

Town of Cottesloe

Audit Plan for the year ending 30 June 2020



Office of the Auditor General
Serving the Public Interest

Welcome

Dear Audit Committee members

We are pleased to present our External Audit Plan (Audit Plan) for the Town of Cottesloe ("the Town") for the year ending 30 June 2020.

Ernst & Young audit the financial statements of the Town on behalf of the Office of the Auditor General ("Auditor General"). The audit will be conducted in accordance with Australian Auditing Standards and practices, to enable the formation of opinions by the Auditor General on the financial statements of the Town.

The Auditor General or her representative will be informed of all significant issues as they are identified during the course of the audit and will attend all formal meetings between the Town and Ernst & Young.

Our plan has been co-developed with management and we believe it is responsive to your needs in understanding and assessing the appropriateness of the procedures undertaken by us in forming our opinion on the Town's financial statements.

If you have any questions regarding our Audit Plan please reach out to Kellie Tonich at (08) 6557 7525 or Michael Hoang at (08) 9429 2241.



[Go to Executive summary](#)



Executive summary

AREAS OF AUDIT FOCUS

10

The Areas of Audit Focus and the level of complexity or management judgement to be applied are:

- ▶ Compliance with operational procurement control requirements
- ▶ Grant contributions
- ▶ Revenue recognition for rates and parking infringements and the adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*
- ▶ Valuation of property, plant and equipment, including infrastructure assets
- ▶ Financial ratio compilation
- ▶ Analysis of cash backed reserves
- ▶ Analysis of employee benefits expense
- ▶ Analysis of related party transactions
- ▶ Adoption of AASB 16 *Leases*
- ▶ Impact of COVID-19 outbreak.

PLANNING MATERIALITY

We apply a percentage of operating expenses as our quantitative materiality level of the Town of Cottesloe. Our audit procedures will be designed to assist in identifying errors or misstatements, which cumulatively exceed our materiality level. Any individual errors greater than our adjustment listing scope, which come to our attention, will be reported to management and the Audit Committee.

OUR AUDIT APPROACH

We seek to take a control based approach for the following processes:

- ▶ Rates
- ▶ Fees and charges
- ▶ Capital expenditure management
- ▶ Payroll to cash disbursements
- ▶ Procurement to payables.

A substantive approach will be adopted for areas of significant management judgement, which includes the valuation of property, plant and equipment and infrastructure assets at fair value.

DIGITAL AUDIT



We have included in this Audit Plan our planned digital audit approach for certain components of the 2020 audit.

INDEPENDENCE



We will confirm our independence throughout the audit and remain in compliance with APES 110 Code of Ethics for Professional Accountants independence requirements.

Areas of Audit Focus

Set out below are the areas of significant audit focus and a description of our planned approach.

Compliance with operational procurement control requirements



Our Understanding

- ▶ Purchases of goods and services are subject to the operational procurement controls codified under regulation 11A of the *Local Government (Functions and General) Regulation 1996* as follows:
 - ▶ The Council must implement a purchasing policy in relation to contracts for the supply goods or services where the consideration under the contract is \$150,000 or more
 - ▶ A purchasing policy must make provision in respect of (a) the forms of quotations acceptable and (b) the retention of all written information in respect of quotations received and purchases made.
- ▶ Payments for goods and services are subject to the operational procurement controls codified under regulation 11 and 12 of the *Local Government (Financial Management) Regulations 1996* as follows:
 - ▶ A local government must implement a procedure for the authorisation and payment of outstanding accounts
 - ▶ A local government must develop procedures for the approval of accounts to ensure that before settlement, a determination is made that the related debt was incurred by a person with the appropriate delegated authority.

