

**Town of Port Hedland and RSM Bird Cameron
Audit Agreement
1 July 2014 – 30 June 2019**

1. Parties to the Agreement:

Town of Port Hedland "the Town"

And

Birdanco Nominees Pty Ltd ATF Birdanco Practice Trust Trading as RSM Bird Cameron "RSMBC".

2. Objectives of the Audit

You have requested that we audit the financial report of The Town of Port Hedland, which comprises the statement of financial position for the financial years commencing 1 July 2014 through to 30 June 2019 and the statement of comprehensive income, statement of changes in equity, statement of cash flows and rate setting statement for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Chief Executive Officer. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this Agreement which should be read in conjunction with the attached 'Standard Terms and Conditions of Engagement'. Our audit will be conducted with the objectives of:

1. Providing an independent audit opinion on the accounts and annual financial reports of the Town for each year covered by the term of the audit appointment; and
2. Provide an annual review conclusion on the appropriateness and effectiveness of financial management systems in accordance with section 6.10 of the *Local Government Act 1995* and Regulation 5 of the *Local Government (Financial Management) Regulations 1996*.

3. Term of Appointment

For the financial years commencing 1 July 2014 through to 30 June 2019.

4. Scope of the Audit

RSM is to carry out such work as is necessary to:

Form an opinion as to whether:

- a. the accounts are properly kept; and
- b. the annual financial report:
 - is prepared in accordance with the financial records; and
 - represents fairly the results of the operations of the Town at 30 June in accordance with the *Australian Accounting Standards*, the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) and other mandatory professional reporting requirements.

Give an opinion in our audit report on:

- a. the financial position of the Town; and
- b. the results of the operations of the Town.

Include in our report:

- a. any material matters that indicate significant adverse trends in the financial position or the financial management practices of the Town; and
- b. any matters indicating non-compliance with financial management requirements of the Act, Regulations and any other written law.

5. Audit Methodology and Approach

The responsibilities of the auditor

We will conduct our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.

The responsibilities of management and identification of the applicable financial reporting framework

Our audit will be conducted on the basis that the Management acknowledge and understand that they have responsibility:

- a) For the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 1995* and Australian Accounting Standards;
- b) For such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; and
- c) To provide us with:
 - i Access to all information of which management are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - ii Additional information that we may request from management for the purpose of the audit; and
 - iii Unrestricted access to persons within the Town from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Audit Methodology and Approach

- a. RSMBC will comply with the requirements of section 7.9 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.
- b. The audit will be carried out in accordance with “Auditing Standards” and “Auditing Guidance Statements” adopted from time to time by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia.
- c. RSMBC will provide Council with a general outline of our methodology.
- d. RSMBC will provide Council with a proposed timetable for the audit including:
 - Timing of interim audit visits;
 - Final audit visit (within 30 days of being advised that the accounts and annual financial report are available for audit);
 - Timing of the legislative requirement to meet with the local government and whether that meeting will be in person or by some other means;
 - The method used to communicate with, and provide advice and information to, the local government.
 - Include attendance at the annual general meeting of electors and audit committee meetings as and when required; and
 - Include attendance at the first meeting of the audit committee following our appointment to outline our approach to the audit assignment.
- e. RSMBC will produce an audit report as required by section 7.9 of the *Local Government Act 1995* and, will provide a management letter following all interim and annual audits, regardless of whether the Auditor has identified any management issues.
- f. As per the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* RSMBC will carry out a Financial Management Review for the Town by 30 June 2016.

Refer to Appendix B – Schedule D3 – Audit Plan and Methodology

6. Critical Audit Areas

The following critical matters outlined below will be audited so as to form an opinion on the manner in which they have been maintained.

- a. Revenue
 - Rates revenue;
 - Government grants;
 - User pays revenue;
 - Profit on sale of non-current assets; and
 - Other income.
- b. Expenditure
 - Salary and wage costs;
 - Depreciation;
 - Materials and contract expenditure;
 - Loss on sale of non-current assets;
 - Insurances;

- Bad debts;
 - Other expenditure.
- c. Current Assets
- Bank and short term investments;
 - Receivables and prepayments; and
 - Inventory.
- d. Non-Current Assets
- Property, plant, furniture and equipment;
 - Infrastructure and depreciation; and
 - Other receivables.
- e. Liabilities (Current and Non-Current)
- Creditors and accruals;
 - Loan borrowings including new loans raised; and
 - Provision for annual and long service leave entitlements.
- f. Reserve Funds
- g. Contingent Liabilities
- h. Capital Commitments
- i. Accounting Policies and Notes to the Financial Statements
- j. Cash Flow Statement
- k. The financial ratios required by the *Local Government (Financial Management) Regulations 1996*

Refer to Appendix B – Schedule D3 – Audit Plan and Methodology

7. Hours, Fees and Expenditure

RSMBC is to provide:

- Estimate of the time to be spent on the audit;
- Fees for completing the audit in accordance with this specification;
- Nominated auditor(s) and registered company audit number(s); and
- Experience of the nominated auditors in completing local government audits.

RSMBC is to provide a fee for any additional audit requested by Council such as grant acquittals and receiving specific financial and asset management advice, such as “Fair Value of Assets”.

Refer to Appendix B – Schedule D3 – Audit Plan and Methodology and Schedule C1.1 – Price Schedule

8. Method of Communication

Notices or other communication between the Town and RSMBC may be given by delivery, or sent prepaid post, to each of their respective postal addresses. Postal addresses may be altered by service of notice in accordance with this clause.

Notices or other communication sent by post shall, in the absence of proof to the contrary, be deemed to have been received by the addressee 120 hours after it was posted.

Electronic Communication

Unless otherwise agreed with you, we may correspond by means of the Internet or other electronic media or provide information to you in electronic form. Where you request to receive electronically any report or correspondence containing opinions or advice, we will not be responsible for any unauthorised copying, interception, interference or delivery failure of the transmission. While it is our policy to check our email correspondence and other electronic information with anti-virus software, we similarly cannot guarantee that transmissions or other electronic information will be free from infection. You should not rely upon any opinions or advice transmitted electronically unless confirmed by a letter signed by a partner or other authorised signatory of RSMBC.

9. Terms

- a. RSMBC shall not sub contract to a third party;
- b. RSMBC shall not, and has no right to, assign the audit contract to third parties;
- c. RSMBC shall not be engaged by the Town to undertake any financial consultancy with the Town that requires the preparation of financial information that will be the subject of the annual audit;
- d. RSMBC confirms that we have, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error, or omission; and

10. Termination of Appointment

The appointment as Auditor is terminated if:

- a. The Auditor ceases to be a Registered Company Auditor;
- b. The Auditor ceases to be an approved Auditor under Section 7.5 of the *Local Government Act 1995*;
- c. The Auditor is a disqualified person under Section 7.4(2) of the *Local Government Act 1995*;
- d. The Auditor resigns by notice in writing to Council; or
- e. Council serves notice in writing to the Auditor terminating the appointment.

11. Other Matters

Other matters to be noted by auditors –

- a. The Town of Port Hedland requests that an Audit Partner attend the annual on-site audit for at least 3 days of field work to discuss any key issues with staff and to establish a very clear scope of audit review. The Audit Plan and Methodology is to provide a breakdown of how many Partner Hours are allocated to the interim and annual audit;
- b. The Town of Port Hedland is committed to using the LG Solutions Year End Template for the Annual Financial Report. Auditors are to familiarise themselves with this model financial report.

- c. The Town requests that the audit scope include a review of the monthly financial statements and annual budget for compliance testing as well as an analysis of any adverse trends or identification of financial risk.
- d. The Town of Port Hedland will undertake its best endeavours to finalise a Plan and Methodology with respect to fair value of Infrastructure as required under Regulation 17A of the Local Government (Financial Management Regulations 1996) by the 31 December 2014. This will include the method of data collection, condition rating assessments and application of unit cost rates as a basis for valuation. It is requested that the Auditor provide adequate direction/support to enable the Plan and Methodology to be agreed by the 31 March 2015 to enable sufficient lead time to finalise requirements for end of year accounting purposes.

Presentation of Audited Financial Report on the Internet

It is our understanding that the Town intends to publish a hard copy of the audited financial report and auditor's report, and to electronically present the audited financial report and auditor's report on its internet web site. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the entity's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the entity's web site is that of the governing body of the entity.

