year (not exceeding five (5) financial years).

2. DISCUSSION

Five Audit firms were invited on Tuesday, 3 October 2023 to participate in a select tender process for the Provision of External Audit Services. Tenders closed 2pm, Tuesday 7 November 2023. One tender submission was received from Bentleys SA & NT.

The tender assessment panel included the following personnel:

- Ms Rebecca Baines – Manager Finance & Rating Services
- Mr Stuart Simpson – Team Leader Financial Accounting
- Ms Danette Tolya – Team Leader Financial Transformation, Customer & Rating
- Ms Claire Victor – Contracts Officer (Chairperson)

The tender was evaluated in a fair, equitable and clear manner using a tender selection system, which apportions points ranging from 0-5 against each criterion, after which the score is weighted by the percentage as identified in the Tender Evaluation Plan (TEP), see attachment 1

Following the evaluation, the tender received from Bentleys was deemed to satisfy the requirements for the service. Bentleys provided a clear methodology, demonstrating extensive internal and external auditing experience. The response outlined a timeline to complete the external audit that was within expectations (i.e. reporting requirements) and included demonstrated local government experience.

The pricing for the submission has been benchmarked to the current auditor's pricing and is considered reasonable given the CPI increases since previous tender award.

It is recommended that the external audit tender be awarded to Bentleys SA & NT.

3. FINANCIAL

The Annual Fee for auditing required each year is in line with budget and forward estimates.

4. STRATEGIC OBJECTIVES

Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Leadership	
<i>Leadership and advocacy is focused on the long term interests of the community</i>	<p>The purpose of the External Audit is to provide independent opinions of the:</p> <ul style="list-style-type: none"> accounts and the consolidated annual financial reports; and the adequacy of internal financial controls;
<i>Customer service provides a positive experience for people and is based on honesty and transparency</i>	
<i>Planning considers current and future community needs</i>	
<i>Delivery of services is sustainable and adaptable</i>	
<i>Decision making is informed, based on evidence and is consistent</i>	
<i>Major strategic decisions are made after considering the views of the community</i>	

5. LEGAL

The tender, contract documentation and process are in accordance with Council's approved Contracts and Tenders Policy and standard conditions.

Per Section 128 (2) the auditor will be appointed by the council on the recommendation of the council's audit committee.

6. RISK – IDENTIFICATION AND MITIGATION

Nil

7. ENVIRONMENTAL

This contract does not have any direct environmental impacts.

8. ASSETS

This contract does not have any direct asset impacts.

9. PEOPLE AND WORK PLANS

The awarding of the contract will be a continuation of services already managed by staff.

10. COMMUNITY AND STAKEHOLDER ENGAGEMENT

Community and stakeholders can be assured of independent audit opinions of the:

- accounts and the consolidated annual financial reports; and
- internal financial controls;

of the Council for each financial year covered by the term of the audit appointment.

11. COMMUNICATIONS OF COUNCIL DECISION

Promotion of the awarding of this contract will not be necessary.

Attachments

1. Delegated Authority Report and Financial Assessment

Report Authorisers

Rebecca Baines	
Manager Finance & Rating Services	8397 7362
Justin Robbins	
General Manager Strategy & Finance	8397 7444

Delegated authority report



Contract: C232403 Provision of External Audit Services
CM container: CO23/26
Document number: D23/96642
Approved budget: \$200,000 (over a five year term (3+2))
Account number: 100000-1172-1001-63001

Tenders received

Respondent

1 Bentleys SA Audit Partnership

Lump Sum

\$100,620

(over a three year period)

All pricing excludes GST

Evaluation panel

Rebecca Baines, Manager Finance & Rating Services

Stuart Simpson, Team Leader Financial Accounting

Danni Tolya, Team Leader Finance Transformation, Customer & Rating

Claire Victor, Contracts Officer (Chairperson)

Panel recommendation

That the contract for C232403 Provision of External Audit Services be awarded to Bentleys SA Audit Partnership for the sum of \$100,620 (over a three-year contract period).

Signatories

Justin Robbins, General Manager Strategy & Finance

The signatories to this document (via Content Manager) approve the panel's recommendation and confirm that they do not have any conflicts of interest.

Tender evaluation

Background

The objective of Council's audit is to provide independent audit opinions of the:

- accounts and the consolidated annual financial reports; and
- internal financial controls;

of the Council for each financial year covered by the term of the audit appointment. The audit must meet both statutory requirements and Australian Auditing Standards.

In addition, the appointment will include certification of supplementary statements produced from the same accounting records in respect of:

- Local Government Association Workers Compensation Scheme.

To examine and report on any matter referred to them by the Audit Committee from time to time including (but not limited to) the following minor audits:

- 'Roads to Recovery' Grant Audit;
- Commonwealth Home Support Program;
- Local Roads and Community Infrastructure Grant Audit; and
- Workers Compensation Scheme Actual Wage Declaration Audit.

Five companies were identified as being capable to undertake the service, these companies were contacted and advised of the upcoming Request for Tender (RFT), and requested to provide contact details for the best contact person (to receive the RFT documents)

The following five (5) companies were selected to tender, via the SA Tenders and Contracts website. The RFT was released on 3/10/2023, and closed 2pm, Tuesday 7/11/2023. Tenders received are shown on page 1 of this report.

1. Bentleys SA & NT
2. PKF Adelaide
3. Deloitte
4. Price Waterhouse Coopers (PWC)
5. Ernst & Young Australia

At the conclusion of the tender period, Bentleys, PKF and Deloitte had downloaded and reviewed the documentation, however only Bentleys provided a tender submission.

Conflicts of interest

No conflicts of interest were declared.

Evaluation

Individual reading and scoring of the tender submissions received began on 8/11/2023 with group evaluation held on 13/11/2023.

All tenders were evaluated in a fair, equitable and clear manner using a tender selection system, which apportions points ranging from 0-5 against each criterion, after which the score is weighted by the percentage as identified in the Tender Evaluation Plan (TEP). Pricing was evaluated using the formula illustrated in the TEP (D23/63617).

Refer to Content Manager Container CO23/26/1 'C232403 – Evaluation Container' for tender evaluation panel comments and scoring.

At the completion of the evaluation, the tender received from Bentleys was deemed to satisfy the requirements of the service. Bentleys provided a clear methodology, demonstrating both internal and external auditing practices. The response outlined a timeline which was within expectations (i.e. reporting requirements) and they have extensive local government experience.

Group scoring

Refer to 'Appendix A – Group Scoring' for the scores allocated to respondents.

Due diligence

Bentleys provided evidence of an independently certified safety management system.

Reference checks were not obtained, however internal Council staff who have engaged Bentley's previously (at other Council's) provided high confidence in their ability to perform the service.

A Concise Financial Assessment – Procurement was obtained. Bentleys scored 6.42 out of 10, which indicates it has a Sound financial capacity to undertake the contract in question (Refer D23/97820). Council's Accountant reviewed the assessment and did not identify any material issues relating to Bentleys financial sustainability.



Negotiation

An added value option was provided to include complimentary attendance at two Audit Committee meetings per annum, which Council will utilise as required.

Social procurement

Bentleys are located in the Adelaide CBD and employ approximately 120 staff, they intend to utilise one staff member on this contract. Bentleys scored 0.5 for social procurement.

Appendix A – group scoring

Tender Evaluation Matrix

	Bentleys		
	Score	Weighting %	Total
Relevant Experience and Technical Skills	4.33	25%	1.08
Methodology	4.67	20%	0.93
Time Performance	4.33	15%	0.65
Price	2.50	40%	1.00
TOTAL:			3.67