Our Perspective

- ▶ We will enquire of management and perform a walkthrough of the procurement to payables process to identify key controls for testing. The scope of our walkthrough will capture tendering and quotation, authorisation of purchases and payments and vendor masterfile maintenance
- ▶ We will evaluate the adequacy of key controls implemented by the Town in addressing the operational procurement control requirements under the FGR and FMR
- ▶ We will communicate control deficiencies or process improvement opportunities to the Audit Committee
- ▶ We will inspect the trade and other payables reconciliations and test material reconciling items, if any
- ▶ We will test a representative sample of trade payables to supporting documentation, such as vendor invoices, progress certificates and subsequent payments
- ▶ We will perform tests of unrecorded liabilities for payments after balance date
- ▶ We will perform substantive analytical review procedures by comparing significant trade payables at 30 June 2020 against the prior period and preparing a monthly fluctuation analysis on materials and contracts expenses to identify any anomalies or outliers.



Grant contributions

Background

- ▶ For the year ended 30 June 2019, the Town recognised contributions of \$0.866 million which are accounted for under AASB 1004 *Contributions* ("AASB 1004")
- ▶ AASB 1004 requires contributions to be recognised as income in the period across which control of the contribution is obtained, rather than across the period to match against the associated costs for which the grant was intended to compensate
- ▶ Pursuant to the terms of a grant contract, the funder may request a refund for (a) unspent grants or (b) in the situation where monies were expended for reasons other than the stated objective of the grant
- ▶ The Town carries an unspent grants reserve in equity to recognise the carry forward of available funding for incomplete grants in ensuing financial years.

Planned audit approach

- ▶ We will enquire of management and perform a walkthrough of grants, contributions and subsidies process to identify key controls for testing
- ▶ We will inspect the terms and conditions of material contracts to better understand the obligation, if any, to refund unspent monies
- ▶ We will obtain and review all new grant contracts and variations entered into for the year ended 30 June 2020
- ▶ We will test the receipt of material grants to supporting documentation, such as bank statements and contracts
- ▶ We will test the utilisation of the unspent grants reserve for the year ended 30 June 2020 to source documentation, such as vendor invoices and employee time writing
- ▶ We will evaluate the impact of the adoption of AASB 1058 Income of not-For Profit Entities ("AASB 1058") and ensure appropriate disclosure in the financial statements.

Revenue recognition for rates and parking infringements



Background

- ▶ For the year ended 30 June 2019, the Town recognised revenue of \$13.313 million. The composition of revenue is weighted to rates of \$10.210 million and parking infringements of \$0.852 million
- ▶ In FY19, the Town recognized revenue in line with AASB 1004. Under AASB 1004, contributions to a local government may be received in the form of involuntary transfers such as rates and parking infringements. Such contributions are recognised as income when the local government obtains control over them, irrespective of whether any restrictions or conditions are imposed on the use of the contributions
- ▶ Control over involuntary, non-reciprocal contributions is established when the underlying transaction or event giving rise to control of the future economic benefits occurs. For example, control over parking infringements is established when the fine is issued
- ▶ AASB 1058 is effective for financial years beginning on or after 1 January 2019 and is applicable for the Town for the 30 June 2020 financial year. AASB 1058 replaces most of the income recognition requirements in AASB 1004. The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners
- ▶ The purpose of AASB 1058 is to more closely recognise NFP income transactions that are not contracts with customers in accordance with their economic reality. AASB 1058 needs to be considered in conjunction with AASB 15 *Revenue from contracts with customers* ("AASB 15").

Planned audit approach

- ▶ We will discuss the impact of AASB 15 and AASB 1058 with management and review management's assessment of the impact on the Town
- ▶ We will review the draft pro-forma financial report to ensure the new accounting standards have been appropriately reflected
- ▶ We will enquire of management and perform a walkthrough of each material revenue stream to identify and test key controls
- ▶ We will perform tests of revenue cut-off about balance date
- ▶ With the assistance of EY GLASS, our digital journal entry selection tool, we will assess the reasonability of manual journal entries posted to revenue accounts
- ▶ We will perform substantive analytical procedures by comparing revenue streams against the prior period and budget to identify any unusual or unexpected trends
- ▶ We will perform substantive analytical procedures by recalculating rates revenue, benchmarked to gross rental valuations and unimproved valuations from Landgate and the budgeted rates approved by the Council
- ▶ We will test a representative sample of revenue transactions to source documentation; for example, rates notices, land valuation reports published by Landgate and bank statements
- ▶ We will review the reasonableness of management's expected credit loss model on infringement receivables.