Quality Control

The conduct of our audit in accordance with Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Our audit files may, however, be subject to review as part of the quality control review program; including reviews by the Institute of Chartered Accountants in Australia which monitor compliance with professional standards by its members, reviews in respect of ISO 9001 certification and our internal quality control reviews. We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under these programs. The same strict confidentiality requirements apply under these programs as apply to us as your auditor.

Executed as an Agreement by the parties

EXECUTED by Town of Port Hedland

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EXECUTED by RSM Bird Cameron

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STANDARD TERMS AND CONDITIONS OF ENGAGEMENT

1. These Standard Terms and Conditions of Engagement are to be read in conjunction with our Audit Agreement dated [Date]. They apply to all services that we perform for you that are described in that Audit Agreement (called “**the Services**”). Together, the Audit Agreement and the Standard Terms and Conditions of Engagement are called “**this agreement**”. If the two documents are inconsistent, the terms in the Audit Agreement overrule these Standard Terms and Conditions of Engagement. This agreement constitutes the entire agreement between the parties with respect to our work under this agreement and supersedes all prior agreements, proposals, oral and written representations and negotiations.
2. **OUR OBLIGATIONS**
RSM Bird Cameron and its affiliates (collectively referred to as “RSMBC”, “us”, “our” and “we”) must all use reasonable commercial efforts to complete the Services within the set time. We will perform the Services with due care, competence and diligence; however the quality of the Services will depend on input from you.
3. **YOUR OBLIGATIONS**
 - (a) You must instruct us fully and respond to our enquiries arising in the course of performance of the Services and, in a timely fashion, give RSMBC each of the following (as they are ordinarily reasonably required to perform the Services):
 - i. information – we are entitled to rely on the accuracy of that information without independently verifying it. That is so whether the information is provided by you, your representatives, or your advisers;
 - ii. access – to files, records and information technology systems, to premises and to people (whether management or staff) with relevant skills and experiences;
 - iii. resources – you must provide (and designate to the assignment) all resources that are reasonably necessary to ensure timely approval, development and sign-off of all specifications, accounts and deliverables.
 - (b) You agree that any commercial decisions that you make, are not within the scope of our duty of care and in making such decisions you should take into account the restrictions on the scope of our work and other factors, commercial and otherwise, of which you and your other advisers are, or should be aware from other sources other than our work.
 - (c) You agree to pay our fees and expenses within 14 days of the date of our invoice or as otherwise agreed between RSMBC and yourself.
4. **DELAYS**
RSMBC will not be liable for any failure or delay in performing the Services if that failure or delay arises from anything beyond our control, or was not foreseen at the commencement of our engagement, including the untimely performance by you of your obligations, in which case, RSMBC is entitled to review its fees and, if the delay is substantial, terminate this agreement.

STANDARD TERMS AND CONDITIONS OF ENGAGEMENT

5. FEES & EXPENSES

- (a) We will issue our invoices for fees, GST and any expenses relating to the Services to you or as you may direct. In the event that you direct us to issue an invoice to another party, you will remain responsible for payment until our invoice is paid in full.
- (b) In addition to the fees, you agree to pay:
 - i. all reasonable expenses including (but not limited to) travel, meals and accommodation; and
 - ii. any tax or charge imposed on us (now or in the future) in relation to any transactions arising in connection with, or as an outcome of, this agreement including (but not limited to) the goods and services tax ("GST"). Note that any fees chargeable under this agreement may be varied to reflect the net financial impact of any change in law affecting the cost to RSMBC of providing the Services including, without limitation, a change in the rate of GST in relation to the Services provided by us under this agreement.
- (c) RSMBC is entitled to review fees quoted, if you do not proceed with the engagement within 60 days of the engagement letter, and if we are still performing the Services (including any related services) more than 12 months from commencement.

6. PAYMENT OF FEES

You agree to pay fees and expenses within 14 days of the billing date. We reserve the right to perform no further work for you until all outstanding accounts are paid in full.

Our preferred means of payment is by electronic funds transfer or by internet banking. Otherwise payment shall be by cash, credit card or cheque drawn on an Australian trading bank.

7. CONFIDENTIALITY

- (a) Both RSMBC and you agree to take reasonable steps to maintain (within our respective organisations) the confidentiality of any proprietary or confidential information of the other party. This clause does not preclude any disclosure required by law or by a Court or other tribunal, regulations (including those made under the Corporations Act), professional duty or as is requested by regulatory authorities, or any disclosure to lawyers, bankers and financial advisers of a party.
- (b) As part of an international network of firms, RSMBC exchanges information between network firms located overseas. The network may also use overseas facilities or contractors to process or back up our information or to provide certain services to us. Any such transfer of information remains subject to existing confidentiality obligations.
- (c) Subject to our duty of confidentiality, you agree we may act for your competitors or for other clients, whose interests are or may be opposed to yours.

STANDARD TERMS AND CONDITIONS OF ENGAGEMENT

8. PRIVACY

- (a) RSMBC is committed to complying with the *Privacy Act 1988* (Cth) and the Australian Privacy Principles when collecting, holding, using or disclosing personal information concerning your shareholders, members, customers, employees and other individuals with whom you have dealings (“**stakeholders**”).
- (b) As personal information concerning your stakeholders will be collected from you rather than from the relevant individuals, we require you to ensure that those individuals are fully informed of the matters contained in this clause 8, including that RSMBC collects, or has collected, the stakeholders' information and the circumstances of that collection. You agree to provide the stakeholders with a copy of any privacy collection notice which we provide to you for that purpose.
- (c) If RSMBC becomes aware that your stakeholders have not been made aware of the collection, holding, use or disclosure of their personal information by RSMBC as part of this engagement, you agree that RSMBC can, if necessary, take action to inform them of those matters.
- (d) RSMBC collects personal information concerning stakeholders to allow it to provide professional financial and advisory accounting services to you. RSMBC may disclose stakeholders' personal and sensitive information to the third parties listed in clause 7(a), above, in the usual course of providing you with our services.
- (e) RSMBC's Privacy Policy (which can be accessed at <http://www.rsmi.com.au/Privacy>) contains information about how stakeholders can:
 - i. access and seek correction of their personal information held by RSMBC; and
 - ii. complain to RSMBC about a breach of the Australian Privacy Principles, and how RSMBC will deal with such a complaint.
- (f) As part of an international network of firms, RSMBC exchanges information between network firms located overseas. The full list of the countries where network firms are located is available at <http://rsmi.com>.
- (g) The network may also use overseas facilities or contractors to process or back up our information or to provide certain services to us. As a result the network may transfer personal information concerning your stakeholders to our overseas facilities or contractors for these purposes. Any such transfer of information does not change any of our commitments to safeguard the privacy of that information.
- (h) Any enquiries or requests in relation to RSMBC's obligations under the Privacy Act 1988 (Cth) and the Australian Privacy Principles should be directed to your relevant RSMBC contact.

STANDARD TERMS AND CONDITIONS OF ENGAGEMENT

9. INTELLECTUAL PROPERTY RIGHTS

RSMBC will not acquire any ownership rights over any information provided to us by you or your representatives or advisers although you consent to us inserting your logos and other similar intellectual property on our deliverables where appropriate unless you notify us to the contrary. When you have paid all amounts owing to RSMBC in relation to the Services (and related services), RSMBC assigns to you all copyright (and other intellectual property rights) to all reports, written advice and other deliverables (except software) we have provided. However, you grant to RSMBC a non-exclusive, irrevocable, royalty free licence to use, copy, modify and exploit those deliverables so long as doing so would not disclose any of your confidential information. RSMBC retains:

- (a) as confidential information the processes, ideas, concepts and techniques developed in the course of providing the Services; and
- (b) all copyright and other intellectual property rights in:
 - (i) data, designs, models, methodologies, analysis frameworks, leading practices, specifications and other elements of the deliverables which were owned or developed by RSMBC before, or independently from, the Services; and
 - (ii) all tools (and any enhancement, improvement or other derivative of those tools) including but not limited to software and working papers (whether or not these are supplied to you) used by RSMBC in performing the Services.

All working papers prepared by RSMBC in connection with the Services will remain the property of RSMBC.

10. INDEMNITY FOR LIABILITY TO THIRD PARTIES

You agree to indemnify RSMBC against all liabilities, claims, costs and expenses collectively referred to as "Loss" (including any GST payable by RSMBC on amounts paid by you under this indemnity) incurred by RSMBC in respect of any claim by a third party which is related to, arises out of, or is in any way associated with the Services or this engagement including any breach of this agreement or any negligent, wrongful or wilful act or omission by you. However, the indemnity does not apply to any Loss in respect of any matters which are finally determined to have resulted from RSMBC's negligent, wrongful or wilful acts or omissions.

