

MEETING: Ordinary Meeting of Council
DATE: 19 April 2022

DEPARTMENT: FINANCE & ADMINISTRATION
OFFICER: Director of Finance

REPORT ITEM	13.1
REPORT TITLE	Auditor Appointment
File Reference	7.21.3.1
PILLAR Objective	COMMUNITY ASSETS AND INFRASTRUCTURE Implement Council's Infrastructure and Asset Management Plan and keep the community informed.
Attachments/Links	<ul style="list-style-type: none">• EOI Dean Newbery• EOI Bentleys• EOI PKF

RECOMMENDATION

That that Council engage _____ to provide External Audit Services to Council for the five year period 1st July 2022 to 30th June 2027 in accordance with the expressions of interest number 02.2022.04 submitted to Council prior to 3pm, 7th April 2022.

EXECUTIVE SUMMARY

To ensure that Council comply with the *Local Government Act 1999*, Council are required to have an auditor. Council's current auditor Ian McDonald (Creative Auditing) provided services up to the end of the audit of the financial year concluding 30 June 2022.

FURTHER INFORMATION

It is recommended that Council consider this item in confidence on the basis that the Council considers it necessary and appropriate to act in a meeting closed to the public in order to receive, discuss or consider in confidence information relating section 90(3) of the Act:

- (b) information the disclosure of which;
 - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business,
 - (ii) or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest; and
- (k) tenders for the supply of goods, the provision of services or the carrying out of works;

Council are required under section 182 the *Local Government Act 1999* as follows;

128—The auditor

- (1) A council must have an auditor.
- (2) The auditor will be appointed by the council on the recommendation of the council's audit committee.
 - (2a) The audit committee must, in making a recommendation under subsection (2), take into account any factor prescribed by the regulations.

The expressions of interest for External Audit Services for Council for the 5 year period commencing 1st July 2022 was placed on the SA Tenders and Contract website on the 17th February 2022 and advertised in the Advertiser on 23rd February 2022.

Three responses to the tender were received as at closing date: 3pm on Thursday 7th April 2022

1. Dean Newbery
2. Bentleys, and
3. PKF.

Dean Newbery & Partners provided external Audit Services to Council from 2002-07, 2012-17 and Ian McDonald (Creative Auditing) provided external audit services from 2007-12 and 2017-22.

CONCLUSION

Council Staff provided an assessment of the three expressions of interest to the Audit Committee at the meeting on the 19th April 2022.

Attached are the three expressions of interest and the Audit Committee recommendation of the preferred applicant will be tabled at the Council Meeting of the 19th April 2022.

Refer recommendation.

Regional Council of Goyder - Request For Quotation – External Audit Services

Annexure B Quotation Response - Schedules & Agreement

Form of Quote

I/We Dean Newbery (**Respondent**) on 6 April 2022

having read, understood and fully informed myself/ourselves/itself of the contents, requirements and obligations of this RFQ, hereby provide a Quote for the Services.

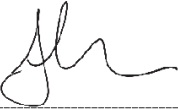
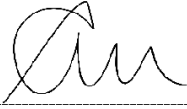
1.	Name of Respondent State in full the name(s) of the Respondent(s) and trading names ABN	S.F Creten & J Jovicevic & J.M Keogh T/A Dean Newbery 30 164 612 890
2.	Contact Person	John Jovicevic
3.	Registered Address	214 Melbourne Street North Adelaide SA 5006
4.	Postal Address	PO Box 755 North Adelaide SA 5006
5.	Telephone	8267 4777
6.	Fax	8239 0895
7.	Email	john@deannewbery.com.au

Executed as an agreement

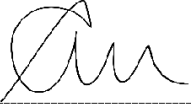
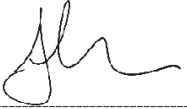
The undersigned undertakes that if selected as the successful Quote, I/we/it will execute and be bound by the Contract in accordance with the Conditions of Quoting

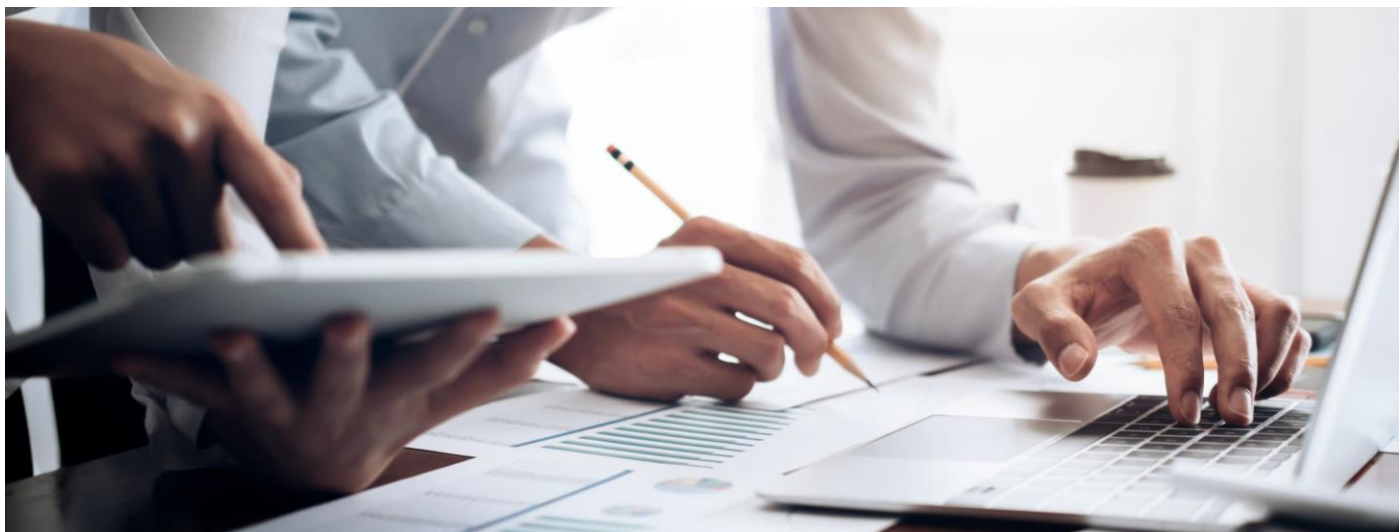
If the Quote is a partnership, the Quote must be executed as follows:

Partner 1:

Signed sealed and delivered by Samantha Creten in the presence of:	
	
Signature of witness	Signature of partner
<u>John Jovicevic</u>	Date: 6 April 2022
Name of witness (print)	
<u>214 Melbourne St North Adelaide SA 5006</u>	
Address of witness (print)	
Date: 6 April 2022	

Partner 2:

Signed sealed and delivered by John Jovicevic in the presence of:	
	
Signature of witness	Signature of partner
<u>Samantha Creten</u>	Date: 6 April 2022
Name of witness (print)	
<u>214 Melbourne St North Adelaide SA 5006</u>	
Address of witness (print)	
Date: 6 April 2022	



Request for Quotation – External Auditing Services

Quotation Response Schedules – Regional Council of Goyder

April 2022

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Dean Newbery

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Dean Newbery Overview

Dean Newbery (DN) – Who We are

DN is a privately owned and client focused professional services firm with a strong history of working with Local Government, agribusiness, commerce, health services and other not for profit organisations.

Our offices are located in North Adelaide and Balaklava. DN offers access to a highly experienced, diverse team of dedicated professionals who are passionate about delivering high quality, value added services to our clients.

We have built a great deal of knowledge and experience given our long standing involvement with the South Australian Local Government sector. This is based on:

- The wide range of services we provide in both our audit and advisory divisions means we are strong in our understanding of the local government legislative environment.
- Our ability to adopt a fresh approach to our audit methodology.
- Resourcing our audit division with professional staff who appreciate the unique business environment of local government.

Meeting our Independence Requirements

Should DN be appointed as Council's external auditors, we will meet all audit independence requirements under the Local Government Act 1999.

Strategic Link – Regional Council of Goyder and Dean Newbery

In our opinion, the key strategic links between the services we offer and that of Council are:

- Our longevity and involvement within the local government sector is driven by a desire to achieve the best possible outcomes and value for our clients.
- DN were the auditor of Council in previous years, the last being in 2017. DN have retained corporate knowledge of the Council that can be drawn on for the new engagement.
- Our audit approach ensures that we focus on those areas of highest assessed risk.
- Our sponsorship of the South Australian Local Government Financial Management Group (SALGFMG) is a commitment of ensuring the quality of financial management frameworks and resources within the sector.
- DN always has had an active involvement with the South Australian Local Government Auditors Group (SALGAG).

“Our approach is to partner with our clients and to work closely with them to understand their challenges and risks so we can provide high quality, value-added service and support ”

- Dean Newbery

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Key Audit Focus Areas – Regional Council of Goyder

- **Internal Financial Controls:**
 - Review that there is appropriate review of internal controls being undertaken by the Administration within Council.
 - In the first year of the audit engagement, undertaking a comprehensive review of the internal control framework and providing feedback on recommended areas of improvement and strengthening of controls in operation.
- **Council's Information & Communications Technology (ICT) Environment:**
 - Review controls and protocols around ICT system security and access.
 - Assess the correct accounting treatment applied to capitalisation of any new software system in accordance with applicable accounting standards.
 - Review the impact on the internal control environment for any new accounting software system and software modules.
 - Access to network folders and information for staff are appropriate according to roles and responsibilities (i.e. level of delegation).
 - Ensure that appropriate segregation of duties and system access (including access to network folders) is considered.
- **Asset Management:**
 - Strong focus on controls and processes relating to asset additions and disposals across all asset categories.
 - Strong focus on the asset accounting for Council's sealed and unsealed road infrastructure network
 - Appropriate application of asset depreciation across all asset categories that match back to specific asset class service standards.
 - Appropriate application and disclosure of asset valuations on applicable asset classes to ensure conformance with Australian accounting standards.
 - Asset Management Plans are up-to-date and reflect asset service standards of Council that is also reflected in the application of asset depreciation.
 - Ensure valuation of all applicable asset classes are undertaken in accordance with applicable accounting standards.
 - Appropriate recognition and accounting for community facilities constructed on Council owned land/property.
 - Particular focus on the accounting treatment of Council's Community Waste Water Scheme to ensure appropriate application against the Model Financial Statements.
- **Infrastructure and Property Asset Valuations:**
 - There is clear and strong communication about Audit's expectations and recommendations to ensure ongoing compliance.
 - Appropriate planning and allocation of resources is undertaken to ensure valuation programs are adequately resourced and the Audit Plan takes into account the timing and required level of work required to factor valuations into the annual work schedule.
- **External Site Visit**
 - Undertake external site visits/review of internal controls operating at remotely operated facilities. Example of site visits to be factored into the Audit Plan are:
 - Burra Caravan and Camping Park
 - Paxton Square Cottages
 - Council Depot

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Our Local Government Experience

Details of our Current Engagements

DN has been providing Local Government audit and advisory services to the sector for over 45 years. We are proud of our long standing and continual involvement with the sector.

Given the length of time we have been involved with the South Australian Local Government sector, we are well placed with a high knowledge of the current, and historic, financial reporting frameworks, legislative and regulatory history as well as general industry knowledge which is an important factor in developing a robust and effective Audit Plan specific to each Council.

To demonstrate our experience, we are the external auditors of the following Local Government Councils:

- City of Burnside
- City of Holdfast Bay
- City of Mitcham
- City of Mount Gambier
- City of Murray Bridge
- City of Port Lincoln
- City of Victor Harbor
- City of Whyalla
- Coorong District Council
- Copper Coast Council
- District Council of Elliston
- District Council of Lower Eyre Peninsula
- District Council of Streaky Bay
- District Council of Tumby Bay
- Northern Areas Council
- Tatiara District Council
- Wakefield Regional Council
- Wattle Range Council
- Wudinna District Council
- Yorke Peninsula Council

In addition to the noted Council audits, we also undertake the external audit of the following Council Subsidiary entities:

- Adelaide Hills Region Waste Management Authority
- Centennial Park Cemetery Authority
- ERA Water
- Fleurieu Region Aquatic Centre Authority
- Gawler River Flood Management Authority
- Highbury Landfill Authority
- LEGATUS Group
- Limestone Coast Local Government Association

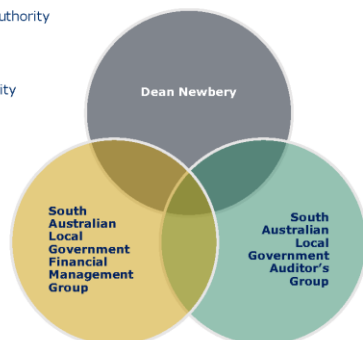
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Our Local Government Experience

DN also provide ongoing accounting support, business and advisory services to the following Local Government entities:

- Alexandrina Council
- City of Port Adelaide Enfield
- City of Prospect
- City of Salisbury
- Eastern Health Authority
- Eastern Waste Management Authority
- Northern Adelaide Waste Management Authority
- Robe District Council
- Southern Materials Recovery Centre
- Southern Region Waste Resource Authority
- Southern Recycling Centre
- The City of Unley



Other Engagements Undertaken by Dean Newbery

Our experience and services offered is not just limited to external audit and we pride ourselves on our ability to draw our experience from all engagements we undertake to provide specialist advice and services when needed to our clients.

Examples of other services we offer to our non-audit clients in Local Government include:

- Section 48 Prudential Reviews
- Accounting support services (i.e. preparation of statutory financial reports and management schedules)
- Internal control reviews
- Probity advice and support
- Financial policy development and review
- Independent review of strategic plans (i.e. Long Term Financial Plans, Infrastructure & Asset Management Plans, Annual Business Plans and Budget, etc.)
- Fringe Benefits Tax (FBT) compliance and advice
- Training services
- Accounting standard advice and implementation guidance/support
- Project Business Case Reviews

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Audit Methodology

Our Audit Approach

Dean Newbery has developed specific audit programs tailored for the Local Government sector that ensures all audit matters required to be included in the scope of audit services under the Local Government Act 1999 and applicable Regulations are encompassed in the work undertaken.

Our audits ensure compliance with the following requirements:

- Local Government Act 1999
- Local Government (Financial Management) Regulations 2011
- Australian Auditing Standards (including Guidance Statements)

In ensuring that we comply with the above requirements, our audits take into consideration the South Australian Local Government Model Financial Statements and Better Practice Model when designing audit procedures and reports for our clients. Our audit approach is risk based and complies with all applicable Australian Auditing Standards and requirements under the Act and other applicable Regulations and professional requirements of the Accounting industry.