Valuation of property, plant and equipment, including infrastructure assets



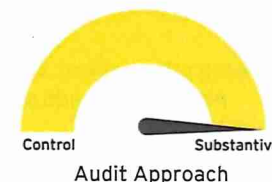
Background

- ▶ At 30 June 2019, the Town carried property, plant and equipment and infrastructure assets of \$84.583 million and \$37.539 million on its balance sheet, respectively. No revaluation increments or decrements were recorded against other comprehensive income for the year ended 30 June 2019
- ▶ Management measures property, plant and equipment and infrastructure assets at fair value, less accumulated depreciation and impairment losses, recognised after the date of revaluation
- ▶ A revaluation surplus or deficit is recorded to other comprehensive income and credited to the asset revaluation reserve in equity
- ▶ The fair value of property, plant and equipment and infrastructure assets are determined with reference to valuations performed by accredited external valuers
- ▶ For the year ended 30 June 2020, furniture and equipment are scheduled for revaluation as follows:

Asset class	Latest revaluation	Planned revaluation
Furniture and equipment	30 June 2016	30 June 2020
Land and buildings	30 June 2017	30 June 2021
Infrastructure assets	30 June 2018	30 June 2022

Planned audit approach

- ▶ We will enquire of management and perform a walkthrough of the capitalisation of capital expenditure to work in progress and the transfer of work in progress to the appropriate asset class to identify key controls for testing
- ▶ We will obtain and review the latest revaluations performed by managements expert and perform assessments to corroborate and concur with managements experts' conclusions
- ▶ We will consider the existence of internal and external indicators of impairment which may trigger an impairment assessment
- ▶ We will discuss with management to understand how the impact of the COVID-19 pandemic will be factored into account in the valuation of the assets and management impairment assessment and consult with our valuation specialists for the reasonableness
- ▶ We will attend physical/virtual stock counts of property, plant and equipment and infrastructure assets
- ▶ We will evaluate the reasonability of the useful lives of depreciable assets against the accounting policies of the Town
- ▶ For a representative sample of depreciable assets, we will re-calculate the depreciation expense for the accounting period
- ▶ We will test a representative sample of additions and disposals to property, plant and equipment to supporting documentation; for example, quote, vendor invoices and bank statements.



Financial ratio compilation

Background

- ▶ Regulation 50 of the FMR requires the disclosure of the following financial ratios in the financial statements:
 - ▶ The current ratio
 - ▶ The asset consumption ratio
 - ▶ The asset renewal ratio
 - ▶ The asset sustainability ratio
 - ▶ The debt service cover ratio
 - ▶ The operating surplus ratio
 - ▶ The own source revenue coverage ratio.
- ▶ Regulation 10 of the *Local Government (Audit) Regulations 1996* requires the auditors to assess whether the asset consumption and asset renewal ratios are supported by verifiable information and reasonable assumptions
- ▶ Regulation 10 of the *Local Government (Audit) Regulations 1996* requires the auditor to assess whether there are any significant adverse trends in the financial position of the Town of Cottesloe, benchmarked to the Department of Local Government, Sport and Cultural Industries ("DLGSCI") standard.

Planned audit approach

- ▶ We will inspect the financial ratio calculations from management and test its clerical and computational accuracy
- ▶ We will cross-check key inputs within the financial ratio calculations to supporting documentation
- ▶ We will evaluate whether the calculation methodology complies with the requirements set out in the FMR
- ▶ We will evaluate the reasonability of the assumptions adopted as part of the calculation of the asset consumption and asset renewal funding ratios
- ▶ We will cross-check the financial ratios of the Town of Cottesloe to the DLGSCI standard to identify adverse trends, if any
- ▶ We will perform a substantive analytical review by comparing financial ratios against the prior period to identify any unusual or unexpected trends.