11. EXCLUSIONS AND LIMITATIONS OF LIABILITY

- (a) If the Competition and Consumer Act 2010, Corporations Act 2001 (Cth) or any other legislative provision prohibits or otherwise precludes the restriction, modification or exclusion of any statutory condition, warranty, guarantee, right, remedy or other benefit, then this clause 10 does not restrict, modify or exclude it. Unless prohibited by law, no term condition or warranty is implied except as expressly provided in this agreement.
- (b) Our liability is limited by a scheme approved under professional standards legislation, except where we are a financial services licensee. A copy of the scheme can be obtained from us on request, or further information about the scheme can be obtained from the website of the professional Standards Council:

www.professionalstandardscouncil.gov.au

- (c) If a term is implied into this agreement by law, which cannot be excluded, you agree that RSMBC may, in its absolute discretion and to the extent it is allowed by law, choose either to re-supply the Services, or to pay you the cost of having the Services re-supplied.

STANDARD TERMS AND CONDITIONS OF ENGAGEMENT

- (d) Our liability to you arising in connection with this engagement (if any) is limited to that proportion of the loss or damage (including interest and costs) suffered by you, which is agreed between us or ascribed to us by a court or tribunal of competent jurisdiction allocating proportionate responsibility to us having regard to the extent of our responsibility for the loss or damage and the contribution to the loss or damage in question by you and any other person. RSMBC is not liable:
- (i) to the extent that you or any other person is / are responsible and / or liable for an act or omission that contributed to your loss;
 - (ii) for any indirect or consequential costs, loss or damage or loss of profits;
 - (iii) for any defect or deficiency in any system or service that is not developed or provided by RSMBC under this agreement. That includes (without limitation) your production and legacy systems and systems that receive data from systems produced by RSMBC.
- (e) This clause has no application to any liability arising directly as a result and to the extent of fraud committed by RSMBC.

12. RSM NETWORK

- (a) We are an independent member of RSM International ("RSM") which acts as the central co-ordinating body of the RSM network of independent firms ("RSM Network"). From time to time we may use the services of partners or staff from other members of the RSM Network to assist us in providing services to you, in which case they are deemed to be acting as our agents and not the partners or agents of any other person (including any other member of the RSM Network) and we are liable for their activities as if they were in all respects our partners or staff. No member of the RSM Network other than ourselves assumes any responsibility to you in connection with this agreement. You acknowledge that RSMBC in Australia is not the agent of any member of the RSM Network and that none of those other entities are agents of RSMBC.
- (b) By engaging us you agree that any claim arising out of or in connection with this agreement shall be brought only against RSMBC and not to bring any proceedings arising out of or in connection with this agreement personally against any other persons involved in the performance of this agreement. You agree not to bring any proceedings arising out of or in connection with this agreement in any jurisdiction against any member of the RSM Network (other than RSMBC) or any partner or staff thereof.
- (c) Each member of the RSM Network and each partner or member of staff thereof and each of our partners or members of staff shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

13. USE OF OUR REPORTS

- (a) If you wish to provide a third party with copies of RSMBC reports, letters, information, advice or other deliverables, then you must obtain our prior written consent and we reserve the right to:
- (i) set the terms on which those copies are given or used; or
 - (ii) require the third party to enter into a direct relationship with us.
- (b) We disclaim all liability to any third party for all costs, loss, damage and liability that the third party may suffer or incur arising from or relating to or in any way connected with the provision of the deliverables to the third party without our prior written consent.
- (c) If you request to receive electronically any report or correspondence containing opinions or advice, RSMBC will not be responsible for any unauthorised copying, interception, interference or delivery failure of the transmission. RSMBC also does not warrant that the electronic transmission is virus free or will not harm your computer systems.

STANDARD TERMS AND CONDITIONS OF ENGAGEMENT

- (d) You should not rely upon any opinions or advice transmitted electronically unless confirmed by letter signed by a partner or other authorised signatory of RSMBC.
- (e) Written advice and final reports shall take precedence over any oral advice, or advice conveyed by electronic transmission, and interim reports. RSMBC is not responsible for updating any opinions, advice or reports subsequent to the issue of a final version.
- (f) Advice may be given in draft form or orally but is only given on the basis that the advice is not relied on by you until final advice is published in writing.

14. NON-SOLICITATION OF PERSONNEL

During the term of this agreement, and for six (6) months after it ends, each party agrees not to knowingly solicit for employment, or to independently contract the services of, any partner or staff member or sub-contractor of the other party who is involved with performing this engagement. This clause does not apply to a general employment vacancy advertisement issued by a party.

15. TERMINATION

We may terminate this agreement by notice in writing if you do not pay our bills when due or do not provide us with adequate instructions.

16. GOVERNING LAW & JURISDICTION

All aspects of the Services and this agreement are governed by, and construed in accordance with, the laws of the state or territory of the RSMBC office shown on the letterhead of the engagement letter. Both you and RSMBC irrevocably submit to the exclusive jurisdiction of the Courts of that state or territory.

17. DISPUTE RESOLUTION

Your engagement partner will always be pleased to hear any suggestions as to how our services can be improved. If you wish to make a complaint, please call the Office Managing Partner in your State. We will investigate any complaint promptly and do what we can to resolve the difficulties. If the problem cannot be resolved you agree to submit to mediation before having recourse to any other dispute resolution process.

If there is a dispute relating to the Services or this agreement, the parties must submit to mediation before recourse to any other dispute resolution process. The Mediator shall be the nominee of the President of the Institute of Chartered Accountants in Australia in the State or Territory where the Services are primarily carried out. Written notice of the dispute shall be given by the party giving notice of the dispute for their dispute to be submitted to mediation. The parties will use their best endeavours to settle the dispute promptly. The mediation will be conducted in accordance with the terms of the mediation as prescribed by the Mediator. In the event that the parties to the dispute do not agree to the terms of the mediation set out by the Mediator, the mediation will be conducted in accordance with the guidelines of the Australian Commercial Disputes Centre to the extent that they do not conflict with the provisions of this clause. If the dispute is not resolved within 60 days after notice of the dispute, the reference to mediation will come to an end unless the parties agree to extend the time within which their mediation may be conducted.

18. MISCELLANEOUS

- (a) VARIATION & SURVIVAL - This agreement may be varied by written agreement of the parties. Provisions of this agreement that are capable of having effect will survive its termination.
- (b) RELATIONSHIP - we will provide the Services as an independent contractor. Nothing shall be construed to create a partnership, joint venture or other relationship. No party has the right, power or authority to oblige or bind the other in any manner.

STANDARD TERMS AND CONDITIONS OF ENGAGEMENT

- (c) ASSIGNMENT – this agreement may not be assigned without the prior written consent of each party, which consent may not be unreasonably withheld.

19. SEVERANCE

If any provision of this agreement is determined by a duly appointed person, Court or Tribunal to be illegal, unenforceable or otherwise invalid, then despite such illegality, unenforceability or invalidity:

- (a) this agreement shall remain in full force and effect to the extent permissible by law;
and

the provision that is illegal, unenforceable or invalid shall be deemed to be deleted and replaced by a valid provision which in its effect is as close to the invalid provision that the replaced provision can be and will be taken to have been the provision by which the parties intended to be contractually bound from the date of commencement of our engagement.

Appendix B: RSM Bird Cameron Tender for Audit Services January 2015

Town of
Port Hedland



Tender submission to

**Town of Port Hedland for
Provision of Audit Services 2014 – 2019**

Request Number: RFT 14/22

January 2015

16 January 2015

Peter Kocian, Manager Financial Services

Town of Port Hedland

PO Box 41

PORT HEDLAND WA 6721

Dear Peter,

**Submission to the Town of Port Hedland for the
Provision of Audit Services 2014 - 2019
RFT 14/22**

In response to your request for tender, RSM Bird Cameron (RSM) is pleased to provide this proposal to provide audit services 2014 – 2019 to the Town of Port Hedland (the Town). RSM believe we have the capacity and capability to ensure we achieve your desired outcomes.