Our approach is uniquely designed for the Local Government sector which ensures a high level of Partner oversight and direct involvement in all phases of the Audit Plan.

The Audit Plan

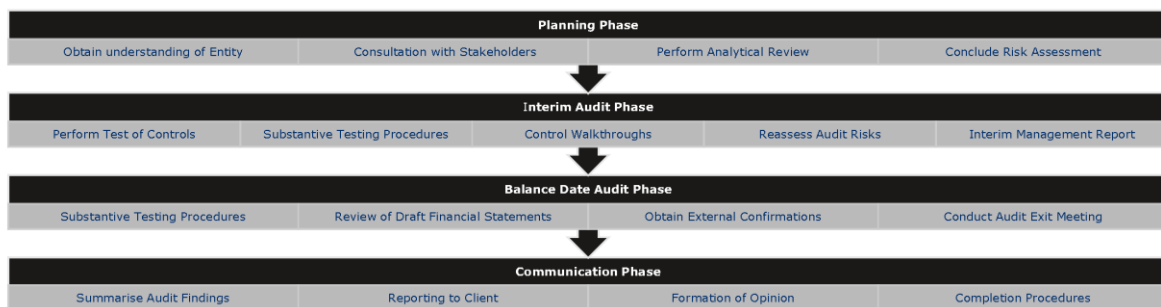
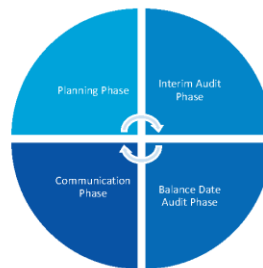
The following proposed audit plan assists with identifying and mitigating any audit matters in an efficient and constructive manner by engaging with both the Audit Committee and Administration on a continual basis.

The proposed audit plan outlined below places a high emphasis to at all times consider matters outside of the 'Balance Sheet' audit approach – we place a high emphasis on continually monitoring and reviewing the governance practices and internal controls of the Council to ensure that at all times, a high standard is maintained as required of a public entity.

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Audit Methodology



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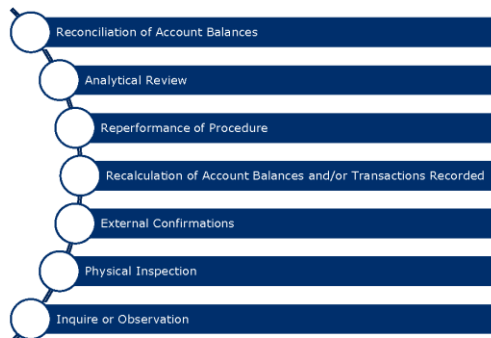
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Audit Methodology

Proposed Audit Methodology – Substantive Procedures

Based on the results of our risk analysis, we design our audit procedures accordingly to gain appropriate evidence to substantiate balances and disclosures in the financial statements of Council.

Substantive testing procedures include the following:



Substantive procedures are designed specifically to substantiate account balances and disclosures in the financial statements.

Examples of activities that are undertaken during this phase are the following:

- Conduct site visits at Council depots, libraries, community centres, waste processing/transfer stations.
- Obtain bank confirmation reports to confirm existence and value of bank accounts and loan facilities held at reporting date.
- Recalculation of annual rates generation.
- Analytical review of asset depreciation and valuation movements.
- Obtain certification of asset valuations from external valuers to support valuation movements recorded.
- Physical inspection of asset purchases/capital works.

Audit Methodology

Completion and Reporting

We place a high emphasis on having a timely and effective communication strategy that aims to ensure the client is always aware of all important audit matters as they arise.

All key audit findings and recommendations are communicated with the Administration and Audit Committee on a timely basis after the completion of each audit attendance. We seek client feedback on matters raised to ensure any matters which require further consideration and consultation are appropriately undertaken.

Our commitment throughout the term of the audit engagement is to undertake the following:

- Provide the Council, Audit Committee and Administration an outline of our audit approach including a proposed timetable and summary of key areas being tested/reviewed in accordance with the developed Audit Plan.
- Engage with the Administration prior to the audit attendance to plan the audit field work to be undertaken with key staff.
- Meet with the Administration and Audit Committee (should it be requested in addition to the proposed attendance at an annual meeting) regularly to discuss the progress of the work being undertaken.
- Conduct 'Audit Exit Meetings' on site with all relevant staff at the conclusion of the audit attendance to discuss draft findings and status of work completed.
- Provide the Council with all signed statements and reports as required by the Act and in accordance with agreed (Council) deadlines.

Management Letters

Our Management Letters are always issued at the conclusion of each audit attendance and we will ensure to provide comments and findings as a result of testing completed on key matters reviewed. Our approach is for our Management Letters to provide only constructive feedback to any audit findings that will provide value-added benefit to the operations of the Council.

Audit Methodology

At the conclusion of the Balance Date audit, we issue our draft management letter together with all other prescribed reports for discussion with the Administration and Council's Audit Committee.

Our Audit Completion Report includes the following:

- Summary of the conduct of the audit
- Confirmation of any remaining outstanding items
- Summary of uncorrected misstatements
- Confirmation of auditor independence compliance per the requirements of the Local Government Act 1999
- Summary of results from testing completed and outstanding matters for the Council to consider
- Draft Audit Opinion – Financial Statements Audit Opinion
- Draft Audit Opinion – Internal Controls Audit Opinion

Final Issued Audit Reports

Subject to Council's timeframes, once all outstanding matters have been addressed, we will issue the following final audit reports to conclude the audit:

- Financial Statements Audit Opinion
- Internal Controls Audit Opinion
- Roads to Recovery Return
- Other acquittals as required

Critical Matters to be Audited

We have provided below details of the extent to which matters we will be examining in the course of auditing the operations of Council.

Audit Matter	Critical Matters	Work to be Undertaken
Governance & Control	<ul style="list-style-type: none">• Roles and Responsibilities• Delegated Authorities• Council/Committee Minutes and Directions• Strategy/Business/Risk Planning• Budget Management• Internal Controls including ICT Security	<p>The audit will undertake specific audit procedures that will test the effectiveness of controls and processes in operation that are relevant to the areas reviewed. In particular, considering key matters as follows when formulating our audit opinion:</p> <ul style="list-style-type: none">• Organisation structure• Statutory Registers (e.g. Gifts & Benefits Register)• Policies and procedures adopted by the Council• Governance standards and practices• Documented delegation of authorities• Adopted communication strategy (internal and external communication)• Adequacy of records management systems• Level of reliance on external consultants / advisors <p>Audit tasks that will be undertaken to address the above considerations are:</p> <ul style="list-style-type: none">• Enquiry of Management and those charged with governance (including meeting with the Chair of the Audit Committee at the commencement of the engagement, if required, and annually with the Audit Committee)• Obtaining and reviewing key documents and reports relevant to listed Critical Matters• Physical observation and testing of controls (in particular, those relating to ICT security and system access)
Financial Accounting and Reporting	<ul style="list-style-type: none">• Income<ul style="list-style-type: none">• Rates revenue• Government grants• User pays revenue• Profit on sale of non-current assets• Other income	<p>Our work is designed to identify specific risks relevant to the audit that require audit testing to be undertaken. Our audit focus will be targeted to the assessed highest risk and material items which generally resides with Rates Revenue, Grant income and User Charges related income. In particular, the correct classification of grant income recognised between operating and non-operating income per the Model Financial Statements framework requirements will be considered.</p> <p>Specific audit testing to be undertaken includes the following (but not limited to):</p> <ul style="list-style-type: none">• Recalculation of income generated/recorded• Appropriate classification and disclosure of income• Substantive testing of transactions recorded back to source documents (including, but not limited to, Burra Caravan and Camping Park & Paxton Square Cottages)• Adherence to Council adopted policies and procedures (i.e. bad debt write-off)

Critical Matters to be Audited

Audit Matter	Critical Matters	Work to be Undertaken
Financial Accounting and Reporting	Expenses <ul style="list-style-type: none"> Salary and wages costs Depreciation Materials and contract expenditure Loss on sale or revaluation of non-current assets Insurances Bad debts Other Expenses 	<p>The Audit Plan will identify the specific risks relevant to the audit that require audit testing to be undertaken. Our audit focus will be targeted to the assessed highest risk and material items as well as review the effectiveness of controls operating that relate to the following key control activities:</p> <ul style="list-style-type: none"> Accurate calculation and appropriate recording of expenditure (including for payroll, depreciation and other supplier payments) Adherence to adopted Procurement Policies and Procedures Appropriate approval for payments and/or transactions recorded by an Officer with sufficient delegated authority Salaries and wages are evidenced by appropriate supporting payroll documentation Obtaining certificate of currencies for insurance policies held evidencing appropriate insurance held Allowances and reimbursements paid to Elected Members, Management and Council Committee Members are in accordance with adopted policies and procedures of the Council as well as applicable taxation laws Depreciation expense is calculated in accordance with adopted asset accounting service standards and consistent with adopted assumptions included within asset valuations for each respective asset class
Financial Accounting and Reporting	Current Assets <ul style="list-style-type: none"> Cash at bank and short-term investments Receivables and prepayments Other financial assets Inventory 	<p>Audit testing is designed to test controls surrounding the recording, reporting and safeguards around cash managed by the Council. In this regard, we also consider controls over physical cash handling relating to customer service staff cash floats, petty cash, external receipting sites, etc.</p> <p>We also attend external sites (such as Council Depot, community centres, etc.) to physically observe controls implemented to safeguard inventory held.</p> <p>Our processes aim to enable us to determine whether there are effective controls in operation to safeguard cash (including monies held in investment) and inventory.</p> <p>In addition to the test of control, substantive testing and analytical reviews are undertaken over all current asset critical matters noted as part of testing conducted. This is also undertaken where possible concurrently with Income testing procedures deployed.</p>

Critical Matters to be Audited

Audit Matter	Critical Matters	Work to be Undertaken
Financial Accounting and Reporting	Non-Current Assets <ul style="list-style-type: none"> Property, plant, furniture and equipment Infrastructure and accumulated depreciation thereon Other receivables 	<p>As is our common approach with all Local Government council audit engagements, a significant focus within the Audit Plan is placed to this area given the high value and material nature of the matters under review. Audit procedures are designed to critically assess the assumptions and estimates included in asset valuations recorded given they form the basis for recorded asset valuations on the Balance Sheet and calculated depreciation expense in the Statement of Comprehensive Income.</p> <p>Areas of key review within this area include:</p> <ul style="list-style-type: none"> Appropriate recognition of assets (or the risk of assets not being recorded at all) Expenditure recorded in Work in Progress and/or capitalised asset is of capital nature and not operating expense (this includes for internally capitalised costs recorded) Asset disposals are appropriately recorded and disclosed in accordance with applicable accounting standards Asset depreciation is calculated based on reasonable assumptions that are consistent with adopted policies of Council Asset registers for each asset class reconcile to the General Ledger Asset impairment testing (including for loans to external community groups and other infrastructure and property, plant and equipment assets held) <p>In undertaking the work noted above, we make enquiries of Management as well as external consultants engaged to test the appropriateness of transactions recorded and disclosures made in the annual financial statement.</p>
Financial Accounting and Reporting	Liabilities <ul style="list-style-type: none"> Creditors and accruals Borrowings Provisions for employee entitlements 	<p>Our audit testing into critical matters is undertaken in conjunction (where possible) with Expense testing conducted to ensure that controls over the incurring of liabilities and payment of expenses are considered as part of Council's internal business processes. In reviewing of payables, accruals, loans and provisions, we look at key factors such as:</p> <ul style="list-style-type: none"> Comparison of amounts recorded against external confirmations obtained (i.e. bank confirmation reports for loans held) Review of ageing of outstanding amounts recorded (i.e. are outstanding amounts within credit terms agreed with the supplier) Recognition criteria applied to any grants/payments received 'in advance' that have been treated as a liability given performance obligations have not been satisfied per agreements held Employee entitlements reconcile to appropriate leave records held and assumptions applied to on-costs recorded and discount rates applied are deemed reasonable

Critical Matters to be Audited

Audit Matter	Critical Matters	Work to be Undertaken
Financial Accounting and Reporting	<p>Other</p> <ul style="list-style-type: none"> • Statement of Changes in Equity • Disclosure of contingent liabilities • Disclosure of capital commitments • Accounting policies and notes to the financial statements • Cash Flow Statement • Financial Indicators as set out in the Model Financial Statements 	<p>Risks identified within the critical matters noted in this area relate to incorrect calculations of transactions, the omission of required disclosures, incorrect classification of transactions and failure to meet financial reporting requirements set out under the Model Financial Statements.</p> <p>In addressing the risks identified, the following audit procedures are undertaken:</p> <ul style="list-style-type: none"> • Critical review of financial statements by experienced engagement team member • Obtain external confirmations and reports as necessary (i.e. solicitor's representation letters, Key Management Personnel declarations, audited financial statements of Subsidiary entities, etc.) and review the adequacy and completeness of disclosures included • Recalculation of transactions to ensure they have been correctly recorded in various statements included in the financial statements from an accrual and cash flow perspective • Recalculation of asset valuation data and analysis of external valuer reports provided to ensure accuracy and completeness in disclosures included.

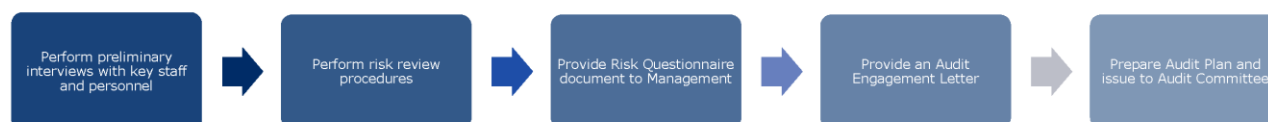
Proposed Transition Plan

Proposed Audit Transition Plan

Based on our experience with other similar engagements, we have identified the following activities need to be undertaken to transition a new audit team:

Our aim is to ensure the transition is of minimal disruption to the Administration.

A summary of our Transition Plan process is outlined below:



Key tasks to be performed as part of the proposed transition plan are as follows:

- Obtain ethical clearance from previous external auditor in accordance with Auditing Standards.
- Undertake preliminary interviews with key personnel, including the Chair of the Audit Committee, to provide input into the development of the Audit Plan.
- Provide the Administration a Risk Questionnaire document to provide responses to specific internal control and risk queries raised as part of the audit.
- Identify any previous audit matters raised and gain an understanding whether any issues remain unresolved that need to be factored in the Council's Audit Plan.
- Review prior financial year working papers to substantiate opening balances in the Council's Balance Sheet for the financial year (including for the carrying forward budget items).