Analysis of cash backed reserves

Background

- ▶ At 30 June 2019, the Town carried cash backed reserves accounts in equity of \$9.699 million.
- ▶ Regulation 38.1 of the FMR defines the reserves disclosures to be included in the financial statement as follows:
 - ▶ The purpose for which the monies were set aside
 - ▶ The amounts set aside and expended for the reporting period
 - ▶ The opening and closing balances of the reserves at balance date
 - ▶ When the Council anticipates that the monies held in reserve will be expended
 - ▶ If monies held with a financial institution were insufficient to match the corresponding restricted cash asset carried on the balance sheet:
 - ▶ The extent of the deficiency
 - ▶ The reason for the deficiency
 - ▶ When the Council anticipates that the deficiency will be remedied
 - ▶ If the purpose of the reserves were changed or the monies set aside were used for another purpose:
 - ▶ The purpose for which the monies were used
 - ▶ The amount changed or used
 - ▶ The objects of, and the reasons for, the change or use.

Planned audit approach

- ▶ We will test material movements in cash backed reserves accounts to supporting documentation, such as vendor invoices and employee time-writing
- ▶ We will evaluate the appropriateness of amounts expended against reserve accounts in consideration of the stated objectives authorised by the Council
- ▶ We will test whether the cash backed reserve accounts are supported by restricted cash held with financial institutions and evaluate the extent of any insufficiency, if applicable
- ▶ We will evaluate the completeness and accuracy of the disclosures related to reserve accounts in consideration of regulation 38.1 of the FMR.

Accuracy of employee benefits expense



Background

- ▶ At 30 June 2019, the Town carried provisions for annual leave and long service leave of \$0.574 million and \$0.478 million on its balance sheet, respectively.

Provision for long service leave

- ▶ Long service leave entitlements are recognised as a liability based on the present value of the benefit obligation using the projected unit credit valuation method
- ▶ AASB 119 *Employee benefits* ("AASB 119") prescribes discount rates to be utilised in measuring long-term employee benefit obligations
- ▶ The discount rate should be determined with reference to government bond rates at balance date, consistent with the currency and term of the employment benefit.

Annual leave entitlements

- ▶ The definition of short-term employee benefits set out in AASB 119 was revised in a prior period
- ▶ The revised definition states that only benefits that are expected to be wholly settled within 12 months after balance are classified as a short-term employee benefit
- ▶ Should there be evidence to suggest that employees will not use their accrued annual leave within 12 months of balance date, the annual leave liability should be measured as a long-term benefit and measured using the projected unit credit valuation method
- ▶ Short-term benefits are recognised at the undiscounted amount of the benefit expected to be paid in exchange for services rendered.

Planned audit approach

- ▶ We will perform test of controls across the payroll to cash disbursements process to test the accuracy of employee benefits expense for the year
- ▶ We will perform substantive analytical procedures, such as an analysis of employee benefits expense disaggregated by month, to identify unusual trends or outliers
- ▶ We will evaluate the retention probabilities used in calculating the provision for long-service leave with reference to historical terminations
- ▶ We will confirm the discount rates used in discounting benefit obligations to present value to publicly available government bond rates
- ▶ We will re-calculate the calculation of gross employee entitlements with reference to source documents on a sample basis; for example, authorised leave request forms and employment contracts
- ▶ We will evaluate and recompute the discounting of annual leave entitlements which are not expected to be settled within 12-months of balance date to its present value
- ▶ We will cross-check the workers compensation accrual to the estimate provided by the Local Government Insurance Scheme in accordance with run-off insurance arrangements
- ▶ We will communicate control deficiencies or process improvement opportunities to the Audit Committee.



Accuracy of related party transactions

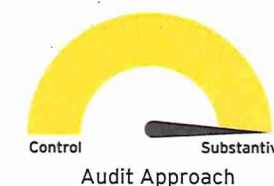
Background

- ▶ At 30 June 2019, the Town identified related party relationships with key management personnel and joint arrangements, including the Western Metropolitan Regional Council and Grove Library
- ▶ Under AASB 124 Related Party Disclosures ("AASB 124"), if an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements
- ▶ At a minimum, disclosures shall include:
 - ▶ the amount of the transactions
 - ▶ the amount of outstanding balances, including commitments
 - ▶ their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement
 - ▶ details of any guarantees given or received
- ▶ provisions for doubtful debts related to the amount of outstanding balances, and
- ▶ the expense recognised during the period in respect of bad or doubtful debts due from related parties.