We understand that the Town wishes to have an efficient and effective audit with annual sign off achieved in October each year. We view the Town as an important client and believe RSM have the people, industry knowledge and expertise to ensure this is achieved and if successful, we offer you the following benefits:

1. Extensive knowledge of local government audit issues in WA

Our team currently provides external audit services to 10 Western Australian Local Government Authorities located throughout regional and remote WA, including the Kimberley, Goldfields and Mid West regions as detailed later in this proposal. We have also recently undertaken a Risk Management Review for the Shire of East Pilbara.

In addition to audit services, our team also provides a range of consulting and accounting services to regional and remote WA local government authorities.

This experience provides us with a thorough understanding of the challenges faced by regional and remote Local Government Authorities.

2. Access to our team of experienced personnel

We offer the Town access to skilled team members who have strong technical knowledge of the complexities associated with regional and remote WA Local Government Authorities. Our proposed staff are experienced chartered accountants who have extensive local government experience. **Travis Bate** has 14 years' experience providing assurance and advisory, accounting and consulting services to Local and State Government, industry bodies and private enterprise. I will act as the primary contact for the Town

We will ensure the Town have access to the most appropriate, expert personnel for any requirements ensuring the services provided are targeted, innovative and well researched.

3. Access to an international network of expertise

Not only do we have the skilled personnel to deliver the works but have access to a pool of industry knowledge nationally and globally for the Town. RSM International is the world's 7th largest network of audit, tax and advisory firms and the 6th largest global provider of tax services. Through this international member network, the Town will be linked to a globally connected group across other major economies. This means we can pull expertise and advice from our global network as required ensuring we provide you with the latest solutions being delivered nationally and internationally if required.

Thank you for the opportunity to submit this proposal and we look forward to working with you should we be the successful bidder.

Yours sincerely



Travis Bate
Principal
RSM Bird Cameron



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SCHEDULE A – TENDERERS OFFER

A1.1 OFFER FORM

The Chief Executive Officer
 Town of Port Hedland
 PO Box 41
 Port Hedland WA 6721

+/- We (Registered Entity Name): BIRDANCO NOMINEES PTY LTD ATF BIRDANCO PRACTICE TRUST TRADING AS RSM BIRD CAMERON.

Of (REGISTERED STREET ADDRESS): 8 ST GEORGES TERRACE, PERTH WA 6000

ABN 65 319 382 479 ACN (if any) 009 321 377

Telephone No: 08 9261 9285 | .0429 113 329 Facsimile No: 08 9261 9128

E-mail (if any): travis.bate@rsmi.com.au

In response to Request for Tender (RFT) 14/22 Provision of Audit Services 2014 – 2019 – Town of Port Hedland

+/- We agree that ~~I am~~ We are bound by, and will comply with this Request and its associated schedules and attachments, all in accordance with the Conditions of Tendering contained in this Request signed and completed.

The tendered price is valid for up to ninety (90) calendar days from the date of the tender closing or forty five (45) days from the Council's resolution for determining the Tender, whichever is the later unless extended on mutual agreement between the Principal and the Tenderer in writing.

+/- We agree that there will be no cost payable by the Principal towards the preparation or submission of this Tender irrespective of its outcome.

The tendered consideration is as provided under the lump sum price in the prescribed format and submitted with this Tender.

Dated this SIXTEENTH day of JANUARY 2015

Signature of authorised signatory of Tenderer:



Name of authorised signatory (BLOCK LETTERS): TRAVIS BATE

Position: PRINCIPAL

Telephone Number: 08 9261 9285

Authorised signatory Postal address: GPO BOX R1253

PERTH WA 6844

Email Address: travis.bate@rsmi.com.au

SCHEDULE B – TENDERERS RESPONSE TO COMPLIANCE CRITERIA

B1.1 COMPLIANCE CRITERIA

Please select with a yes or no whether you have complied with the following compliance criteria:

B1.1.1 Compliance with Submission Criteria

Description of Compliance Criteria	
(a) Tenderers are to provide acknowledgement that your organisation has submitted in accordance with the Conditions of Tender including completion of the Offer Form and provision of your pricing submitted in the format required by the Principal.	Yes / No
(b) Compliance with the Specification contained in the Request.	Yes / No
(c) Compliance with the Tender Lodgement Requirements & Delivery Method.	Yes / No

B1.1.2 Risk Assessment

Tenderers must address the following points in an attachment and label it 'Schedule B1.1.2 – Risk Assessment'

Description of Compliance Criteria	
(d) Risk Assessment <ol style="list-style-type: none"> I. An outline of your organisational structure inclusive of any branches and number of personnel. II. Provide a summary of the number of years your organisation has been in business. III. Attach details of your referees. You should give examples of work provided for your referees where possible. IV. Will any actual or potential conflict of interest in the performance of your obligations under the Contract exist if you are awarded the Contract? If Yes, please supply in an attachment details of any actual or potential conflict of interest and the way in which any conflict will be dealt with. V. Are you presently able to pay all your debts in full as and when they fall due? VI. Are you currently engaged in litigation as a result of which you may be liable for \$50,000 or more? If Yes please provide details. 	Yes / No

B1.1.3 Insurance Information

The insurance requirements for this Request are stipulated in Part 3 of this Request.

Description of Compliance Criteria	
(e) Tenderers are to supply evidence of their insurance coverage including, insurer, expiry date, value and type of insurance. If Tenderer holds "umbrella Insurance" please ensure a breakdown of the required insurances are provided. A copy of the the Certificate of Currency is to be provided to the Principal within 14 days of acceptance.	Yes / No

B1.1.4 Quality Assurance

Description of Compliance Criteria	
(f) Does your organisation have a quality management system in place? If yes, please provide details.	Yes / No



SCHEDULE C – TENDERERS PRICE SUBMISSION

Tenderers must complete the following “Price Schedule”. Before completing the Price Schedule, Tenders should ensure they have read this entire Request.

C1.1 PRICE SCHEDULE

The following price schedule is submitted in response to this RFT:



No	Service Description	Tender Unit	Indicative Timing	2014/15 (GST Inc.)	2015/16 (GST Inc.)	2016/17 (GST Inc.)	2017/18 (GST Inc.)	2018/19 (GST Inc.)
1	Interim Audit	Lump Sum	April/May	11,018	11,565	12,143	12,750	13,386
2	Annual Audit	Lump Sum	Aug/Sep	26,687	28,014	29,413	30,883	32,423
3	Review of Financial Management Systems	Lump Sum	Every 4 years. Due in May 2016	-	17,600	-	-	-
4	Grant Acquittals	Per Acquittal	6 per year	900 - 1,100 ea				
5	Other Audit Work/Additional Services i.e. Fair Value Advice	Per hour						
		Engagement Partner		722	758	795	835	877
		Audit Manager		408	429	451	474	498
		Audit Senior		261	274	287	301	317
		Auditor		142	149	156	164	172
6	Disbursements – travel, accommodation, incidentals	At Cost [†]		At Cost [†]				
7	Attendance of Engagement Partner to Audit and Finance Committee Meeting	Lump Sum	Annually – Nov / Dec	1,443	1,516	1,591	1,670	1,753

*The Principal offers no guarantee of quantities of the products required.

[†]Bearing in mind the Town's timing requirements for the interim and final audit visits, where possible, we will endeavour to co-ordinate timing of our interim and final audit visits with those for the Shire's of Broome and Derby. This approach will minimise travel and accommodation costs, the savings of which will be passed on to the Town of Port Hedland and the Shire's of Broome and Derby.



C1.1.1 Discounts

Are you prepared to allow discount for prompt settlement of accounts	Yes-/ No
If yes, please indicate percentage	N/A

SCHEDULE B – TENDERERS RESPONSE TO COMPLIANCE CRITERIA

SCHEDULE B1.1 – COMPLIANCE CRITERIA

B1.1.2 Risk Assessment

Tenders must address the following points in an attachment and label that 'Schedule B1.1.2 – Risk Assessment'

(d) *Risk Assessment*

- I. *An outline of your organisational structure inclusive of any branches and number of personnel.*
- II. *Provide a summary of the number of years your organisation has been in business.*

RSM Bird Cameron is a leading accounting and business advisory firm in Australia and was founded in 1922. Today, we are uniquely placed in the Australian accounting profession; we are a national partnership with 117 Partners, Directors and Principals with over 850 staff operating from 27 offices throughout Australia. Our Perth Office consists of 27 Partners and Principals and over 180 staff and provides a full range of professional auditing, taxation, corporate advisory and business solution services mainly to the middle market.