Remote Access

Our systems enable us to undertake work continuously throughout the financial year. Given the current COVID-19 situation, we are fully resourced and able to undertake a considerable amount of work remotely given the current office infrastructure set-up and IT resources at our disposal.

Dean Newbery uses electronic working papers for all audit engagements as well as has web and audio conferencing capabilities which enables us to undertake our work remotely.

Depending on the length of time current government imposed restrictions continue, DN is fully resourced and capable to undertake the external audit of the Council remotely.

Our Audit Plan is able to be amended accordingly to take into account any changes in circumstances to enable us to undertake the work necessary to execute the audit program.

Importantly, continual communication over changes to the Audit Plan with the Administration and Audit Committee is a high priority and key focus of the communication strategy within the Audit Plan.

Client Portal

The Client Portal is an online platform that provides a flexible and secure option for clients to upload information remotely. This platform enables clients to upload documents and information in one secure place and minimises the need for multiple email transmissions or the download of third party software solutions. This enables better collaboration and continuous auditing to be undertaken throughout the term of the engagement.

Remote Communication Options

Dean Newbery has access to video and audio conferencing technology which is equipped in our offices and on all audit staff laptop devices. DN have internal conferencing solutions held with 3CX as well as secure accounts held with Zoom video conferencing should it be required.

The additional video and audit conferencing facilities enable audit staff to remotely undertake their work in full collaboration with clients and other audit team members to ensure continual contact can be maintained with the client and amongst audit staff.

These facilities can also be utilised when required to remotely attend Audit Committee meetings which adds another level of versatility to the services we offer.

Proposed Audit Timetable

We guarantee Council to meet all required timeframes.

We have formulated a proposed audit timetable which is based on timetables we currently follow for similar engagements undertaken.

The proposed timing of audit site attendances is only draft at this stage and subject to consultation and confirmation with Council's Administration to ensure that relevant staff will be available as needed and that information will be available as required.

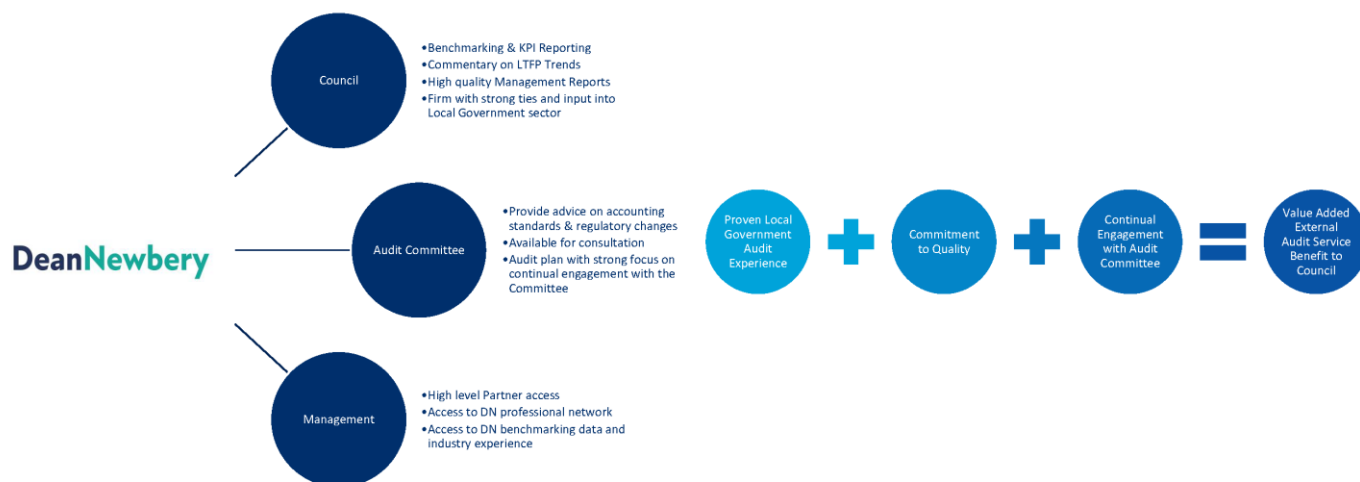
We aim to ensure that our interim audit component enables us to undertake a significant amount of substantive testing remotely and review of internal controls and in doing so, we aim to tailor the timing of the visit to ensure we can accomplish that.

Audit Stage	Proposed Timing of Work
Audit Planning & Formulation of Audit Plan	January
Audit Planning – Meet with Administration discuss areas of focus, finalise Audit Plan and Timetable	February
Provide Council and Audit Committee with a copy of the proposed Audit Plan	February
Issue Risk Questionnaires to the Administration	March
Interim Audit Attendance	April/May
Issue Interim Audit Management Letter	May / June
Balance Date External Confirmations Issued	July
Balance Date Audit Attendance	August / September
Issue Balance Date Completion Report and Draft Audit Report	September / October
Meet with Council's Audit Committee	September / October
Issuing Final Audit Report	October

Our Value Add

Given our Local Government audit and advisory services experience, we are well placed to assist our clients in providing high value, constructive commentary and assistance on financial management and general industry matters.

Examples of areas we are able to offer a high, value-added service are in the following areas:



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DeanNewbery

Proposed Engagement Team

The engagement team assembled for the engagement are committed to ensuring that a high quality, value added external audit service is provided to Council.

Samantha Creten

Partner

- B. Accountancy
- Fellow Chartered Accountant
- Registered Tax Agent
- Registered Company Auditor (222601)
- Justice of the Peace (JP)



Samantha has over twenty five years' statutory audit and commercial taxation experience. Samantha has been a Partner of DN since 2002 and has an extensive knowledge of technical Accounting Standards issues and performing audits in full compliance with the requirements under the *Local Government Act*, the *Corporations Act 2001* and Australian Auditing Standards.

Samantha has broad experience in servicing clients both in audit and taxation services across a wide range of industries which span across local government, aged care, automotive, importers and exporters, civil construction and not-for-profit entities.

Samantha has experience as the Lead Auditor of other Councils such as the City of Burnside, Mitcham, Onkaparinga, Port Lincoln, Unley, Whyalla and Salisbury ensures she has the relevant experience and appreciation of the quality and work required to be undertaken.

Daniel Phillips

Engagement Manager

- B. Commerce
- Chartered Accountant



Daniel has strong audit and assurance experience and previously worked in the taxation and business services department of DN. Given his previous experience working in the area of taxation and preparation of client financial statements, he has a strong appreciation for the key risks and matters to be considered when preparing financial statements.

Daniel's audit experience goes beyond Local Government and also undertakes the external audit of aged care clients, real estate trusts, ACNC entities, large private clubs, private companies and other not-for-profit and private entities.

Daniel has experience that goes beyond audit and also performs accounting assistance roles for clients in the areas of financial statement preparation, accounting standards compliance review and internal audit. Given his strong experience, he is well versed in Local Government audit programs used by DN which ensures that audits are performed at a consistent high standard.

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DeanNewbery

Proposed Engagement Team

The engagement team assembled for the engagement are committed to ensuring that a high quality, value added external audit service is provided to Council.

Whitney Sandow

Senior Audit Officer

- B. Commerce



Whitney has audit experience in the areas of Local Government, ACNC, aged care, not for-profit and private entities. She is well versed in Local Government audit programs used by DN which ensures that audits are performed at a consistent high standard. Whitney has been involved in the audit of council's internal controls as required by the Local Government Act 1999.

In particular, Whitney has strong knowledge of Council Rating systems and compliance obligations which she applies to the internal control review and substantive audit testing of Council Rates. Whitney also has a wide range of experience in dealing with a variety of ICT systems used within Local Government and is able to draw on this experience to identify best practice solutions to sometimes complex issues when compiling audit recommendations within our Management Reports issued.

Whitney specialises in the review of Council's internal controls to ensure they are audited in accordance with the Local Government Act 1999. She has been involved in the development of a number of Local Government audit programs used by DN and has a strong client focus to assisting with audit issues and queries when they arise.

John Jovicevic

Field Audit Partner

- B. Commerce
- Chartered Accountant
- Certified Practising Accountant
- Registered Tax Agent
- Member South Australian Local Government Financial Management Group



John is a Local Government Audit Partner and his role on the engagement team is to assist in overseeing the audit field work component and to oversee quality assurance services on the performance of the engagement. John has been at DN for over 15 years and has extensive experience undertaking the external audit of South Australian Local Government.

He has a particular interest and focus in Council asset management practices and overseeing the correct application of the Australian accounting standards to valuations and asset management transactions. John's experience goes beyond his audit skills and provides a wide variety of advisory services to his Local Government clients in the areas of accounting support, Section 48 Prudential Reviews, governance and probity reviews, internal audit and general consulting services.

John's Local Government experience spans across a number of different clients including City of Burnside, City of Onkaparinga, City of Mitcham, City of Norwood, Payneham & St Peters, Yorke Peninsula Council, Town of Gawler, City of Port Lincoln and Copper Coast Council.

Schedule of Hours, Fees and Expenditure

We have developed our proposed audit fee below with the knowledge of the work required to undertake the external audit of the Council.

We estimate that the audit will require a minimum of 94 hours to complete as specified above (if additional hours are required to service the specified requirements that will be at our cost).

Our fee to undertake the FY2023 financial year audit of the Council is \$14,500 (GST Exclusive).

The following assumptions are included within the Quoted Fees:

- Fee includes all office, secretarial, meeting with Audit Committee, and other like costs.
- For future years, we propose to increase our fee by 3% or by Adelaide CPI (whichever of the two indexes are higher) to reflect the increase in projected professional salaries and other administrative overheads over the term of the appointment (the year one base fee is therefore fixed – over the contract period it will only ever annually increase by the higher of 3% or CPI).
- Fee includes the audit of all Workers Compensation, Local Government Superannuation and Roads to Recovery acquittals to be completed as required. Any additional acquittals will be completed for \$250 per acquittal (GST Excl.).
- DN will annually issue a Tax Invoice following the signing of the annual Audit Opinion for each respective financial year, as quoted above. Our fees do not include travel and accommodation costs which will be charged back to Council at cost at the completion of the financial year's audit. All mileage costs will be disbursed using applicable Australian Tax Office mileage rates. We always will endeavor to minimise the cost to Council of travel and accommodation.
- Our fee has been based on the Council continually maintaining the financial records and internal controls in conformance with the requirements of Local Government Act 1999.

Our fees have been based on the following estimated hours and hourly rates for each team member nominated in Year 1 of the audit:

Staff Category/Service	Units (Hours)	\$ Rate/ per hour (GST Excl.)
Partner	12	220
Audit Field Partner	7	220
Engagement Manager	40	150
Senior Auditor	36	140
Total	95	

Referees

The following clients are our nominated referees for this submission:

Client Name: Yorke Peninsula Council
Address: 8 Elizabeth Street Maitland SA 5573

Contact Name: Mr Sid Jain
Telephone: 8832 0000
Email Address: Sid.Jain@yorke.sa.gov.au
Date of Work: Current



Client Name: Copper Coast Council
Address: 51 Taylor Street Kadina SA 5554

Contact Name: Ms Katrina Borlace
Telephone: 8828 1200
Email Address: kborlace@coppercoast.sa.gov.au
Date of Work: Current



214 Melbourne Street
North Adelaide SA 5006
T: 08 8267 4777
F: 08 8239 0895

ABN: 30 164 612 890

Where you want to be.



April 2022

Regional Council of Goyder

Provision of External Audit Services
FY2023 to FY2027

David Francis, Partner
Level 5, 63 Pirie St, Adelaide SA 5000
Telephone +61 400 373 469
dfrancis@adel.bentleys.com.au | [bentleys.com.au](https://www.bentleys.com.au)

➤ Advisors

➤ Accountants

➤ Auditors

Executive summary

We are pleased to submit this proposal to the Regional Council of Goyder for the provision of external audit services.

Dear Selection Committee,

In response to the request for proposal, Bentleys SA is delighted to present this proposal for the provision of statutory audit services for Regional Council of Goyder ('the Council').

Bentleys is keen to support the Council in our role as independent auditor.

We believe Bentleys SA offers the following differentiating strengths:

- **Significant and highly relevant expertise.** We audit many local government entities in South Australia.
- **Immediate access to resources.** Senior members of our team will support you ensuring the Council will receive a premium service and value for money.
- **We have worked with the same software systems** at other councils giving us a significant understanding of your key systems and process. This also gives us the ability to benchmark your processes against other councils.
- We are a **preferred supplier** to the South Australian Government for the provision of audit and financial advisory services.
- We are a significant mid-tier accounting firm in South Australia with a **specialised audit division** and considerable experience in providing auditing and advisory services. We have 15 experienced auditors, including two registered company auditors, to ensure your audit is timely and of high quality.
- **A commitment to strong working relationships.** We like to meet directly with the audit committee (or a representative of) to discuss operational issues, risks or concerns and to provide feedback on management if desired.
- We maintain **open lines of communication** throughout the audit process to ensure there are **no surprises** and that issues are addressed early and resolved on a timely basis.

We tender an audit fee of **\$17,500 (+GST)** for the 2023 Audit. This fee covers your financial statement opinion and your internal controls opinion and supplementary acquittals. Any disbursements for travel and accommodation, etc will be charged at our actual cost.

Sincerely,



David Francis
Partner,



Introducing Bentleys

Helping businesses
achieve their goals and
aspirations.



Locally owned and operated

Bentleys SA is locally owned and operated – we are in control of our organisation and are not directed by other parts of Australia or Asia Pacific. Consequently, we have no encumbrances regarding decision making, all our resources are resident in SA and every dollar of revenue generated on our engagements stay in South Australia.

Celebrating 40 years recently, Bentleys SA is a contemporary and insightful business advisory, audit and accounting firm, and has been supporting the growth and development of enterprises since its establishment in 1979.

We work with our clients to help them achieve their objectives and get where they want to be.

Your satisfaction guaranteed

Bentleys is committed to upholding its core values and to delivering a high-quality service.

As trusted advisors, we provide the future thinking, strategic direction and business knowledge to add value to your organisation.

International capability

We are a member of Bentleys - an international network of advisory and accounting firms, with more than 700 talented staff delivering solutions from 18 locations across Australia, New Zealand and China.

We work with aspirational businesses and entrepreneurial people to help them achieve their objectives and get where they want to be.