Planned audit approach

- ▶ We will enquire of management as to the process to identify, appropriately account for and disclose related party relationships and transactions including necessary confirmations with key management personnel
- ▶ We will identify key controls, if any, over related party relationships and transactions, including how they are authorised and approved
- ▶ We will enquire of management as to the nature of relationships between the Town and identified related parties to understand their underlying business rationale and whether any transactions with related parties were outside of the ordinary course of business
- ▶ We will inspect bank confirmations, solicitor representation letters, the agenda and minutes to Council meetings and material contracts to evaluate the completeness of related party relationships disclosed by management.

Adoption of AASB 16 Leases



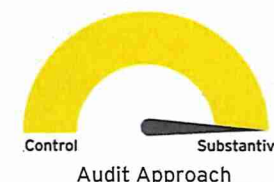
Background

- ▶ AASB 16, effective for the Town from 1 July 2019, requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under the previous standard, AASB 117 *Leases*
- ▶ The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (i.e., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset)
- ▶ Lessors will continue to account for leases as either operating or finance leases, consistent with current practice. For operating leases, the underlying asset remains on the lessor's balance sheet. For finance leases, the underlying asset is de-recognised and a lease receivable is recognised
- ▶ All existing and new contracts entered into on or before 1 July 2019 and not expiring before 30 June 2020 will be subject to the new Standard on the date of initial application
- ▶ Determination of an appropriate incremental borrowing rate is judgemental.

Planned audit approach

- ▶ We will review management's assessment of the impact on the adoption of AASB 16 and accounting for right of use assets and lease liabilities (if any). This will include a review of the calculations, and associated key assumptions, based on the terms and conditions of the underlying lease agreements
- ▶ We will review adequacy of the disclosures to ensure compliance with applicable accounting standards.

The impact of COVID-19



Background

With the recent and rapid development of the coronavirus outbreak, many countries have required entities to limit or suspend business operations and implemented travel restrictions and quarantine measures. These measures and policies have significantly disrupted (or are expected to disrupt) the activities of many entities. Disruptions are more immediate and pronounced in certain industries such as tourism, hospitality, transportation, retail, and entertainment, while there are also anticipated knock-on effects on other sectors such as manufacturing and the financial sector. As the outbreak continues to progress and evolve, it is challenging at this juncture, to predict the full extent and duration of its business and economic impact. Consequently, these circumstances may present the Town with challenges when preparing financial statements and conducting an audit of those financial statements.

The ability of finance functions to report in a timely and accurate manner may be impacted due to staff shortages, the ability to work remotely, access to source documentation and deviations from established internal control processes.

Existing accounting requirements should be considered when addressing the financial effects of the outbreak when preparing financial statements for the year ended 30 June 2020.

Financial statement preparation considerations as a result of the Corona Virus include:

- ▶ The impact on internal controls
- ▶ The impact on the Going concern
- ▶ Fair value measurement of assets
- ▶ Expected credit loss assessment
- ▶ Other accounting estimates and financial disclosures
- ▶ Events after the reporting period.

What this means for you and your audit

EY has made the decision in Oceania to enforce a mandatory work from home policy for all partners and staff effective 18 March 2020, including restrictions on attending client sites. Given the evolving nature of the pandemic it is unclear the duration of this policy.

Importantly, our investments in audit tools and technology over recent years facilitate our ability to complete an EY audit remotely. These technologies include EY's assurance software platforms in use during previous Town audits and reviews, for example EY Canvas (audit documentation tool) and EY Portal (facilitates secure sharing of documents between our audit teams and our clients). The continued use of these tools is simply business-as-usual for us.

Of course, it's always more efficient to perform certain audit tasks in person and therefore, there will be challenges to work through in relation to certain aspects of this. The audit team and I are committed to working collaboratively with you, albeit remotely for now, to be flexible with our planning and make all adjustments necessary to ensure that the audit is completed within the required timeframe.

We will also tailor our audit procedures to address the additional financial reporting considerations that have arisen as a result of the Corona Virus outbreak including understanding the impact on your forecasts and budgets, valuations, other estimations and disclosures.