Our staff are talented individuals who are strongly committed to the provision of total client services, on a personalised professional basis. With RSM Bird Cameron, clients enjoy the benefits associated with a leading national firm being delivered with the intimacy of a smaller organisation. We are committed to developing a thorough understanding of your specific needs and aspirations, meeting your requirements, and to delivering a service that adds value.

RSM Bird Cameron is

The largest nationally owned mid-tier accounting firm in Australia

A core member of RSM International

Operating from 27 offices throughout Australia

A firm with 117 Partners/Directors and Principals

A firm with over 850 staff nationally

- III. *Attach details of your referees. You should give examples of work provided for your referees where possible.*

Name of Client	Project Description	Client Contact Name and Phone No.	Date Services Provided
Shire of Broome	External Audit	Sam Mastrolembo Director Corporate Services 08 9191 3456	2013 – Present
Shire of Derby West Kimberley	External Audit	Stephen Gash Chief Executive Officer 08 9191 0999	2013 – Present
Shire of East Pilbara	Risk Management Review	Sian Appleton Deputy Chief Executive Officer 08 9175 8000	September 2014
Shire of Cue	External Accounting Services	John McCleary Chief Executive Officer 08 9963 8600	2014 - Present
Shire of Menzies	External Audit and Financial Management Review	Peter Crawford Chief Executive Officer 08 9024 2041	2012 - Present

- IV. *Will any actual or potential conflict of interest in the performance of your obligations under the Contract exist if you are awarded the Contract? If Yes, please supply in an attachment details of any actual or potential conflict of interest and the way in which any conflict will be dealt with.*

NO

- V. *Are you presently able to pay all your debts in full as and when they fall due?*

YES

- VI. *Are you currently engaged in litigation as a result of which you may be liable for \$50,000 or more? If Yes please provide details.*

It is firm policy not to release sensitive information in relation to litigation.

Please refer to the Insurance Details below for relevant details of our Insurance Coverage.

B1.1.3 Insurance Information

Tenders are to supply evidence of their insurance coverage including insurer, expiry date, value and type of insurance. If Tenderer holds "umbrella Insurance" please ensure a breakdown of the required insurances are provided. A copy of the Certificate of Currency is to be provided to the Principal within 14 days of acceptance.

	Insurer	ABN	Policy No	Insured Amount	Expiry Date	Exclusions, if any
Public Liability Insurance	QBE	78 003 191 035	73A353199PLB	\$30M	30 June 2015	
Professional Indemnity	QBE	78 003 191 035	737701684PID	\$20M/ \$60M	30 June 2015	
Workers' Compensation including common law liability of \$50 million	CGU	62 004 478 960	083593	\$50M	30 June 2015	
Product Liability	QBE	78 003 191 035	737701684PID	\$10M / \$30M	30 June 2015	

B1.1.4 Quality Assurance

(f) Does your organisation have a quality management system in place? If yes please provide details.

Member firms of RSM International (RSM) are required to establish and maintain a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and applicable regulatory and legal requirements for all professional services provided by the firm, and that reports and any other deliverables issued or provided by the firm or its personnel are appropriate and suitable in the circumstances. Each firm's system of quality control is required to include documented policies and the procedures necessary to implement and monitor compliance with the RSM policies.

RSM, through its Technical Committees and Centres of Excellence, maintains certain manuals and tools which provide for the implementation, documentation and communication of quality assurance and risk containment policies and procedures. These include the RSM Audit Methodology ("The Audit Manual"), the RSM Other Attestation Engagements Manual and other specific tools developed for the provision of tax, transaction support and risk assurance services.

The Transnational Assurance Services Executive Committee ("TASEC") has the overall responsibility for the development and monitoring of compliance with the minimum quality assurance and risk containment policies and procedures in RSM. The Technical Committee or Centre of Excellence responsible for each RSM principal service line has the responsibility for the development of the additional policies and procedures specific to their own service line. These responsibilities are discharged as follows:

- Audit and Assurance Services – TASEC;
- Tax Services – International Tax Executive Committee ("ITEC");
- Risk Assurance Services – Chair, European Region Risk Assurance; and
- Transaction Support Services – Chair, European Region Transaction Support Services.

The Head of Audit and Assurance is responsible for the maintenance and implementation of quality assurance and risk containment policies and procedures, which meet or exceed RSM requirements in all the firm's practice locations performing audit and/or assurance services. These responsibilities include:

- Establishing and overseeing the implementation of appropriate firm policies and procedures to reasonably ensure that all audit and other assurance engagements are conducted in accordance with RSM ethics, audit and quality assurance policies, as a minimum, and relevant professional standards and regulatory and legal requirements;
- Designating responsibility for the development and maintenance of firm policies and procedures for ethics, audit and quality assurance which are in compliance with professional standards and legal and regulatory requirements to appropriately qualified and experienced individuals;
- Designating engagement quality control review responsibilities for audit and assurance engagements to suitably qualified individuals and assigning appropriately experienced individuals to serve as engagement quality control reviewers to the firm's engagements, where required under the firm's policies;
- Overseeing the assignment of partners to audit and other attestation engagements, to ensure compliance with applicable RSM requirements, as a minimum;
- Resolving disagreements, if any, among members of the engagement team which could not be resolved at the engagement level; if necessary, through consultation in accordance with RSM consultation procedures;
- Maintaining a list of technical topics and other subject matters which require consultation under firm policy, that is appropriate to the firm's audit and assurance practice, and which meet, at a minimum, RSM consultation requirements;
- Establishing a process of consultation which ensures that matters requiring consultation will be addressed by consultants with the appropriate level of technical knowledge and experience, either within or outside of the firm;

-
- Coordinating the periodic monitoring of the design and operational effectiveness of the firm's system of quality assurance with RSM International; ensuring that deficiencies identified from a monitoring and inspection process are communicated to all partners and professional staff on a firm-wide basis, including to the managing board of partners, and that appropriate remedial actions are implemented within the firm.

In addition to the RSM International quality assurance procedures, the Town of Port Hedland engagement will be completed in compliance with the requirements of the Local Government Act and Local Government (Financial Management) Regulations and all applicable Australian Accounting and Audit Standards.

SCHEDULE D – TENDERERS RESPONSE TO QUALITATIVE CRITERIA

SCHEDULE D1 – LOCAL GOVERNMENT AUDIT EXPERIENCE

To be provided by the Tenderer in accordance with **Section 1.21.1** of this RFT:

Tenderers to complete **D1.1.1 Project/Experience Reference Sheet**.

D1.1.1 Project/Experience Reference Sheet

Audit Clients

Client	Date Started	Date Completed	Referees Name	Telephone Number
Shire of Broome	2013	Present	Sam Mastrolembo Director Corporate Services	08 9191 3456
Shire of Derby West Kimberley	2013	Present	Stephen Gash Chief Executive Officer	08 9191 0999
Shire of Mingenew	2012	Present	Nita Jane Manager Finance and Administration	08 9928 1102
Shire of Morawa	2014	Present	John Roberts Chief Executive Officer	08 9971 1204
Shire of Perenjori	2013	Present	Ali Mills Chief Executive Officer	08 9973 0100
Shire of Menzies	2012	Present	Peter Crawford Chief Executive Officer	08 9024 2041
Shire of Wiluna	2011	Present	Andrea Nunan Chief Executive Officer	08 9981 8000
Shire of Sandstone	2011	Present	Mia Dohnt Chief Executive Officer	08 9963 5802
Shire of Yalgoo	2010	Present	Ross Theedom Chief Executive Officer	08 9962 8042
Shire of Murchison	2012	Present	Jenny Goodbourn Chief Executive Officer	08 9963 7999
Shire of Cue	2010	2013	John McCleary Chief Executive Officer	08 9963 8600

Risk Management Reviews

Client	Date Completed	Referees Name	Telephone Number
Shire of East Pilbara	2014	Sian Appleton Deputy Chief Executive Officer	08 9175 8000
Shire of Menzies	2014	Peter Crawford Chief Executive Officer	08 9024 2041

Financial Management Reviews

Client	Date Completed	Referees Name	Telephone Number
Shire of Mount Magnet	2013	Geoff Brooks Former Chief Executive Officer	0499 343 828
Shire of Menzies	2013	Peter Crawford Chief Executive Officer	08 9024 2041
Shire of Wiluna	2012	Andrea Nunan Chief Executive Officer	08 9981 8000
Shire of Sandstone	2012	Mia Dohnt Chief Executive Officer	08 9963 5802
Shire of Yalgoo	2013	Ross Theedom Chief Executive Officer	08 9962 8042
Shire of Murchison	2014	Jenny Goodbourn Chief Executive Officer	08 9963 7999
Shire of Cue	2013	John McCleary Chief Executive Officer	08 9963 8600

Local Government Accounting Clients

Client	Date Started	Date Completed	Referees Name	Telephone Number
Shire of Mount Magnet	2013	2015	Warren Olsen Chief Executive Officer	08 9963 3000
Murchison Region Vermin Council	2013	2015	Warren Olsen Chief Executive Officer	08 9963 3000
Shire of Cue	2013	2015	John McCleary Chief Executive Officer	08 9963 8600

Other Local Government Experience

City of Greater Geraldton

Travis Bate has recently been appointed as an Independent Member to the City of Greater Geraldton Audit Committee for a two year term.