As trusted advisors, we provide the future thinking, strategic direction and businesses and to build personal wealth.

Global presence

Bentleys is a member of Allinial Global, an international association of independent accounting and consulting firms.

With almost 23,000 staff located across 66 countries, Bentleys offers you access to a rich array of resources and professional assistance to support your international growth objectives, as required.

An emerging, contemporary firm

Bentleys SA is committed to innovation and development, in line with changing client needs.

Our recent rise through the ranks of the Australian Financial Review's list of Top 100 Accounting Firms suggests that we are indeed evolving in unison with our clients.

Today, our specialisations include:

- strategic business advisory
- wealth management
- superannuation
- cloud accounting
- specialist tax
- R&D tax
- international advisory services
- finance broking
- corporate finance
- IT and Marketing consulting.



Our understanding of your needs

We will provide you with strategic and practical support.

Background, knowledge and scope

We understand that you have requested us to tender for the provision of statutory audit services for five years from 1 July 2022 (30 June 2023 audit).

You would like an independent audit opinion on your:

- Annual financial report, and
- Internal financial controls.

Audit requirements

You require the auditor to provide the following services:

- Audit of the general purpose financial statements of the Council in accordance with financial reporting requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Key areas of focus to be:

- Assets and infrastructure capitalisation
- Depreciation methodology
- Administration of essential services
- LTFP and Asset management plan
- Control weaknesses
- Identification of significant and adverse trends
- Irregularities in accounting practices
- Audit of the internal control environment with the view of forming and publishing an opinion. This will include management's monitoring, assessment and implementation of controls.
- Certification of supplementary statements in respect of:
 - Local Government Association Workers Compensation Scheme
 - Roads to recovery
 - and other acquittals typical for the sector



Quality control

Bentleys participates in regular external quality assurance reviews.

An emphasis is placed on regular training for our employees.

Quality control

Bentleys checks for the adherence to high professional standards by the performance of inter-firm peer reviews. These reviews are performed annually by Partners from interstate firms visiting our office and selecting a range of files at random. The files are then subject to a detailed review and a formal report is prepared.

Both the National Audit Committee and the National Management Committee of the Australian group of Bentleys then consider the resultant office reports.

In addition to the inter-firm reviews by Bentleys, we are subject to quality control reviews by Chartered Accountants Australia and New Zealand.

The presentation and disclosure of a client's financial report is important and we use tailored checklists to ensure all errors are identified and the presentation and disclosure is consistent with the accounting framework adopted.

Notwithstanding our formal quality assurance process, the work on the Council's audit would be completed adopting the following quality control procedures.

- All work performed by our staff is reviewed by a Partner prior to being finalised;
- Only appropriate staff with the requisite experience, qualifications and skills are assigned to certain jobs;
- Our staff members attend training courses on a regular basis so that their professional knowledge and skills are up to date.



Methodology and approach

Approach and Methodology

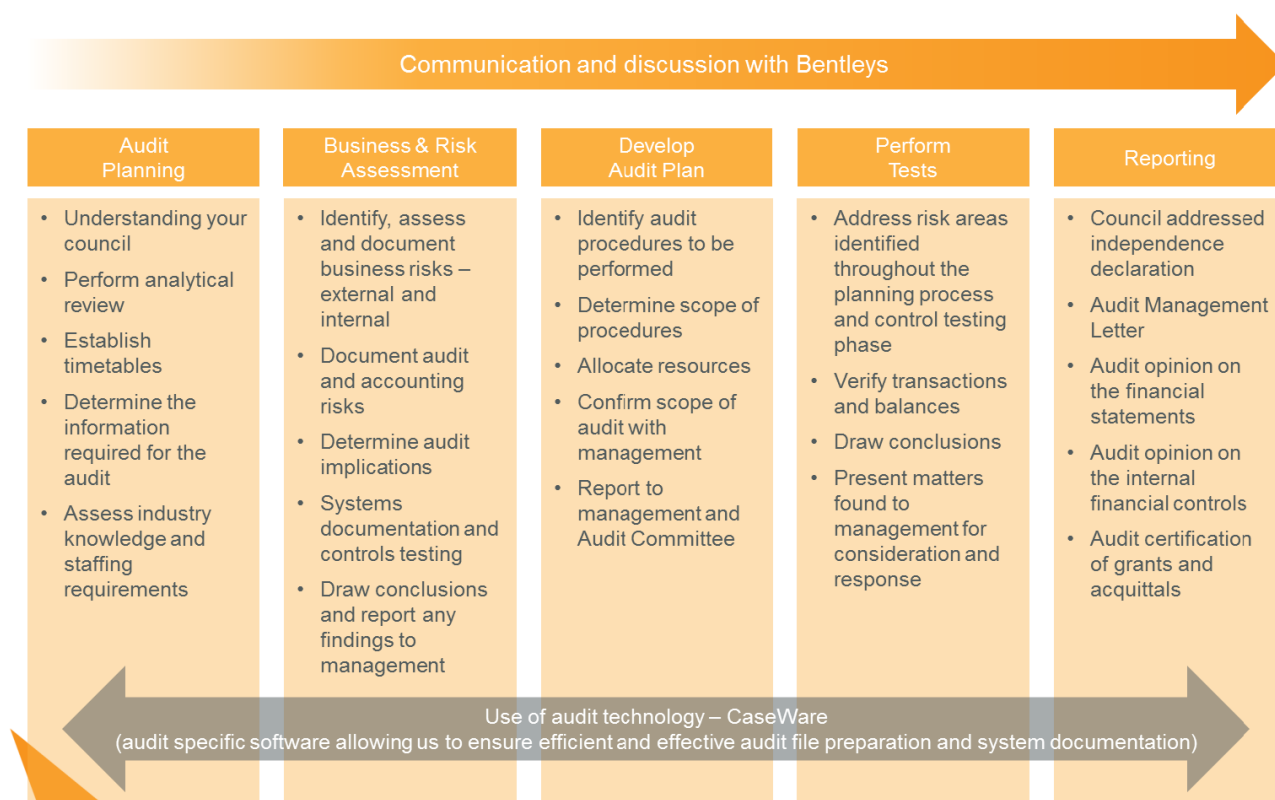
Background

Bentleys nationally adopts a risk-based audit approach, which focuses attention on obtaining sufficient audit evidence to reduce the risk of material error in the financial report to an appropriately low level.

A significant portion of our approach is to consider the control environment that the finances operate in.

We use audit software that is compliant with the Auditing Standards and we use computer assisted audit techniques where possible to enable an efficient and focussed audit.

The diagram below provides a high-level overview of the Bentleys Audit Methodology.



Methodology and approach

1. Planning Visit

Upon our appointment we will obtain a greater understanding of your operations, and to perform our review and assessment of the accounting systems and internal controls that exist, as required by ASA 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment. We use Internal Control Evaluation matrices and flowcharting to document the key controls that exist for the main transaction streams.

We will then perform compliance testing on the key internal controls to verify that they are operating effectively. This will ensure all transactions are accurately and completely posted to the general ledger, and that the risk of errors or misappropriation of assets is as low as possible.

Our assessment of internal controls and accounting systems and procedures will determine the level of analytical review and detailed substantive testing we will perform. This enables us to concentrate our time and efforts on the main audit risk areas and thereby providing you with an efficient and cost-effective audit.

The main audit assertions that we will concentrate on during our testing of the transactions streams will be:

- Occurrence
- Completeness
- Accuracy

During this visit we will examine and test the Council's revenue (Rates; Government Grants; User Charges; Reimbursements; and Other), cash collection and handling procedures and controls, corporate governance structure, budgetary process, IT environment, asset and infrastructure costing and capitalisation and expenditure (including Employee Costs, Depreciation, Materials and Contract expenditure; Insurances; Finance Costs, and Other).



Methodology and approach

Key focus at our planning visit:

Valuation of assets - Review the valuation and the method of calculating depreciation on Council assets (including the application and impact of AASB 13 and the principals of residual values that has recently been topical in the sector).

Contracts and tenders - Review of agreements and contracts that the Council has entered into with external parties.

Budgeting cash flow - Review of the Council's budgeting process, cash forecasting and rate setting and collection process.

Internal controls - Review of the control self-assessment tool and verification of the sufficiency of controls to plan for and form our internal control opinion.

Related parties – Understanding of related parties record keeping and identification in response to the AASB public sector requirement.

Accounting Standards – Understand how you have applied the recent accounting standards relating to Revenue and Leases for the year.

From this visit we will finalise the planning of our audit approach and confirm the scheduled audit visits and reporting deadlines.

Prior to the balance date, we will provide you with the following:

- A clear list of audit requirements, setting out the specific information (including external confirmations for bank accounts, investments and loans) we will need as part of our audit testing;
- A report on material findings, including weaknesses in controls and matters to be addressed prior to our final visit and review of the annual financial statements; and
- An update on any material accounting standard changes that may impact the financial statements presentation and disclosure.

System and control documentation

As part of our planning visit we will obtain an understanding of your key business processes in order to form an opinion on the internal control environment. Areas we will consider in detail (but not limited to) are:

- Rate revenue and cash collection
- Grant revenue and accounting standards treatment
- Utilities charges and billings
- Commercial revenue generated and how it is managed
- User charges revenues
- Payroll processing and expenditure
- Contracts and tenders
- Purchasing and procurement
- Budget setting and review
- Preparation and review of management accounts
- Accounting user set up, access rights and maintenance.



Methodology and approach

Post balance-date Audit Visit

A further audit visit will be scheduled to occur once the trial balance and account reconciliations have been completed by your accounting personnel.

The testing performed at this visit will be for the verification of the assets and liabilities of the Council as reported in the reconciliations and subsidiary ledgers provided to us. We will also test whether there are any unrecorded assets or liabilities that should be recognised.

The main audit assertions we will concentrate on during our testing of the balance sheet items are:

- Existence
- Rights and Obligations
- Completeness
- Valuation
- Ownership

The balance sheet items we will be testing will include the following classifications that are considered critical areas to be audited:

- Bank and Short-term investments
- Receivables and Prepayments
- Inventory
- Property, Plant and Equipment
- Infrastructure and Construction Assets
- Investments in Associates
- Creditors and accruals
- Loans
- Provisions
- Grants and Unearned Income

2. Verification of Financial reports

We will verify that the financial report has been accurately prepared in accordance with the reporting framework adopted, and in accordance with the underlying accounting records. We will use a disclosure checklist to ensure all necessary disclosures have been included and check that the financial information is accurately presented.



Methodology and approach

3. Audit Clearance

At the completion of our audit and the verification of the financial statements, we will meet with management to **discuss the issues arising from our audit** and provide you with verbal feedback.

We will then issue our Audit Clearance Report, which will include:

- Our intended audit opinions
- Details of any significant adverse practices or financial trends
- Details of issues identified with depreciation and asset management
- Information about the audit issues such as control weaknesses
- Recommendations for improvements
- Upcoming changes in statutory reporting and the Accounting Standards
- Schedule of Adjusted and Unadjusted errors identified during our audit
- Audit Representation letter

We will **meet with the Audit Committee** to discuss our audit of the financial statements and the control environment. At this meeting we will provide commentary to assist with recommending the financial report be adopted and signed.

Upon receipt of the final financial statements adopted and signed by the Council and the signed representation letter, we will sign our audit reports for the financial statement and the controls opinion.

External audit meets internal audit

At Bentleys we have a strong focus on the internal controls and overall corporate governance of an organisation when forming our external audit opinion. This focus on controls is driven by the fact that we have an experienced risk and assurance team that provide both external and internal audit services.

In conducting our external audit we will bring our internal audit experience to the Council. This will be a significant benefit when considering your Control Self-Assessment and in forming our internal controls opinion.



Experience

We are ideally placed to provide audit services to your Council.

Our Experience

Our current audit client base is focused on medium sized organisations. As such, we are ideally placed to provide audit services to your Council.

Broad Local Government Experience

As an experienced auditor of Councils and Authorities in South Australia we have broad experience and knowledge of the local government sector.

This helps us to:

- Understand your needs
- Target our audit approach
- Perform an efficient and seamless audit
- Help keep you up-to-date with industry changes
- Provide you with relevant feedback

SA Local Government Auditors Group

Bentleys was on the initial steering committee that established this group and we have been a regular attendee at meetings.

Our involvement in this group allows us to keep abreast of changes in the local government sector and to discuss common issues with our peers.

Other applicable experience

We currently provide external audit services to many entities locally and nationally. The following entity which gives us further experience to service the Council to our understanding of civil construction:

- Leed Engineering and Construction Pty Ltd

Public Sector Auditing

We are one of two national mid-tier accounting firms to be included on the current Across Government Audit Panel for provision of Audit and Assurance services to South Australian government agencies. We currently provide services to:

- Department for Infrastructure and Transport
- Department for Education
- Department for Treasury & Finance
- Consumer and Business Services



Experience

Broad Local Government Experience

As an experienced auditor of Councils, the Local Government Association of SA, Local Government Corporate Services and Local Government Finance Authority, as well as members of the SA Local Government Auditors Group and the internal controls evaluation working committee, we have a broad knowledge of the local government sector. This helps us to:

- Understand your needs
- Target our audit approach
- Perform an efficient and seamless audit
- Help keep you up-to-date with industry changes
- Provide you with relevant feedback

Local Government – External Audit

In addition to the work detail above, we also have experience in auditing:

- Local Government Association of South Australia Inc.
- Local Government Corporate Services
- City of Tea Tree Gully
- Rural City of Murray Bridge
- The Corporation of the Town of Walkerville
- City of Burnside
- City of Charles Sturt
- Mid Murray Council
- District Council of Mallala
- District Council of Coober Pedy
- District Council of Wudinna
- City of Port Adelaide Enfield
- City of Salisbury
- Roxby Downs Council

Local Government – Internal Audit

We also recently provided internal audit services to the following Councils and local government affiliated entities:

- Local Government Finance Authority
- City of Campbelltown
- City of Prospect
- City of Unley
- City of Norwood, Payneham and St Peters
- City of Holdfast Bay
- Mt Barker District Council
- City of Mitcham

Our experience and knowledge gained from providing solely internal audit focussed services to these clients assist in us understanding the inner workings of local government.



Referees

Referees

Rural City of Murray Bridge

Brad Warncken

Chief Financial Officer

Ph: 0408 564 564

B.Warncken@murraybridge.sa.gov.au

Roxby Downs Council

Roy Blight

Chief Executive Officer

Ph: 0437 985 404

Roy.Blight@roxbycouncil.com.au



Your engagement team

In keeping with our belief that public accounting requires substantial top level personnel, all of our audit team personnel are Chartered Accountants or CPA's, or currently in the process of their postgraduate studies.