Digital Audit

Each of the components of the EY Digital Audit work together to deliver a quality audit

The Client Portal

The Client Portal connects us directly to you. It enables you to securely provide supporting audit evidence, automated uploading the information to EY Canvas and gives you reporting of the status of the audit progress. This streamlines our communications with you and saves you time.

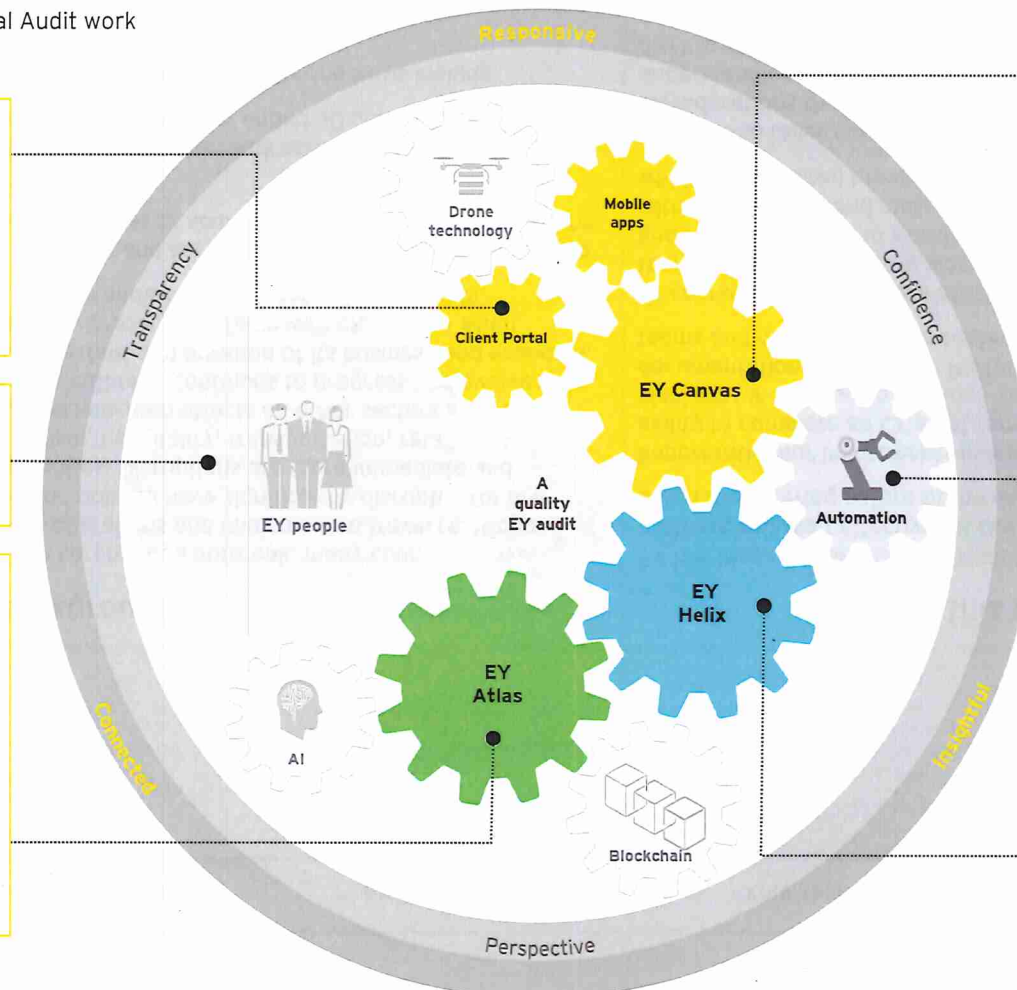
EY People

The EY engagement team is uniquely placed to appropriately execute a digital audit strategy.

EY Atlas

Our global accounting and financial reporting research platform, keeps our audit team up-to-date with the most relevant accounting, auditing and industry information globally. This enables us to share accounting precedents efficiently and deliver a more relevant audit.

EY Atlas Client Edition is the client version of EY Atlas allowing clients to keep up to date on accounting and reporting requirement.