Shire of Upper Gascoyne

RSM completed the following plans for the Shire of Upper Gascoyne:

- Strategic Community Plan; and
- Asset Management Plan.

Shire of Murchison

RSM completed the following plans for the Shire of Murchison:

- Strategic Community Plan;
- Corporate Business Plan;
- Asset Management Plan; and
- Long Term Financial Plan.

The Shire of Yalgoo

RSM assisted the Shire of Yalgoo in the completion of their Forward Capital Works Plan required in connection with their Country Local Government Fund allocation. This engagement involved preparation of the plan in conjunction with the Shire's staff and attendance at public and council meetings in Yalgoo.

A further update to the plan was completed by RSM in October 2012.

The Shires of Cue, Meekatharra, Mount Magnet, Sandstone, Wiluna and Yalgoo

Canning Stock Route and Gunbarrel Highway Interpretive Centre Business Case

RSM completed the business case for the Canning Stock Route and Gunbarrel Highway Interpretive Centre under the regional component of the Country Local Government Fund for the above Shires.

The business case considers social and economic opportunities which may arise from the construction of the Interpretive Centre.

Murchison Region Vermin Cell Feasibility Study

RSM completed the Murchison Region Vermin Cell Feasibility Study (the Study) and associated Business Case for funding under the Regional allocation of the Country Local Government Fund for the above Shires. The study considers the impact of wild dogs on small stock production in the "Murchison Region" as defined in the report.

The Study supports the viability of construction of a spur line joining the existing No 1 Vermin Fence to the proposed Oakajee Port and Rail (OPR) cattle exclusion fence. The study builds on the findings of the earlier URS Australia Pty Ltd reports *Benefit Cost Analysis of Biosecurity Fence options to protect the Southern Rangeland from Wild Dog Impacts 2009* and *Benefit Cost Analysis of the State Barrier Fence 2007* by modelling the value of meat sheep and rangeland goat production from the "Murchison Region".

The Study required extensive research into the Wild Dog issue and pastoral industries in the "Murchison Region" and consultation with key stakeholders including local pastoralists, Shires, the Department of Agriculture and Food WA, Abattoirs and the Agricultural Protection Board.

Department of Local Government Approved Consultants Panel

RSM has been appointed to the Department of Local Government's Approved Consultants Panel for Business and Advisory Services for Local Government in the areas of:

- Forward Capital Works Planning;
- Strategic Planning and Improvements;
- Regional Business Plans;
- Business Planning for Local Government Services to Indigenous Communities; and
- Long Term Financial Planning.

The Approved Consultants Panel has been established to assist local governments to implement reform projects funded through special purpose grants from the Department of Local Government and the Department of Regional Development and Lands.

Our appointment to this panel was the result of evaluation by a team that included six Departmental officers assisted by an independent firm of Chartered Accountants. Skills, organisational capacity and the experience and understanding of specified personnel were assessed in relation to each of the above areas.

SCHEDULE D2 – TENDERERS RESOURCES, KEY PERSONNEL SKILLS AND EXPERIENCE

To be provided by the Tenderer in accordance with **Section 1.21.2** of this RFT:

RSM's Regional Assurance and Advisory and Corporate (RAAC) Services team will be responsible for the Town of Port Hedland engagement.

RSM's RAAC team consists of a core team of 7 staff strategically located in our Perth, Geraldton and Bunbury offices. In addition RAAC draws on the combined resources of our Perth office and network of 20 offices throughout Regional Western Australia as required.

RAAC specialises in the provision of Assurance and Advisory and Corporate Services regional and remote local governments, businesses and not-for profit organisations.

The RAAC team members are Regional Western Australian locals and have a unique insight into the issues faced by regional and remote clients and significant local government experience as demonstrated in this proposal.

Audit Team Structure

The following team structure will be used for the audit of the Town of Port Hedland:

Engagement Partner	David Wall
Principal	Travis Bate
Manager	Marek Cieslakiewicz

	<p>David Wall, Director, Assurance and Advisory Services</p> <ul style="list-style-type: none"> • Registered Company Auditor (# 16200). • Bachelor of Commerce; • Fellow Chartered Accountant; • Registered Company Auditor; • Member of the Institute of Internal Auditors; • Member of Information Systems Audit and Control Association; and • Member of the Australian Institute of Company Directors.
<p>Role</p>	<p>Engagement Partner</p> <ul style="list-style-type: none"> • Final Review and sign-off of audit report; and • Engagement Management Team.
<p>Experience:</p>	<p>David joined RSM Bird Cameron in 1981 and was admitted as a partner in 1994. He has worked with RSM Bird Cameron for over 30 years throughout Australia and Asia Pacific in business solutions, management consulting, audit and forensic accounting. He provides the full spectrum of audit services to private sector organisations, local, state and federal governments and statutory authorities. David is skilled in preparing, reviewing and presenting comprehensive reports with detailed findings, recommendations and action plans. This includes internal and external audit reports, performance audit reports and special examinations.</p> <p>His principal area of practice includes:</p> <ul style="list-style-type: none"> • financial statement audit; corporate risk assessment and management; • internal audit; • investigatory work; • corporate governance; and • Sarbanes Oxley documentation and compliance. <p>David consults to a number of clients, both domestic and international, including: Veolia Water, Datacard, Sydney Gas, GE Commercial, Department of Finance and Administration, AusAID, Australian National Audit Office, Australian Public Service Commission, the Australian National Gallery and the Independent Pricing and Regulatory Tribunal of NSW.</p> <p>David is the audit partner responsible for a number of financial statement audits performed on behalf of the Office of the Auditor General for Western Australia including:</p> <ul style="list-style-type: none"> • Kimberley Tafe; • Department of Local Government; • Department of the Attorney General; and • Horizon Power.



	<p>Travis Bate, Principal</p> <ul style="list-style-type: none"> • Bachelor of Commerce, double major in Accounting and Business Law with Distinction, Curtin University of Technology Western Australia; and • Member of the Institute of Chartered Accountants in Australia.
<p>Role</p>	<p>Engagement Principal</p> <ul style="list-style-type: none"> • Engagement Management Team; and • Key Management Contact.
<p>Experience:</p>	<p>Travis is a Principal with over fourteen years of experience. Travis has significant experience in the audit of the Public Sector and has been involved with the sector since the commencement of his career. Travis's experience includes:</p> <ul style="list-style-type: none"> • external audit and financial reporting experience covering a variety of large, medium and small public sector entities; • experience in liaising with and reporting to Boards, Audit Committees and Management; • significant experience in reviewing compliance with government policy and legislation; • extensive experience in reviewing controls over computer systems and various accounting software packages, including Synergy and QuickBooks. • a thorough understanding of the reporting requirements of the Local Government Act 1995; <p>Numerous audits within the public and private sector including audits of the following entities:</p> <ul style="list-style-type: none"> • Shire of Broome; • Shire of Derby West Kimberley; • Shire of Cue; • Shire of Menzies; • Shire of Mingenew; • Shire of Morawa; • Shire of Murchison; • Shire of Perenjori; • Shire of Sandstone; • Shire of Yalgoo; and • Shire of Wiluna.