Our favourable blend of senior and experienced staff allows clients ready access to our key personnel and thereby provides clients with the personal attention, which we consider they deserve. This ratio is also higher than the majority of larger accounting firms operating in Australia and Adelaide and is, in our opinion, one of the major strengths of Bentleys.

In South Australia we have 14 Directors and approximately 120 staff members. Our audit team currently comprises of 13 experienced auditors; ensuring we will always have the resources to meet your needs.

We also have two registered company auditors within our firm:

David Papa - RCA No: 405791

David Francis - RCA No. 210737

The following is a summary of your proposed engagement team:

David Francis

Audit Engagement Partner

David Papa

Alternate Audit Partner and Quality Review

Matthew Brunato

Audit Manager

Kathy Prus

Audit Senior

Abhi Kottarapat

Audit Accountant

David Francis has been a partner at Bentleys since 2006 and was previously an audit manager with Bentleys and an audit senior with PwC.

David is currently the lead engagement partner on the audits of **Roxby Downs** Council and **Mid Murray** Council, and has recently completed his lead audit engagement term at Rural City of **Murray Bridge** and District Council of **Coober Pedy**. David has previously been the lead engagement partner on the audits of **Wudinna**, **Charles Sturt**, **Burnside** and the **Local Government Association**.

David is also familiar with regional South Australia, having grown up in Kimba on the Eyre Peninsula and having audited and visited many Aboriginal entities in the far north and west of the State.



Your engagement team

David Papa has been a partner at Bentleys since 2012 and is a Chartered Accountant, Registered Company Auditor; and an Internal Auditor (Chair of the SA Chapter of IIA).

David has been the lead engagement partner on the audits of the following councils in recent years:

- Light Regional
- Yankalilla
- Adelaide Plains
- 3 x Riverland Councils
- Mid Murray Council
- Coorong District Council
- Barossa Council
- Clare & Gilbert Valleys Council

Matthew Brunato – Manager

Matthew would be the nominated audit manager overseeing the audit and conducting the field work on high risk areas.

Matt joined Bentleys in 2013 and has managed many audits of sporting organisations and local government.

Matt is a Chartered Accountant.

Kathy Prus - Senior

Kathy would be the nominated audit senior who will be conducting the field work and supervising and guiding the audit team.

Kathy started with Bentleys in 2017 and then left to work with several other audit firms before re-joining Bentleys as a Senior this year. Kathy is a Certified Practising Accountant.

Abhi Kottarapat - Intermediate

Abhi would be the nominated auditor who will be assisting Kathy with the audit field work.

Abhi joined Bentleys in 2021 and has gained experience in auditing many similar local government councils.

Abhi has an accounting degree and has started his post graduate studies to be a Chartered Accountant

See Appendix Three for individual qualifications and experience.



Engagement fees

We propose a fee of \$17,500 (Excl GST and disbursements).

Fees in future years are also addressed.

Competitive rates

Our fees for professional services have been calculated as a function of estimated time of various team members, fees for whom differ based on level of experience and expertise.

In our proposed fee below (excluding GST and disbursements), we have used a competitive rate to generate the total quote.

Future fee levels

Fees for future years will be only increased by the annual CPI unless the scope of work changes.

Quoted fees	2023 \$
Audit of financial statements and internal controls	17,500

Value v Price

At Bentleys, we provide value through quality feedback in our management letters and support to our clients throughout the year. Our focus is quality collaboration, which achieves value for money.

Disbursements

Disbursements for travel, accommodation and meals will be charged at the actual rates incurred and not exceeding the allowed limits as set by the State Government.

Estimated Hours

As requested, we estimate approximately 600 hours will be spent on the audits over the 5 year tenure.



Value added services

As a Bentleys audit client, we partner with you throughout the year and we encourage you to discuss any matters that arise.

Our partners and our audit personnel have a broad business understanding and are available for ad hoc advice and consultation at no additional cost.

We understand that many of the accounting and finance personnel at our audit clients may not have the opportunity to keep up to date with latest developments and training. We therefore provide the following value add services:

- Financial Reporting Newsletters every six months on the latest updates in accounting standards and financial reporting
- Annual client update presented by our National Technical Consultant, Carmen Ridley over 3 hours, and with practical examples and Q&A.

Technical Expertise

Bentleys is committed to a quality audit and a professional service. We provide regular technical training to our audit team via quarterly webinar updates from our National Technical Consultant, Carmen Ridley.

Carmen Ridley is also contracted to Bentleys to provide technical advice where required on accounting and reporting matters.

Our audit files are subject to annual peer review from an external audit partner and registered company auditor to assess and rate the quality of our audit against Australian Auditing Standards and National policies and benchmarks. The results of these quality control reviews are shared amongst the National network and within our firm. This assurance process promotes best practice with everything we do.



Conflicts of interest and other matters

Bentleys treats conflicts of interest, independence, and confidentiality with the highest professional regard.

Conflicts of interest

We have no conflict of interest in providing audit services to the Council.

Independence

In accordance with our National Independence Policy, we have obtained confirmation from all partners and audit personnel of Bentleys SA/NT that we are independent of the management and board of the Council. We confirm that if appointed as auditors we will continually monitor our independence to ensure we remain independent.

Confidentiality

Bentleys treats client records and information confidential and this is regularly reinforced to our employees.

Insurance

We confirm that we currently have the following levels of insurance cover.

Professional Indemnity:

- \$10m any one claim
- Insurer: Chubb Insurance Australia Limited
- Policy No. 05PI010834

Public liability:

- \$20m
- Underwriter: CGU Insurance
- Policy No. 15T7036259

We confirm that these levels of cover will be maintained for the duration of our term as auditors.

Transition of Auditors

We will aim for the transition from the current auditors to be seamless. We will request access to their prior year workpapers in order to gain knowledge and comfort over the prior year balances (as required by Auditing Standards) and their audit approach used. We have a good and co-operative relationship with other firms and would not expect any issues.

There would be no additional cost unless the current auditors are not co-operative.



Conclusion

We propose a high quality service.

We look forward to supporting Regional Council of Goyder.

Bentleys SA is excited by the prospect of working with Regional Council of Goyder and to contributing to its strategic development.

Bentleys proposes to provide the Council with exceptional service in the provision of statutory audit services.

We believe the Council will continue to appreciate our personal service and enjoy being part of our community.

We have not attempted in this proposal to cover every aspect of the professional services that we would provide. With any queries, please do not hesitate to contact David Francis.

We would be pleased to meet with the key personnel if requested.

Contact	David Francis
Position	Partner
Telephone	08 8372 7900
Email	dfrancis@adel.bentleys.com.au



Appendix one

Methodology and approach

Methodology and the proposed approach to the scope of the audit

Based on our understanding of local government authorities and a review of the most recent financial statements, we have identified the following key areas of focus:

Income statement checklist:	
Significant auditable area	Expected audit approach
Salary and wage costs	<ul style="list-style-type: none"> • Sample testing of controls and transactions. • Documentation and testing of payroll system. • Analytical review.
Other expenditure: <ul style="list-style-type: none"> • Depreciation • Loss on sale of non-current assets • Insurances • Band and doubtful debts • Other 	<ul style="list-style-type: none"> • Systems review and testing of key controls. • Understanding and testing of delegated authorities. • Testing a sample of payments to ensure appropriately approved and processed. • Analytical review.
Materials and contract expenditure	<ul style="list-style-type: none"> • Review the contracts register procedures. • Test expenditure in excess of \$100,000 for compliance with the Act and its regulations. • Review relevant legal documentation.
Rates revenue	<ul style="list-style-type: none"> • Systems review of receipting and testing of key controls. • Test sample of rate notices to ensure correct. • Test posting to general ledger. • Ensure (where applicable) late penalties imposed. • Ensure that exempt land and specified area rates have been properly approved and in accordance with the Act.
Other revenues: <ul style="list-style-type: none"> • User pays revenue • Profit on sale of non-current assets • Third party revenue collection • Other revenue 	<ul style="list-style-type: none"> • Documentation and testing of receivables system. • Analytical review of balances. • Trading activities - conduct analytical review and tests of the control environment.
Government grants and subsidies	<ul style="list-style-type: none"> • Systems review of receipting and testing of controls. • Acquit expenditure and ensure it is in accordance with the terms and conditions of the grant. • Compliance with AASB 15 and 1058



Appendix one

Methodology and approach

Balance sheet checklist:	
Significant auditable area	Expected audit approach
Cash assets: Bank and short term investments	<ul style="list-style-type: none"> Analytical review. Verify compliance with the Council's Investment policy. Review of bank reconciliations. Confirmation of balances. Review classification of restricted cash assets. Identify and test cash handling controls.
Accounts receivable (current and non-current) and repayments	<ul style="list-style-type: none"> Analytical review. Cut off testing. Confirmation of significant balances. Review collection procedures, including infringement notices.
Inventories	<ul style="list-style-type: none"> Analytical review. Documentation and testing of inventory system.
Property, plant, furniture and equipment Infrastructure Depreciation	<ul style="list-style-type: none"> Systems review and testing of key controls. Testing of significant additions and disposals. Analytical review of balances. Depreciation rates reviewed. Ensure invoices raised relating to capital expenditure are not expensed. Assess controls surrounding construction and capitalisation of infrastructure assets. Review policy on capitalising infrastructure assets. Review of valuation of land and buildings. Council approval obtained for acquisitions and disposals. Verification of the fixed assets registers and ensures that it operates in accordance with the regulations.
Creditors and accruals	<ul style="list-style-type: none"> Analytical review. Cut off testing. Search for omitted liabilities.
Provision for annual and long service leave entitlements	<ul style="list-style-type: none"> Analytical review. Testing of significant balances. Re-perform calculations where appropriate. Review of compliance with Accounting Standard
Loans and borrowings, including new loans raised	<ul style="list-style-type: none"> Third party confirmation. Verification of interest paid and accrued.
Reserve funds	<ul style="list-style-type: none"> Analytical review. Verify compliance with the Council's policy Confirmation of balances. Review classification of restricted/unrestricted accounts.
Contingent liabilities	<ul style="list-style-type: none"> Verification of amounts Search for omitted liabilities.
Capital commitments	<ul style="list-style-type: none"> Ensure policies and procedures have been followed and review for reasonableness and accuracy.



Appendix one

Methodology and approach

Other audit checklist:	
Significant auditable area	Expected audit approach
Internal business units	<ul style="list-style-type: none"> Identify the risk of misstatement likely to occur in the business units. Establish a rolling plan for testing the business units. This enables the businesses units to be covered by audit process in a efficient and effective manner.
Budgets	<ul style="list-style-type: none"> Ensure budgets are properly prepared and approved in accordance with the Local Government Act. Review actual revenue and expenditure against expected results. Review the Council's published budget to identify any areas that may be inconsistent with prior years and alert the Council to these matters.
Governance and costs	<ul style="list-style-type: none"> Develop and understanding of the organisational structure and the roles and responsibilities of key personnel. Review Council and committee minutes for significant matters.
Cash flow statements	<ul style="list-style-type: none"> Review of content and classification of the cash flow statement. performance of the cash flow calculations.
Compliance with financial management regulations	<ul style="list-style-type: none"> Ensure that the Council has completed its Statutory Compliance Return. All necessary Registers have been maintained. Confirm that disclosures in the annual budget and financial report are in accordance with Regulations. Review of Key Financial Indicators.
Compliance with Australian Accounting Standards	<ul style="list-style-type: none"> Ensure compliance with the requirements of Australian Accounting Standards.
Compliance with the Local Government Act	<ul style="list-style-type: none"> Ensure the Council has prepared documentation and provided adequate public disclosure of key information as required by the Local Government Act.
Reporting to those charged with governance	<ul style="list-style-type: none"> At critical points in our audit we will communicate issues and findings with those charged with governance. After our interim visit and at the conclusion of the final visit a report of material matters and risks identified will be provided to those charged with governance. The report will cover: <ul style="list-style-type: none"> Material misstatements identified Any identified non-compliance with laws and regulations Identified risks that may impact on the council Recommendations and possible improvements to internal controls.



Appendix two

Annexure B Quotation
Response - Schedules
& Agreement.



Annexure B Quotation Response - Schedules & Agreement

Form of Quote

I/~~We~~ David Francis (Respondent) on 5 April 2022

having read, understood and fully informed myself/ourselves/itself of the contents, requirements and obligations of this RFQ, hereby provide a Quote for the Services.

1. Name of Respondent State in full the name(s) of the Respondent(s) and trading names ABN	E.V Carlesso & Others Trading as Bentleys SA Audit Partnership 43 877 091 903
2. Contact Person	David Francis
3. Registered Address	Level 5 63 Pirie Street Adelaide SA 5000
4. Postal Address	GPO Box 939 Adelaide SA 5001
5. Telephone	08 8372 7900
6. Fax	08 8372 7999
7. Email	dfrancis@adel.bentleys.com.au

EXECUTED as an agreement

The undersigned undertakes that if selected as the successful Quote, I/we/it will execute and be bound by the Contract in accordance with the Conditions of Quoting.

If the Quote is a company, it must execute this Quote as follows: Executed by [Insert Company name] pursuant to section 127 of the Corporations Act 2001	
Signature of Director Name of Director (print)	Signature of Director/Company Secretary (Please delete as applicable) Name of Director/Company Secretary (print)
OR Signature of Sole Director and Sole Company Secretary Name of Sole Director and Sole Company Secretary (print)	
OR Signed for [Insert name of Representative] by an authorised representative in the presence of:	
Signature of witness Name of witness (print)	Signature of authorised representative Name of authorised representative (print) Position of authorised representative (print)

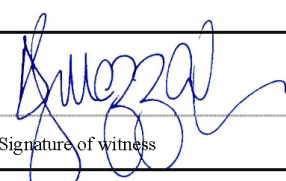

If the Quote is an individual, the document must be executed as follows:

Signed by [insert name] in the presence of:	
_____ Signature of witness	_____ Quote
_____ Name of witness (print)	

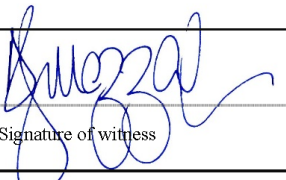
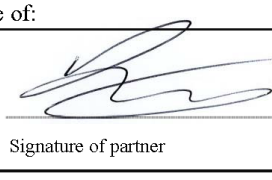
Regional Council of Goyder - Request For Quotation – External Audit Services

If the Quote is a partnership, the Quote must be executed as follows:

Partner 1:

Signed sealed and delivered by [David Francis] in the presence of:	
 Signature of witness	 Signature of partner
Paul Mazzachi Name of witness (print)	
L5, 63 Pirie Street, Adelaide SA 5000 Address of witness (print)	

Partner 2:

Signed sealed and delivered by [David Papa] in the presence of:	
 Signature of witness	 Signature of partner
Paul Mazzachi Name of witness (print)	
L5, 63 Pirie Street, Adelaide SA 5000 Address of witness (print)	

Appendix three

Curriculum vitae.