EY Canvas

Our state-of-the-art global online audit platform is the engine that drives the EY Digital Audit. It enables teams to drive an integrated and consistent audit, allows us to better identify and respond to audit risks and leverage our industry experience to customise our audit approach.

Automation

Automation strives to optimise the audit of manual and repeatable business processes to increase coverage and reduce errors. At EY we are currently utilising Automation to perform a variety of audit procedures (for example bank confirmations) and to streamline our procedures. This provides higher quality audit evidence.

EY Helix

Our library of globally consistent Analyzers provide better, more relevant audit evidence and a deeper understanding of your business. EY Helix is fully integrated with our audit approach and enables us to focus on the risks and issues that matter so we can provide feedback and actionable business insights.

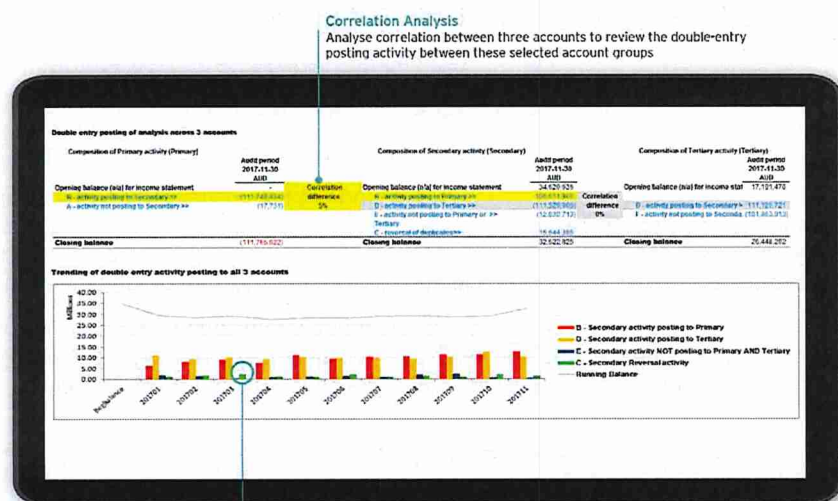
EY Helix

General Ledger Analyzer

General Ledger Analyzer uses general ledger data to assist in all phases of the audit.

This Analyzer (in conjunction with our journal entry sample selection tool - EY GLASS) enables us to deliver you a high-quality audit by:

- ▶ Identifying business insights, hidden patterns, correlations and trends in 100 per cent of your general ledger data and direct our investigative effort in the right areas
- ▶ Allowing us a deeper understanding of your business by analysing larger populations of audit relevant data, to present a fuller picture of what happened and identify the risks that matter.

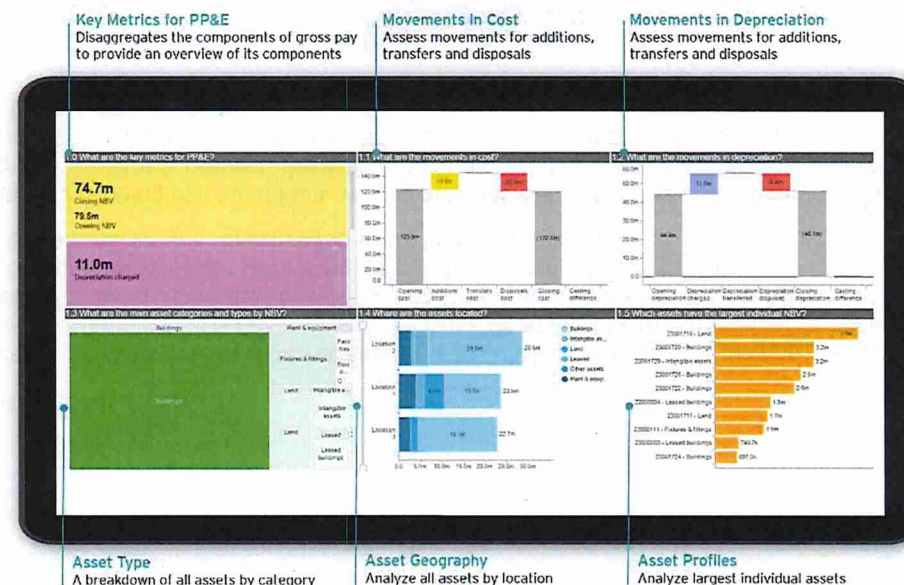


Focused Analysis
Through data analytics, we are able to identify anomalies and ascertain whether these transactions were appropriate

PP&E Analyzer

The Property Plant and Equipment Analyzer assists with organising and presenting subledger data when performing audit procedures over PP&E.