	<p>Marek Cieslakiewicz, Manager</p> <ul style="list-style-type: none"> • Bachelor of Accounting Science (Honours); and • Chartered Accountant (South Africa).
Role	Audit Field Work
Experience:	<p>Marek has been with RSM Betty & Dickson (Johannesburg) South Africa since 2006 completing his articles in 2009 and becoming an Audit Manager. In 2013, Marek moved to RSM Bird Cameron as an Assurance and Advisory Services Manager. He has extensive experience in the audit of various manufacturing, retail, distribution services, property investment, not for profit, engineering consulting services, poultry and food and beverage and franchise companies. In addition he deals with accounting services and consulting.</p> <p>Marek has assisted for a number of years in the review of some of the major subsidiaries and holding company of a food and beverage and franchise group listed on the main board of the Johannesburg Stock Exchange Limited in South Africa ('JSE'), which required an in depth knowledge of the reporting requirements of International Financial Reporting Standards ('IFRS') and JSE.</p> <p>Marek is a registered member of SAICA (South African Institute of Chartered Accountants) which is a professional accountancy body in South Africa.</p> <p>Organisations that Marek provided professional services to include:</p> <p>External Audit for :</p> <ul style="list-style-type: none"> • Shire of Broome; • Shire of Derby West Kimberley; • Shire of Cue; • Shire of Menzies; • Shire of Mingenew; • Shire of Morawa; • Shire of Murchison; • Shire of Perenjori; • Shire of Sandstone; • Shire of Yalgoo; and • Shire of Wiluna.

Resources Availability Schedule

Total qualified Internal Audit Staff at Perth Office	28 staff
Staff available at other locations that will be utilised	7 Staff
Total annual staff capacity	34,133 hours
Current workload	25,600 hours

The above information shows that RSM Bird Cameron has both the capabilities and resources available to meet the timeframes imposed by the Town.

In the event of proposed key nominated personnel being unavailable (e.g. through illness), we commit to provide suitably qualified and experienced alternative staff. If necessary, these may be sourced from other RSM Bird Cameron offices at no extra cost.

SCHEDULE D3 – AUDIT PLAN AND METHODOLOGY

To be provided by the Tenderer in accordance with **Section 1.21.3** of this RFT:

(a) Provide a scope of the audit as prescribed by the Local Government Act and Regulations

Our audit scope and methodology will be in accordance with the requirements of the *Local Government Act 1995* and associated regulations as detailed below:

Objectives of the Audit

1. To provide an independent audit opinion of the accounts and annual financial reports of the Shire for each year covered by the term of the audit appointment;
2. To provide an annual review of the appropriateness and effectiveness of financial management systems in accordance with Section 6.10 of the *Local Government Act 1995* and Regulation 5 of the *Local Government (Financial Management) Regulations 1996*.

Scope of the Audit

The Auditor is to carry out such work as is necessary to:

Form an opinion as to whether:

- a. the accounts are properly kept; and
- b. the annual financial report:
 - is prepared in accordance with the financial records; and
 - represents fairly the results of the operations of the local government at 30 June in accordance with the *Australian Accounting Standards*, the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) and other mandatory professional reporting requirements.

Give an opinion in his or her audit report on:

- a. the financial position of the local government; and
- b. the results of the operations of the local government.

Include in his or her report:

- a. any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government;
- b. any matters indicating non-compliance with financial management requirements of the Act, Regulations and any other written law.

Audit Methodology and Approach

- a. The auditor is required to comply with the requirements of section 7.9 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.
- b. An audit is to be carried out in accordance with “Auditing Standards” and “Auditing Guidance Statements” adopted from time to time by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia.
- c. The Auditor is to provide Council with a general outline of his/her methodology.
- d. The Auditor is to provide Council with a proposed timetable for the audit including:
 - Timing of interim audit visits;

- Final audit visit (within 30 days of being advised that the accounts and annual financial report are available for audit);
 - Timing of the legislative requirement to meet with the local government and whether that meeting will be in person or by some other means; and
 - The method used to communicate with, and provide advice and information to, the local government.
- e. The Auditor is required to produce an audit report as required by section 7.9 of the *Local Government Act 1995* and, if considered appropriate by the auditor, a management report.

Critical Audit Areas

The Auditor is to include in his or her application the extent to which the critical matters outlined below will be audited so as to form an opinion on the manner in which they have been maintained.

- a. Revenue
- Rates revenue;
 - Government grants;
 - User pays revenue;
 - Profit on sale of non-current assets; and
 - Other income.
- b. Expenditure
- Salary and wage costs;
 - Depreciation;
 - Materials and contract expenditure;
 - Loss on sale of non-current assets;
 - Insurances;
 - Bad debts;
 - Other expenditure.
- c. Current Assets
- Bank and short term assets;
 - Receivables and prepayments; and
 - Inventory.
- d. Non-Current Assets
- Property, plant, furniture and equipment;
 - Infrastructure and depreciation; and
 - Other receivables.
- e. Liabilities (Current and Non-Current)
- Creditors and accruals;
 - Loan borrowings including new loans raised; and
 - Provision for annual and long service leave entitlements.
- f. Reserve Funds



- g. Contingent Liabilities
- h. Capital Commitments
- i. Accounting Policies and Notes to the Financial Statements
- j. Cash Flow Statement
- k. The financial ratios required by the Local Government (Financial Management) Regulations 1996
- l. Any other matters that will be included in the audit.

Please refer to section b for our approach in relation to the above items.

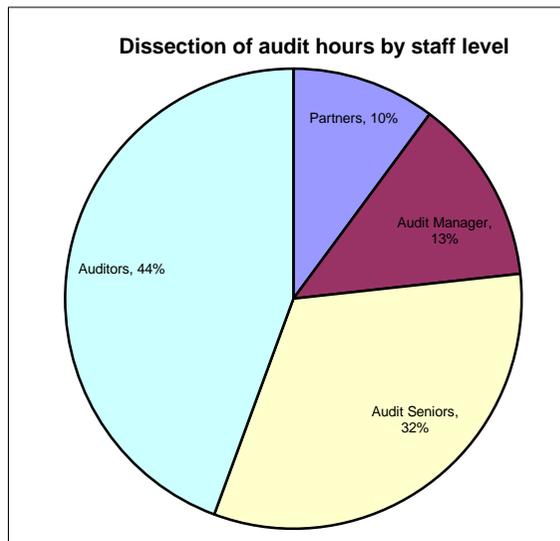


Dissection of audit hours by staff level

Name of Entity: Town of Port Hedland

Year	2014-2015		2015-2016		2016-2017		2017-2018		2018-2019	
	Hours	%								
Partners	14	10%	14	10%	14	10%	14	10%	14	10%
Audit Manager	18	13%	18	13%	18	13%	18	13%	18	13%
Audit Seniors	45	32%	45	32%	45	32%	45	32%	45	32%
Auditors	61	44%	61	44%	61	44%	61	44%	61	44%
Total	138	100%								

The above hours have been determine with specific reference to the Town’s requirement that an Audit Partner attend the annual on-site audit for at least 50% of field work to discuss any key issues with staff and to establish a very clear scope of audit review. Specifically we have 1 day at interim audit and 2 days at the final audit visit for Partner attendance., however only 4 hours of Partner time will be charged for the interim audit and 8 hours for the final audit visit. This is in recognition of the value we see in the Town of Port Hedland as a client.

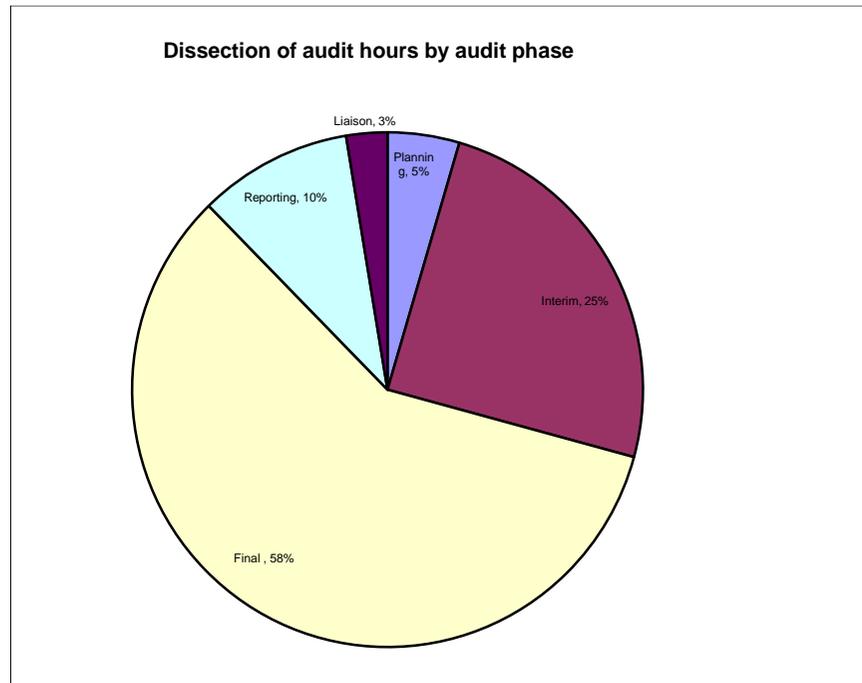




Dissection of audit hours by audit phase

Name of Entity: Town of Port Hedland

Year	2014-2015		2015-2016		2016-2017		2017-2018		2018-2019	
	Hours	%								
Planning	6	5%	6	5%	6	5%	6	5%	6	5%
Interim	34	25%	34	25%	34	25%	34	25%	34	25%
Final	80	58%	80	58%	80	58%	80	58%	80	58%
Reporting	13	10%	13	10%	13	10%	13	10%	13	10%
Liaison	4	3%	4	3%	4	3%	4	3%	4	3%
Total	138	100%								