Following, please find curriculum vitae for your proposed team.

- David Francis
- David Papa
- Matthew Brunato
- Kathy Prus
- Abhi Kottarapat





David Francis

Partner, Audit & Assurance

David supports public sector, private and not-for-profit organisations in a broad range of industries to facilitate compliance, risk management and strategic development.

David leads a high performing and expanding audit and assurance team to facilitate the compliance and growth of a broad range of enterprises.

As a member of the Bentleys SA/NT Executive team and chair of Bentleys' National Audit Group, David is instrumental in designing strategies and services that respond to the changing needs of enterprises across the country.

David's expertise includes financial audits and reviews, fraud investigation and forensic audits, special projects for federal and state government, risk management analysis, corporate governance advice, due diligence, statutory compliance and trust account audits.

David joined Bentleys SA/NT in 1994 after working with a Big Four firm. In 1997, David worked from London with a Bentleys affiliated firm.

As an active member of our local community, David holds a number of board and committee positions.

Services

External and internal audit

Business advisory

Corporate governance

Special projects

Industries

Public sector

Not for profit

Private sector

Qualifications

Bachelor of Accountancy

Chartered Accountant

Professional Memberships

Chartered Accountants Australia and New Zealand

Registered Company Auditor
RCA No 210737



Level 5, 63 Pirie Street Adelaide South Australia 5000
Telephone +61 8 8372 7900 | dfrancis@adel.bentleys.com.au
www.bentleys.com.au





David Papa

Partner, Business Advancement & Assurance Services

David is an active member and thought leader in the governance, audit, risk and assurance community and has a deep understanding of business improvements methods and is passionate about seeing businesses advance to achieve their goals.

David works with a diverse range of organisations to support their strategic growth and to foster enterprise sustainability.

With expertise in implementing internal and external audits, David has extensive knowledge of government agencies and councils, aged care providers and SME's and their governance, risk and assurance needs. David's specialisations include financial and compliance audits, systems reviews, management accounting, fraud investigation, system improvement, financial modelling, governance, risk management and business improvement.

David is regularly invited as guest speaker to various state and national industry events and training conferences as a subject matter expert regarding governance, risk and assurance, and compliance. As an advocate for advancing training and professional development in the risk and internal audit space, David is a regular attendee of the Institute of Internal Auditors, South Pacific & Asia Conference and an active member of the South Australian Local Government Auditors Group and Finance Managers Group (SALGAG & SALGFMG), regularly advising councils to manage their statutory reporting needs.

Services

Risk Management & Assurance

Internal and External Audit

Business Advisory

Financial Modelling

Business Improvement

Industries

Government

Private sector

Not for profit

Health and Aged Care

Education

Qualifications

Bachelor of Commerce
(Accounting)

Chartered Accountant

Certified Internal Auditor

Professional Memberships

Chartered Accountants Australia
and New Zealand

Institute of Internal Auditors
(Chair, SA)

Registered Company Auditor
No 405791

Australian Institute of Company
Directors, Graduate (GAICD)



Level 5, 63 Pirie Street Adelaide South Australia 5000
Telephone +61 8 8372 7900 | dpapa@adel.bentleys.com.au
www.bentleys.com.au





Matthew Brunato

Manager, Risk & Assurance Services

Matthew supports public sector, private and non-for-profit organisations in a broad range of industries to facilitate compliance, financial reporting and risk management.

With experience across a range of industry sectors - including agribusiness, manufacturing, local government, charities, property management and education - Matthew has a deep appreciation for robust internal control structures and better practices in financial reporting and risk management.

Matthew has supported consolidated groups, small and large proprietary companies, public companies, local government, incorporated associations, schools and trust accounts in their implementation of better practices.

Matthew's expertise includes statutory financial report audits, external audits, internal control audits, management accounting and forensic reconstruction.

Services

External and internal audit

Forensic reconstruction

Compliance audits

Financial accounting

Industries

Private sector

Public sector

Not-for-profit

Qualifications

Bachelor of Commerce
(Accounting)

Bachelor of Business
(Commercial Law)

Professional Memberships

Chartered Accountants Australia
and New Zealand



Level 5, 63 Pirie Street Adelaide South Australia 5000
Telephone +61 8 8372 7900 | mbrunato@adel.bentleys.com.au
www.bentleys.com.au





Kathy Prus

Auditor, Audit and Assurance

Kathy helps organisations achieve their objectives by facilitating compliance, financial reporting and risk management.

Kathy conducts audits for small to medium sized enterprises in Adelaide, with clients that include real estate agents, not-for-profit entities, manufacturers and solicitors.

With experience across a range of industries sectors, including real estate, legal, manufacturing, charities, property management and education, Kathy has a deep appreciation for robust internal control structures and better practices in financial reporting and risk management.

Kathy's expertise extends across statutory financial report audits, external audits, internal control audits and management accounting.

Services

External audit

Compliance audits

Financial accounting

Trust account audit

Industries

Private sector

Public sector

Not for profit

Local government

Qualifications

Master of Engineering (Industrial Marketing and Management)

Bachelor of Accounting

Professional Memberships

Certified Practising Accountants (Associate member)

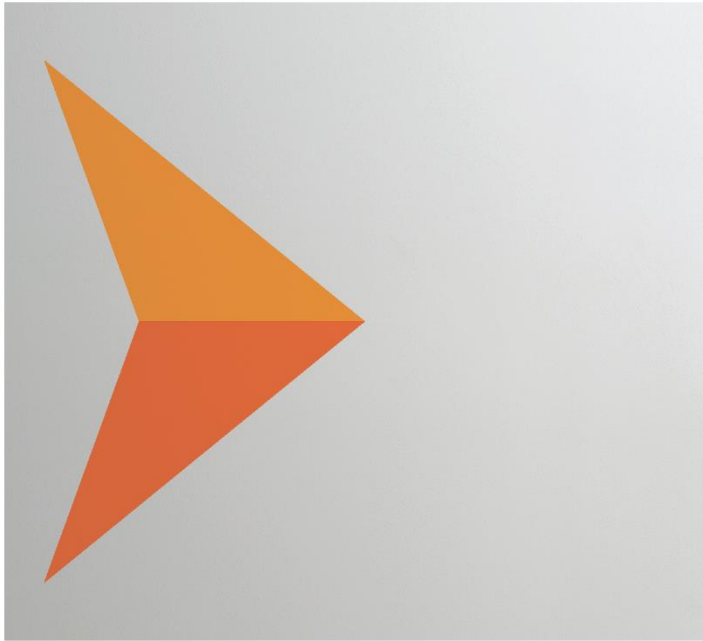


Level 5, 63 Pirie Street Adelaide South Australia 5000
Telephone +61 8 8372 7900 | kprus@adel.bentleys.com.au
bentleys.com.au

➤ Advisors

➤ Accountants

➤ Auditors



Abhipriya Kottarapat

Accountant, Audit & Assurance Services

Abhi uses high level technical accounting skills combined with a people focussed approach to deliver an industry leading experience for clients.

Abhi has quickly gained experience in the provision of audit and assurance services including external and internal audit, compliance audit, trust account audit and financial accounting.

Working across a diverse set of clients including local government entities, not-for-profit entities, charities, sporting groups and manufacturing companies. Abhi fosters a trusting relationship with her clients through taking a client focussed approach and open communication style,

Abhi brings advanced skills in problem solving and technical accounting to each task, delivering exceptional audit results for clients.

Services

External and internal audit

Compliance audit

Trust account audit

Financial accounting

Industries

Private sector

Public sector

Not-for-profit

Local government

Qualifications

Bachelor of Commerce
(Accounting)



Level 5, 63 Pirie Street Adelaide South Australia 5000
Telephone +61 8 8372 7900 | akottarapat@adel.bentleys.com.au
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▶ Advisors

▶ Accountants

▶ Auditors

Where you want to be

**Address a critical business
issue. Gain efficiency. Achieve
strategic growth. Propel your
organisation's success.**

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Bentleys is a network of independent advisory and accounting firms located throughout Australia, New Zealand and Asia. All members of the Bentleys Network are affiliated only, are separate legal entities and not in partnership. Limited liability by a scheme approved under Professional Standards Legislation. Bentleys is a member of Allinial Global – an association of independent accounting and consulting firms.



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➤ Advisors ➤ Accountants ➤ Auditors



Provision of External Audit Services to Regional Council of Goyder

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Clarity

We think clearly, talk clearly and call it as it is. Every single one of our people takes pride in their ability to present their work on paper and in person to any audience.

Innovation

Our commitment to think differently brings you closer to greater efficiencies and effective outcomes.

Intelligence

We have talented Partners and technical experts all over the world who exist to enable our clients' growth and expansion.

07 April 2022

Mr G Campbell
Director of Finance
Regional Council of Goyder

Via email gcampbell@goyder.sa.gov.au

Dear Griff

Engaging PKF to provide External Audit Services to Regional Council of Goyder

PKF is delighted to present you with this proposal to provide external audit services to the Regional Council of Goyder (**the Council**) for a period of five financial years, commencing 1 July 2022 through to 30 June 2027. PKF has a thorough understanding of the regulatory environment associated with the operational requirements and financial reporting obligations for local government.

PKF is a fresh, vibrant and viable alternative to traditional professional services firms. Drawing on our local expertise and the confidence that comes from a top 10 global network, our commitment to our clients is:

- To be innovative auditors;
- To deliver clarity; and
- To get you closer to your goals.

We have reviewed the Request for Quotation (RfQ) and understand that the Council is looking for a firm to provide the following services:

- Audit of Annual Financial Statements and internal financial controls for the Council for a period of five financial years, commencing 1 July 2022 through to 30 June 2027 including Management Letter and value led insights for operational improvement.

We would relish the prospect of a partnership with the Council, and we believe this would provide many mutual benefits for both our organisations.

Based on our understanding of your requirements, we have aligned our service approach to exceed your service expectations and to demonstrate this, our proposal is focused around the following key anchor points:

- **Delivery on time:** We understand that timely completion is vital to your organisation. At PKF, collaboration and, more importantly, listening is an important part of our audit approach. As an indication of the importance of this relationship to us, our Engagement Partner and Director are available 24/7 to liaise with the Council's senior management team.

- **Quality Audit and Reporting:** Delivering a reliable, thorough, and well managed external audit service. This document articulates our ability to respond to your needs, deploy not just the latest and greatest for the sake of it, but the most relevant and effective audit tools to provide you with a high-quality audit that provides high-quality reporting outcomes. Our reports are user-friendly, focus on the key issues and provide constructive and realistic recommendations to improve and evolve the current control framework.
- **Value for money and no surprise approach:** PKF can perform the statutory audit in a cost-effective manner without undermining the audit quality. We utilise Suralink (data sharing platform) and IDEA (data analytics) to reduce inefficient time spent as well as highly qualified and experienced staff to meet the required reporting deadline. We are also committed to a no-surprise and a fixed approach when it comes to fees.
- **Ability, responsiveness and resources:** Our partner-led team has experience in the delivery of assurance services to a wide range of local councils. PKF is committed to target a response time to your queries within one business day through the consistent and timely involvement of the Audit Partner and Director. Lastly, our Adelaide based audit team is versatile and large enough to accommodate most clients' requirements. This ensures that deadlines are met with no frustration and embarrassment to Local Government Authority.
- **Integrated Approach to our Partnership:** We will partner with the Council by embracing your core values and demonstrate how we can add value to your organisation through our experience and breadth of capability including: audit services and recommendations for internal control improvements; combined with a strong understanding of the Council and its sector specific risks.
- **Auditor transition process:** PKF is prepared to work discreetly and alongside management to ensure the transition process occurs as effortlessly as possible.

We trust this document is helpful in outlining our offering to you. Should you have any questions, please do not hesitate to contact us and we will be delighted to discuss any aspects of our proposal with you.

Yours sincerely



Steven Russo FCA
Audit and Assurance Partner



Jasmine Tan CA
Audit Director

Schedule



Item 1 Council	Regional Council of Goyder ABN: 444 603 595 37 Fax: 08 8892 2467 Email: council@goyder.sa.gov.au Phone: 08 8892 0100	
Item 2 Auditor	Name of Auditor: PKF Adelaide ABN: 17 661 180 227 Fax: +61 8 8373 5933 Email: steven.russo@pkfsa.com.au Phone: +61 8 8373 5588	
Item 3 Insurance requirements	Public liability insurance Company: QBE Insurance (Australia) Ltd Policy: 68A710538BPK Expiry: 14/04/2022 Amount: \$20m for any one incident	Professional indemnity insurance Company: QBE Insurance (Australia) Ltd Policy: 68A009319PID Expiry: 14/04/2022
Item 4 Commencement Date	1 July 2022	
Item 5 Termination Date	30 June 2027	
Item 6 Council's Representative	Mr Griff Campbell Finance Manager Ph. 08 8892 0100 Email: gcampbell@goyder.sa.gov.au	

1 Why PKF?



Everything we do, we do to help our clients get closer to their goals. We believe we can help the Council achieve this by delivering clarity around your accounting and broader business risks and related controls to deliver enhanced assurance on your financial reporting.

As a top 10 firm and part of a respected international network with 12 offices across Australia, our promise to you is that we will always work closely with you, tapping into a national expertise that delivers new and innovative ways to address problems and create solutions.

There will be no 'ifs, buts or maybes'. We will work with you, thinking and communicating clearly, calling it as it is. You will be supported by the right people, drawn from our agile team of professionals, to work seamlessly with you and bring expert knowledge that provides clarity and assurance of your financial reporting outcomes.

By providing clarity and understanding as to where you are now, you can accurately and confidently plan for the future and get closer to achieving both short and long-term business goals.

Our promises to the Council are to:

- The ability, responsiveness and resources to complete an external audit for a public entity;
- Scalable partner and audit team who can grow with the Council and its' short-term objectives;
- Meet the Council's required timeframe;
- Be proactive and innovative auditors respecting your values and all applicable regulations;
- Deliver clarity; and
- Get you closer to your goals.

