

Appendix 1

External Audit Tender Evaluation

Discussion

The Cities of Marion and Port Adelaide Enfield have worked closely to undertake a joint procurement process to engage the services of a suitably qualified Contractor(s) for the provision of External Audit services.

The potential benefits market approach included: more competitive pricing, avoiding duplication of administrative effort in procurement (tender and evaluation), and building a stronger collaborative relationship across the two Council's.

Tender Process Undertaken –

Strict formal tender processes were put in place, with all contact with Council through the Principal's Representative in the first instance (Colin Heath).

Key points noted regarding the procurement process include:

- A Collaborative Procurement Plan was approved by the respective councils.
- Approval was provided by each council to undertake a Select Tender process, with Ernst & Young, PWC, BDO, Galpins and Dean Newbery invited to participate.
- Nicolle Rantanen - CoM Finance Risk and Audit Committee member participated in the tender process with oversight of the selection criteria, selected tenderers and final presentations to the panel
- Tender opened 2 November 2021
- Nil (0) Tender Addenda were issued
- Tender closed 26 November 2021 - 2pm

The joint tender specification and evaluation criteria were agreed, and a select tender was issued to the following parties on 2 November 2021:

- Ernst & Young
- PwC
- BDO
- Galpins
- Dean Newbery

Bentleys, Deloitte and KPMG were ineligible to participate in the joint tender due to recent and/or ongoing engagements with the participating Council's.

Tender responses were received from BDO, Galpins and Dean Newbery. Ernst & Young and PwC did not provide a response.

The Tender Evaluation Team ('TET') consisted of:

- Ray Barnwell, CFO, COM
- Kate McKenzie, Manager Office of the CEO, COM
- Mark Gray, Finance Manager, PAE
- Angela Papatheodorakis, Financial Accountant, PAE
- Colin Heath, Strategic Procurement, COM (facilitator)

The evaluation criteria and weightings against which the TET assessed the tenders were as follows:

Main Criteria	Sub Category Criteria	Evaluation Weighting
Experience and Capability		30%
	Extent of relevant statutory audit experience, including South Australian local government audits	15%
	Qualifications, capabilities and experience of the proposed Authorised Personnel	15%
Methodology		35%
	Audit methodology and approach	10%
	Extent to which the critical matters will be audited	10%
	Technical skills in undertaking such an audit in a well-developed computerised environment	10%
	Organisation support for service delivery	5%
Value for Money	Tendered cost over term of contract	35%

Experience and Capability

While all tenderers were considered to have demonstrated organisational experience in providing local government external audit services, Galpins proposed team demonstrated a higher level of experience than other tenderers.

Methodology

Galpins submission demonstrated to a higher extent than other tenderers a range of matters, including:

- Audit methodology presented, and approach to the audit were very clearly demonstrated/defined, with all areas covered.
- Critical matters to be audited were clearly identified including components of governance and control - importance and assurance were clearly identified in their submission
- Provided detailed response regarding audit of computerised environments and provided examples - also early adaptor of artificial intelligence

Value for Money

- Galpins submitted the most favourable annual cost compared to other submissions. The contract will also start with an annual cost (fixed for 3 years, then subject to fee escalation).

The TET met on 6 December 2021 to evaluate the submissions and confirmed Galpins as the shortlisted tenderer by a significant scoring margin. Proposed tender pricing is well within the Council's existing annual budget of \$40,000.

Galpins were also invited to provide a presentation on 20 January 2022 to the TET and other Council representatives and the presentation confirmed the TET's initial assessment with no issues identified.

It was recommended and endorsed by the FRAC that the tender from Galpins be recommended to Council for the provision of external audit services for the 3-year period 2021-22 to 2023-24, with an option for a further 2-year extension.