(b) Provide a plan for the audit, including the timing of interim and final audits as well as attendance to Audit and Finance Committee Meetings

We will arrange a face to face meeting with the audit committee following our appointment to outline our approach to the audit assignment. Our approach will be as outlined below:

The Town will be issued with a comprehensive checklist of information to be compiled prior to the commencement of audit fieldwork. The following key risks have been identified for the Shire and will be taken into account in our audit approach:

No.	Description of risk	Audit Approach
1.	Valuation of Non Current Assets	<ul style="list-style-type: none"> the Town is required to implement Fair Value Accounting for Plant & Equipment, Roads; Land and Buildings and Infrastructure over the years ended 30 June 2013, 2014 and 2015. We will need to perform procedures specifically to ensure the carrying value of these assets is not materially overstated and that they are accounted for in accordance with the requirements of AASB 116 <i>Property, Plant and Equipment</i>, AASB 101 <i>Presentation of Financial Statements</i> and the <i>Local Government (Financial Management) Regulations 1996</i>.
2.	Appropriate accounting treatment of revenue recognition or unearned income	<ul style="list-style-type: none"> the Town receives various funding under Commonwealth and State stimulus packages. Such contributions will have attached conditions related to timely delivery of outcomes. The terms and conditions of the funding together with the limited time for delivery could affect the recognition of the funding as revenue or liability in the year. Audit will need to examine the conditions pertaining to material funding advised/received in the year as well as the status of project delivery at year end against stated milestones to ensure appropriate recognition and disclosure has occurred.
3.	Timely delivery of Capital projects and asset maintenance	<ul style="list-style-type: none"> review management reports on progress against capital works budget; compare progress with information and explanations reported in the Standard statements; review explanations for delay and/or deferral of projects; review timing of capitalisation of completed projects; ensure the written down value of any replaced assets are expensed prior to year-end; review status of major projects, especially any change in project scope, funding and/or completion details.
4.	Significant Judgements and Estimates	<ul style="list-style-type: none"> prices of components of major non-current physical assets (such as bitumen, asphalt, concrete etc.) may alter due to conflicting price pressures, being increased demand as a consequence of government stimulus activities, offset by discounts due to the global economic crisis. Data held by the Town based on past contracts may no longer reflect current market conditions. Need to identify and examine external price information prior to year-end.

No.	Description of risk	Audit Approach
5.	Compliance	<ul style="list-style-type: none"> early work performed on strategies, agreed timetable with client, early identification and resolution of issues, review of shell accounts based on use of published model financial report and budget documents. Ensure compliance with Local Government Act, Australian Accounting Standards, and other regulations.

Bearing in mind the Town's timing requirements for the interim and final audit visits, where possible, we will endeavour to co-ordinate timing of our interim and final audit visits with those for the Shire's of Broome and Derby. This approach will minimise travel and accommodation costs, the savings of which will be passed on to the Town of Port Hedland and the Shire's of Broome and Derby.

Indicative timing of the key tasks in the audit process based on this approach are outlined in the table below:

Task Undertaken	Timing
<i>Strategic Planning</i>	April/May
<ul style="list-style-type: none"> Review of the monthly financial statements and annual budget for compliance testing as well as an analysis of any adverse financial trends or identification of risk. entity level planning, understand the operations, review recent developments, identify key business risks, review management control framework; underlying account balance level planning, understand major balances of the statements, understand CIS controls; and assessing and undertaking control analysis. 	
<i>Audit Strategy</i>	April/May
<ul style="list-style-type: none"> meet and discuss draft with the Town including any potential issues. 	
<i>Audit Reliance on Controls</i>	April/May
<ul style="list-style-type: none"> review the operation of selected controls; and Issue interim management letter. 	



Task Undertaken	Timing
<i>Substantive Audit Procedures</i>	August / September
<ul style="list-style-type: none"> • Review of the monthly financial statements subsequent to interim audit visit for compliance testing as well as an analysis of any adverse financial trends or identification of risk. • review of accounts, roll forward; • review balances and underlying transactions and verify directly; • review statement presentation and note disclosures for compliance; and • meeting with the Town to discuss any issues. 	
<i>Audit Reporting</i>	September / October
<ul style="list-style-type: none"> • ensure all reporting completed with sufficient time to enable the Council to adopt the audited financial statements and submit to the Department of Local Government prior to the 31 December deadline; • discuss audit findings with the Town; • meet with the Local Government to discuss annual audit, the accountability statements, and present the Closing report as required by legislation; • obtain management comments and review any adjustments proposed by audit; • obtain management representations on all accountability statements; and • issue final management letter. 	

D Provide a scope for the review of financial management systems and procedures as required under Regulation 5 (2)(c) of the Local Government (Financial Management) Regulations 1996**Overview and Scope**

The objective of the Financial Management review is to test the financial management systems of the Town and report on the appropriateness and effectiveness of the control environment within, as required by Local Government (Financial Management) Regulation 5(2)(c).

RSM will issue a report of factual findings and observations of our engagement and make recommendations considered appropriate for the Town to improve any weaknesses in systems and control.

RSM proposes the engagement will cover the period 1 July 2015 to 31 March 2016 and fieldwork will be conducted in conjunction with the interim audit visit. RSM's examination will include the following financial systems and procedures of the Town:

- Bank Reconciliations and Petty Cash;
- Trust Funds;
- Receipts and Receivables;
- Rates;
- Budget;
- Purchases, Payments and Payables;
- Fees and Charges;
- Wages and Salaries;
- Fixed Assets;
- Financial Reports;
- Integrated Planning;
- Minutes and Meetings;
- Annual Electors Meeting;
- Registers:
 - Tenders; and
 - Financial interests.
- Delegations;
- Audit Committee;
- Insurance;
- Storage of Documents/Record Keeping;
- Posting of Journal Entries;
- IT Environmental Control; and
- Other Matters considered appropriate.

RSM will not necessarily examine compliance with provisions of the Act or Regulations which are not financial in nature. That is, Parts 2, 4, 8 and 9 of the Act, some provisions of Parts 3 and 5 as well as most regulations (apart from the Financial Management Regulations), which do not impact on the areas outlined above.

This engagement will not be an assurance engagement, audit or review in accordance with the Framework for Assurance Engagements, Australian Auditing Standards (ASAs), Auditing Standards on Review Engagements (ASREs) or Standards on Assurance Engagements (ASAEs).

The role of expressing assurance on balances rests with the external audit function and those procedures will be carried out separately from this engagement with a view to forming an opinion on the financial report (consistent with the requirements of Australian Auditing Standards and the Local Government Act 1995).

The objective is to examine the appropriateness and effectiveness of the financial management systems and procedures of the Town on behalf of the CEO. The report is intended solely to assist the CEO prepare their review for presentation to Council as required by Financial Management Regulation 5(2)(c). It is not intended to express or imply any assurance. It takes the form of an agreed upon procedures engagement in accordance with Australian Auditing Standards.

Timing

We propose to perform fieldwork for the Financial Management Review in conjunction with the visit for the interim audit (April or May 2016, however timing can be agreed with the Town upon acceptance of our proposal). It is anticipated two to three days will be required to complete testing associated with this engagement. Should this timing not be suitable, additional costs in relation to travel and accommodation will arise.

A checklist of information to be provided will be issued to the Town upon acceptance of this Tender.



For more information please
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