We expect you to hold us accountable to these commitments and will welcome the opportunity to work with you today, and into the future.

For further detail on our firm, please see Appendix 1.

PKF utilises a Values Tree to represent the core values of our Firm to our staff and clients. Our unified approach to the way we do business, coupled with local insights and relationships, sets us apart from other accounting firms. This approach is underpinned by our five values shown opposite and we ask and expect our clients to hold us accountable to them.



2 Your Dedicated Team at PKF

We present to you an experienced team to deliver value and insights.

Our audit team will be led by Steven Russo and Jasmine Tan. Steven and Jasmine are passionate about servicing clients, and both have a strong track record in advising clients who are large, local government councils.

We do not experience the same regular turnover of audit staff that many other firms encounter. We have a retention rate of more than 80% and average service period of six years within the Audit & Assurance team – a real competitive advantage. We believe this retention is a strong endorsement of our culture, and our clients benefit from this consistency.



Steven Russo, Lead Engagement Partner | steven.russo@pkfsa.com.au

Steven Russo will act as a central point of contact for the Council and he, with the assistance of other team members, will ensure that all matters are handled in an effective manner.

Steven has a strong track record providing audit and advisory to local councils. He is renowned for his technical ability, professionalism, work ethic and ability to maintain strong client relationships.

Steve is a Fellow of CAANZ, a Registered Tax Agent, SMSF auditor, External Examiner for the SA, VIC and NSW Law Societies and a Registered Company Auditor.



Jasmine Tan, Director, Lead Engagement Director | jasmine.tan@pkfsa.com.au

Jasmine Tan will act as a secondary central point of contact alongside Steve for the Council and will also lead the engagement. She will be responsible for the management of the audit to deliver a timely audit in adherence with your reporting expectation.

She is a highly experienced assurance practitioner with experience in auditing local government councils. Jasmine has a passion for developing relationships with clients and enables clients to achieve their short and long-term goals whilst remaining compliant. One of the councils she has audited is The District Council of Karoonda East Murray.

Jasmine is recently appointed as a Registered Company Auditor, a member of CAANZ, CPA Australia and a SMSF auditor.

3 Why PKF? Our Experience

We keep good company, which offers an assurance of our capabilities.

PKF is committed and we understand the pain points that Councils faces. Our commitment to form a mutually beneficial relationship with the Council means we will seek to work with you to overcome any pain points and find innovative solutions to your business problems. We have provided audit and assurance services as well as consulting services to the following local government councils which demonstrates our credibility:



4 Our approach tailored to the Council

Reporting

We note that the Council is ultimately accountable to its' members in the local community and the State government. These responsibilities are delegated to the Management and the Board in terms of financial reporting and risk control.

In addition to current reporting protocols to the Council, we will supplement this with quarterly check-ins to ensure that we are across any issues that arise.

Steven Russo and Jasmine Tan will be your points of contact and direct line to the Council's Senior Management for scheduled meetings and any matters that require specific attention.

Quality Assurance

PKF is required to apply the Auditing Standard ASQC1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements.

The Standard establishes basic principles and essential procedures and provides guidance regarding a firm's responsibilities for its system of quality control, each reflected in our policies and procedures.

We have a strong quality focus designed to deliver:

- A quality, independent and objective audit service that effectively meets the Council needs, adds value, improves operations and efficient use of resources.
- Assurance to the Council and the Board that the Groups operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- A systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- Assurance that significant risks to the Council's objectives are being managed.
- Advice and support to management to enable an effective control environment to be maintained.
- Use of technical specialist when required. Further information is available under technical assistance in this tender.

Overall, our approach can be summarised as depicted in the adjacent diagram.



4 Our approach tailored to the Council (Con't)

Independence and conflict of interest

Our approach to independence is practical and sensible. Our independence policies apply to all client service personnel.

The policies enable us to comply with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011, Australian Professional and Ethical Standards and Australian Auditing Standards. The policies address relationships with audit clients as well as all other professional and regulatory independence requirements such as business and strategic relationships, performance-based pricing, and conduct with clients.

Our integrity demands that in our delivery of advisory services we do not perform the role of Management, we do not implement, or 'cross the line' in any other way that may risk the impairment of our auditor independence.

At all times, PKF ensures that our objectivity will not be impaired by any conflict of interest.

In preparing this tender response we have assessed each of our relationships under the guidance of the Australian Professional and Ethical Standards Board (APES) Statement 110: Code of Ethics for Accounting Professionals. We have determined that there are no current or past relationships that would create a conflict of interest should PKF be successful in this tender.

Performance Improvement

PKF strongly believes that it is greatly beneficial for both parties to monitor the performance of engagement contracts to help ensure desired outcomes and value for money are being achieved in the provision of our audit services.

This means going beyond expectation, understanding you, and providing valuable insights that allow you to have a line-of-sight like never before.

- **We will do as we say when it comes to our promises, improvement, and being accountable.** We will seek independent feedback from Management annually to determine how we can continue to improve.
- **We will not be a complacent auditor.** We will continually listen and invest in an annual audit planning workshop dedicated to improving our audit delivery for you. We value any feedback on our performance and any comments regarding how we can deliver the audit better will be deliberated, with improvements incorporated into our audit strategy at this time.
- **The outcome of our transition workshop and our planning workshop for subsequent years is our Audit Plan document**, which is a mutually agreed service contract that sets clear communication protocols and efficient and effective team interactions. This forms the Council against which our service delivery can be measured.
- **Our audits lead to value-add observations** around governance structures, reporting lines, delegations of authority, segregation of controls and within specific processes, the design and operational effectiveness of controls.
- **We will continuously assess our performance of services** against your expectations and are open to receiving feedback at your Council meeting.

4 Our approach tailored to the Council (Con't)



Transition

We believe that the upfront planning effort involved in every audit is critical to its success. We will work closely and collaboratively with the Council to understand your organisation in all respects. This will come from each and every one of our interactions. We will include timely observations on accounting matters, process improvement opportunities and audit efficiency topics at every opportunity.

Commitment to relationship-based teaming

We will guide our work and your interactions with us through our reporting as indicated on page 10 and 11. The Council will have access to Steven Russo as the Engagement Partner to plan, oversee and report on the audit. In turn this will be channeled to Jasmine Tan as the Lead Engagement Director for continuous performance improvement. This includes our commitment to target a response time to technical queries within 24 hours through the consistent and timely involvement of Steven and Jasmine.

Focused transition effort

Our approach to audit transitions will bring the rigour and focus you will expect while taking the right amount of upfront time to understand the Council. This includes structured planning effort and a review of the 2021 audit work papers to confirm opening balances which we would target within the first 30 days of our appointment.

It is common practice for the incumbent auditor to grant access to the new firm to facilitate how we would obtain comfort on the opening balances. The cost relating to this exercise has been absorbed in our fee quote. However, should we be refused access to their audit files for any reason, we will need to re-assess the potential impact this may have on our opening balances work and discuss with you accordingly.

Our practical, hands on and organised style will result in an audit with minimal disruption.

Our capacity to serve the Council

We can assure you of our willingness and capacity to serve you as your external audit Firm. Should we be appointed, the Council will be one of our most prestigious clients. What this means for the Council is that you will be treated as an “anchor” client, which ensures that you will receive the highest level of service and attention from our very best people.

We commit to completing the half year review and full year audit in accordance with a timeline as agreed with you. The PKF audit approach mandates our most senior team members will be on site, reviewing files and data on a timely basis, resolving issues as they come to hand. There will be no surprises.

These matters are included in our fee at Section 5.

COMMUNICATION



TEAMWORK



COLLABORATION

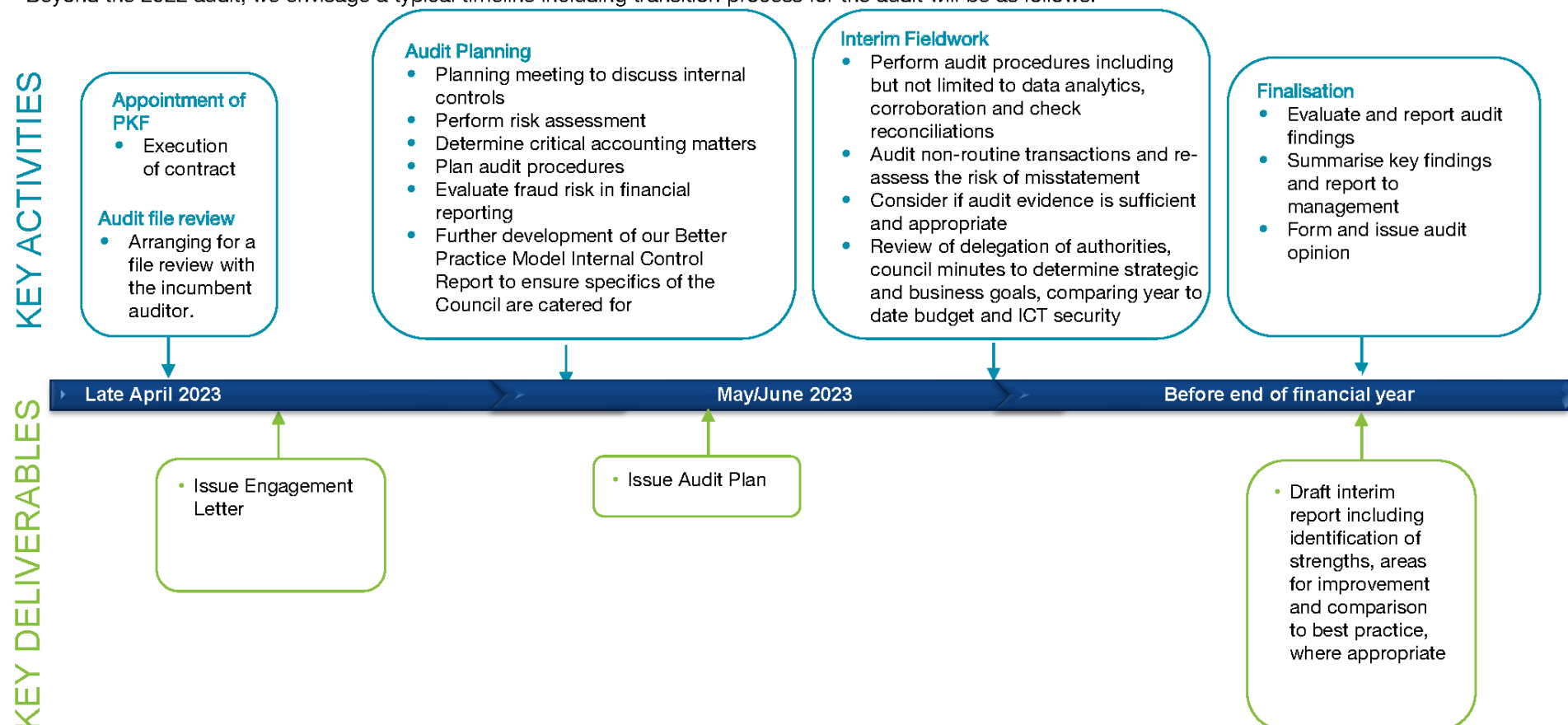


4 Our approach tailored to the Council (Con't)

A fit for purpose plan – Internal control review

The upfront planning effort involved in every engagement is absolutely critical to its success. We will work closely with the finance team and other key internal stakeholders, to understand your organisation in all respects. This will come from each of our interactions. As noted in our covering letter, we are ready to serve the Council for the 2023 financial year.

Beyond the 2022 audit, we envisage a typical timeline including transition process for the audit will be as follows:

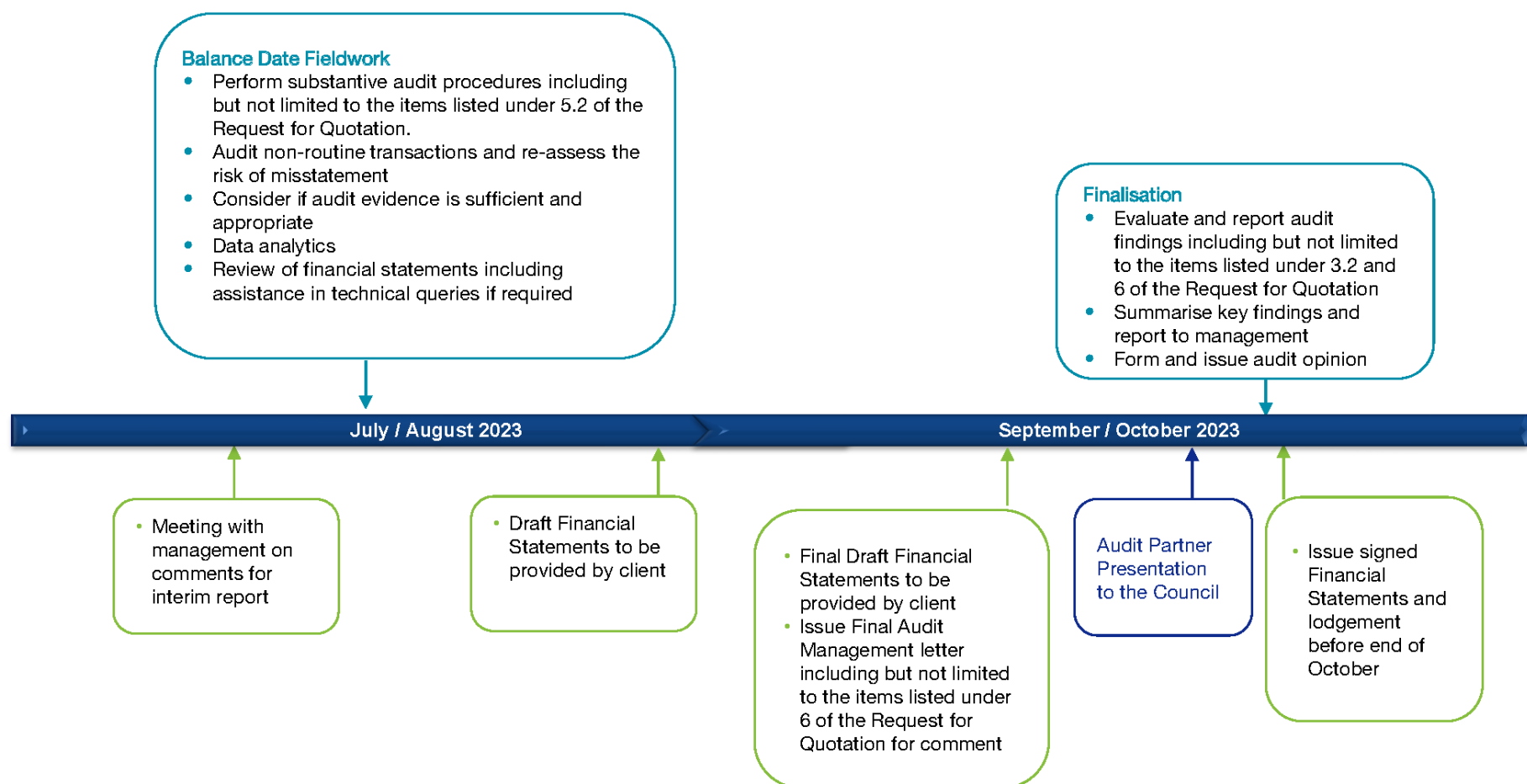


4 Our approach tailored to the Council (Con't)

A fit for purpose plan – Full year Audit

KEY ACTIVITIES

KEY DELIVERABLES



5 Fees



Our fee philosophy is simple – to make sure our clients are satisfied that there is value for money in all services we provide.

Senior Team Involvement

We believe our team structure provides significantly greater Partner and experienced people involvement than our competitors. Our structure (illustrated in the table opposite) ensures a minimum of 60% of our time allocated to the engagement will be performed by senior staff and above.

Fees

Our proposed professional fees for the Council for each year ending 30 June 2023 to 30 June 2027 are as follows:

Description of Services	Australia (GST exclusive)
	AUD
Interim audit including audit of internal financial controls of the Council for each year ending 30 June 2023 to 30 June 2027	8,500
Accounts and annual financial report audit of the Council for each year ending 30 June 2023 to 30 June 2027	9,000
Travelling and accommodation related expense (based on 2 to 3 team members)	1,200
Reimbursement for bank confirmation	135
	<hr/>
	\$18,835
	<hr/>

Role	Planned Assignment time	
	Hours	%
<i>Partner/Director</i>	18	21
<i>Manager</i>	14	16
<i>Senior</i>	35	40
<i>Other</i>	20	23
	<hr/>	<hr/>
	87	100%

Fee Assumptions

- Should significant changes in scope, size and complexity occur, we will discuss and agree with you in advance prior to increasing any fees. Except for unforeseeable significant changes, we are happy to fix the audit fee for the five years.
- We do not expect to incur any further out-of-pocket expenses. However, if any circumstance arises that causes us to incur engagement-related expenses, they will be discussed and agreed in advance.
- We expect that our fees will be billed monthly as our work progresses.
- Any work in relation to other services will be billed based on time cost incurred and expertise involved. We will provide the Council with a fee estimate based on the scoping and complexity of any assignment prior to us commencing work, ensuring no surprises.

6 Our commitment to value

Value added insight

Value through audit insight

We do not believe we have added value through an audit, unless we have been able to inform you of something about the operations of the Organisation that you didn't know, prior to the audit commencing.

Our audit approach and team are directed to not just provide an audit opinion, but to bring our experience and capability to the fore of each assignment, and provide value added recommendations and insights in relation to:

- Operation of the internal control environment;
- Risk management;
- Opportunities for efficiency and improvement; and
- Provide perspectives based on our experience in like organisations.

Our Management Letter will deliver these observations and be presented in person by Steven Russo and Jasmine Tan jointly.

Data analytics and insight

PKF has one of the leading analytics teams in Australia. We have extensive experience in using analytics in different industries to drive value. For example:

- The analysis and interpretation of sales and membership data on behalf of a national dance company to provide insights to the sales trends and target audiences; and
- The analysis and interpretation of a decade of payroll records on behalf of a state utilities company to calculate the potential salary underpayment.

Value adding opportunities exist to assist the Council in identifying the full breadth of data it has access to and provide guidance on how this can assist in driving towards its objectives. For example, analysis of the Council's reach and penetration in the current market to grow and increase market share in each country.

6 Our commitment to value (Con't)

Technical assistance

Our Technical Team is available throughout the year for any ad-hoc technical queries the Council may have during the year at no additional cost.

Where the Council requires any formal technical advice or support in application of new accounting standards, our Technical Team is able to assist at an agreed fee. Hayley Keagan is the PKF Technical Director and is available to assist the Council in the transition to new accounting standards.

Other services

An opportunity also exists to add value to the Council through the full breadth of our capabilities and expertise subject to independence. This extends to:

- Risk management
- Data analytics and business intelligence
- Business and Corporate Advisory
- Specialist Tax
- Governance and conduct advisory including whistle-blower hotline
- IT audit and support
- Forensic accounting and investigations
- Risk Management Framework review, looking at the key risks that affect the organisation and ensuring that's steps have been taken to mitigate the risk exposure
- Provision of in-house information sessions and training, such as superannuation updates

6 Our commitment to value (Con't)

Global Mobility Secure Online Portal

PKF provide a secure portal for organising your mobile workforce's information.

Each request has a status, activity log and due dates. To upload files simply drag and drop from your computer onto the request.

Getting Started Is Simple:

- Receive an email invitation from Suralink.
- Click the link and set your password.
- Open your engagement and view your secure space.

Suralink supports any file type, any file size, and there is no software to install.

Is Suralink Secure?

Suralink data is encrypted in-transit and at-rest with AES-256 bit encryption (the same as online banking).

Data is backed up daily, servers are housed in SSAE16 Type II SOC1, SOC2 compliant data centres.

Users can protect their account with Two-Factor Authentication.

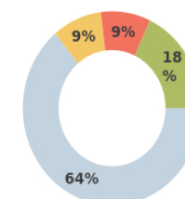
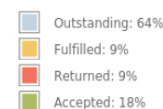


Why we're using Suralink?

Suralink provides a much more transparent and efficient way to request and receive information. It allows our requests to be in the same place, visible by all relevant people and updated in real-time.

Suralink adds an additional level of organisation clarity and security to information portals.

REQUEST SUMMARY



Deadline: 12-31-2021

Total Requests : 11

Accepted :	2	Returned :	1
Outstanding :	7	Fulfilled :	1

7 Referees



Mrs Katrina Fromm
Deputy CEO
District Council of Karoonda East Murray

Email: Katrina.f@dckem.sa.gov.au
Mobile: 0407 186 324



Mr Tony Wickham
Governance Manager/Public Officer
Port Stephens Council

Phone: 02 4980 0187

Appendix 1 Our firm



In Australia, we are a leading player in the mid-tier audit market and are proudly a Top 10 firm delivering clarity to our clients offering them the expertise of more than 90 partners and 750 staff, across the above-referred services.

Locally, our firm comprises over 60 people in our Adelaide office, including 6 Partners and 2 Directors. The diagram below depicts our network strength and range of services we provide.

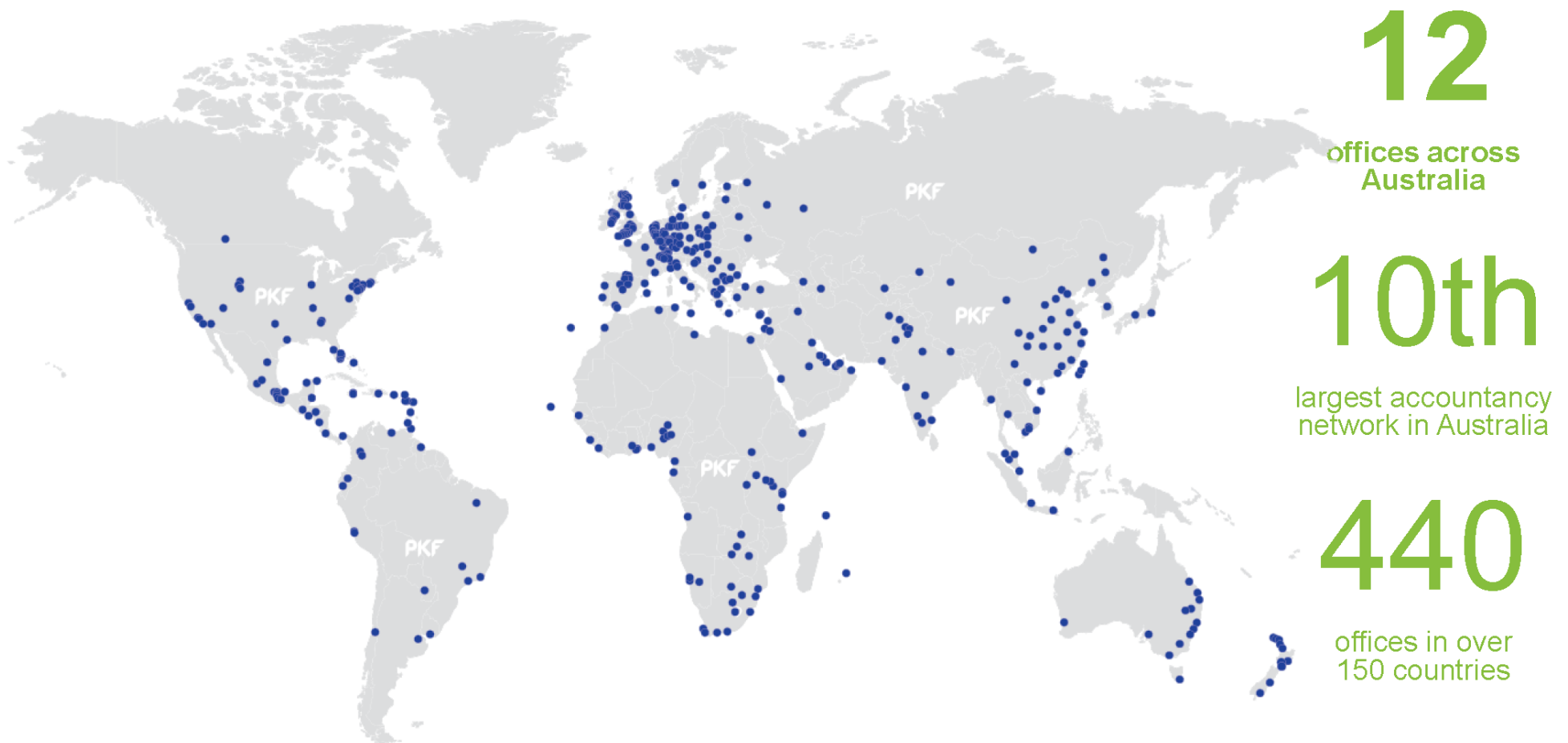


Appendix 1 Our firm



We are a member of PKF International, previously known as Pannell Kerr Forster, whose origins date back to 1869.

Our Australian firms are members of the PKF International Limited association of legally independent firms. With almost 300 member firms and affiliates across 360 offices in around 150 countries, PKFI is the 12th largest global accountancy network.




Appendix 2 Quotation Response - Schedules & Agreement



PKF Australia is a group of independent firms focused on providing quality service to decision makers in business from our offices, Australia-wide.

Name of Tenderer	
State in full the name(s) of the person(s) or the registered name(s) of the company(s) and trading names.	PKF Adelaide
ABN	17 661 180 227
Contact person	
Nominate a contact person for this tender to deal with any questions or queries that may arise.	Partner, Steven Russo steven.russo@pkfsa.com.au
Registered address	Level 9, 81 Flinders Street Adelaide SA 5000
Postal address	GPO Box 1373 Adelaide SA 5001
Telephone	+61 8 8373 5588
Fax	+61 8 8373 5933
Email	Steven.russo@pkfsa.com.au

Executed by PKF Adelaide pursuant to section 127 of the *Corporations Act 2001*


.....
Signature of Director

Steven Russo

.....
Name of Director


.....
Signature of Director

Jasmine Tan

.....
Name of Director



Thank you for the opportunity to present this proposal.

We are excited to work with you and look forward to hearing from you.



STEVEN RUSSO

Audit and Assurance Partner

P: 0416 070 423

E: steven.russo@pkfsa.com.au



JASMINE TAN

Audit and Assurance Director

P: 0424 245 023

E: jasmine.tan@pkfsa.com.au

Adelaide | Sydney | Melbourne | Brisbane | Perth | Canberra | Hobart
Newcastle | Gold Coast | Tamworth | Walcha | Central Coast

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pkf.com.au

Regional Council of Goyder

Quotation Assessment

Quotation : 02.2022.04

External Audit Services

Tender No	One	Two	Three
Auditor Name	Dean Newbery	Bentleys	PKF Adelaide
Nominated Auditor	John Jovicevic	David Francis	Steven Russo

The assessment of the quotations is based on the following criteria:-

(a) Capacity – including quality and availability of workforce.

Meets Criteria	Meets Criteria	Meets Criteria
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(b) Quality and depth of audit performance and experience

Meets Criteria	Meets Criteria	Meets Criteria
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(c) Proposed audit plan

Meets Criteria	Meets Criteria	Meets Criteria
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(d) Price (5 year)

Year One : 2022/23

Year Two : 2023/24

Year Three : 2024/25

Year Four : 2025/26

Year Five : 2026/27

(all quoted are ex GST)

\$	14,500	\$	17,500	\$	17,500
Future years to be increased by Adelaide CPI or 3% (greater)		Future years to be increased by annual CPI		Fixed price per financial year audit	

Notes

Mileage and accommodation not included in above costs	Mileage and accommodation not included in above costs	Mileage and accommodation estimated at \$1,200 per annum
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Regional Council of Goyder

Quotation Assessment

Quotation : 02.2022.04

External Audit Services

Tender No	One	Two	Three
Auditor Name	Dean Newbery	Bentleys	PKF Adelaide

Tender Assessment :

Meets specification - Council exposure limited to CPI movement or 3% (whichever is greater)

Meets specification - Council exposure limited to CPI movement

Meets specification - Council exposure defined

1. Hours, Fees and Expenditure

The auditor is to provide the following detail:

- a) an estimate of the hours to be spent on the audit;
- b) fees for completing the audit in accordance with this specification;
- c) the nominated auditor and registered company audit number;
- d) the experience of the nominated auditor in completing Local Government audits:

(e) Value added services

Supplied	Supplied	Supplied
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(f) Technical Expertise

Supplied	Supplied	Supplied
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(g) Referees

Supplied	Supplied	Supplied
Page 25	Page 13	Page 7

Staff Notes :

RCoG auditor 2012-17		
Meets tender specification	Meets tender specification	Meets tender specification

Ranking:

1. Council Staff

2. Audit Committee Member

3. Council Member