The Analyzer uses PP&E subledger data, including the fixed asset register to assist in assessing the opening and closing position along with additions, disposals, transfers and depreciation during the period.



Assessment of internal control environment

The primary responsibility for the design and operating effectiveness of the internal control environment, including the prevention and detection of fraud and error, rests with those charged with governance and management.

We obtain an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit is not designed to express an opinion on the effectiveness of internal control we are required to communicate significant deficiencies in internal control to you.

Our assessment of internal controls covers:

- ▶ The control environment including entity level controls
- ▶ Your internal risk assessment procedures
- ▶ The design and operating effectiveness of internal controls (including IT general controls)
- ▶ Monitoring of controls (including internal audit and self-assessment).

We will report any deficiencies noted in internal controls to the Mayor and CEO via a formal management letter process.

Internal audit

We consider where we can place reliance on internal audit during our audit procedures to minimise duplication and to rely on their work wherever possible.

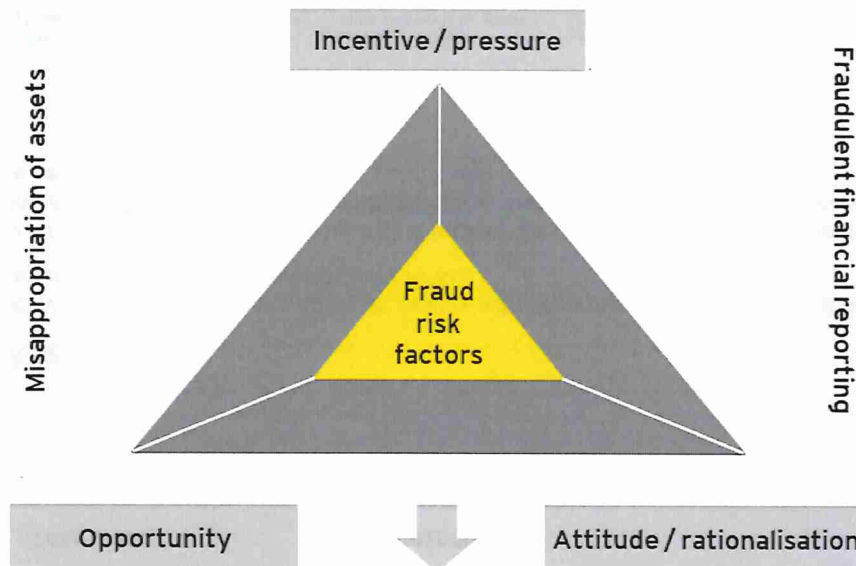
Where we rely on internal audit work, we will:

- ▶ Understand significant processes and perform walkthrough of a transaction through the entire process
- ▶ Retest a sample of the controls tested by internal audit
- ▶ Adjust substantive audit procedures at year end based upon the results of the testing.

The risk of fraud

Our responsibility as the external auditor is to consider the risk of fraud and the factors that are associated with it so as to provide reasonable assurance that the financial statements are free from material misstatement resulting from fraud. However, it is important to note that while our external audit work is not primarily directed towards the detection of fraud or other irregularities, we will report any matters identified during the course of our work.

When developing our Audit Plan, we use professional judgement in determining whether a fraud risk factor is present. We determine fraud risk factors in the context of the three conditions generally present when fraud occurs (i.e. incentive/pressure, opportunity and attitude/rationalisation).



Controls reliance

We intend to place reliance on IT dependent manual and manual controls which operate across the financially significant processes of the Town. Set out below is the level of controls reliance we expect to achieve over the key financial statement processes.

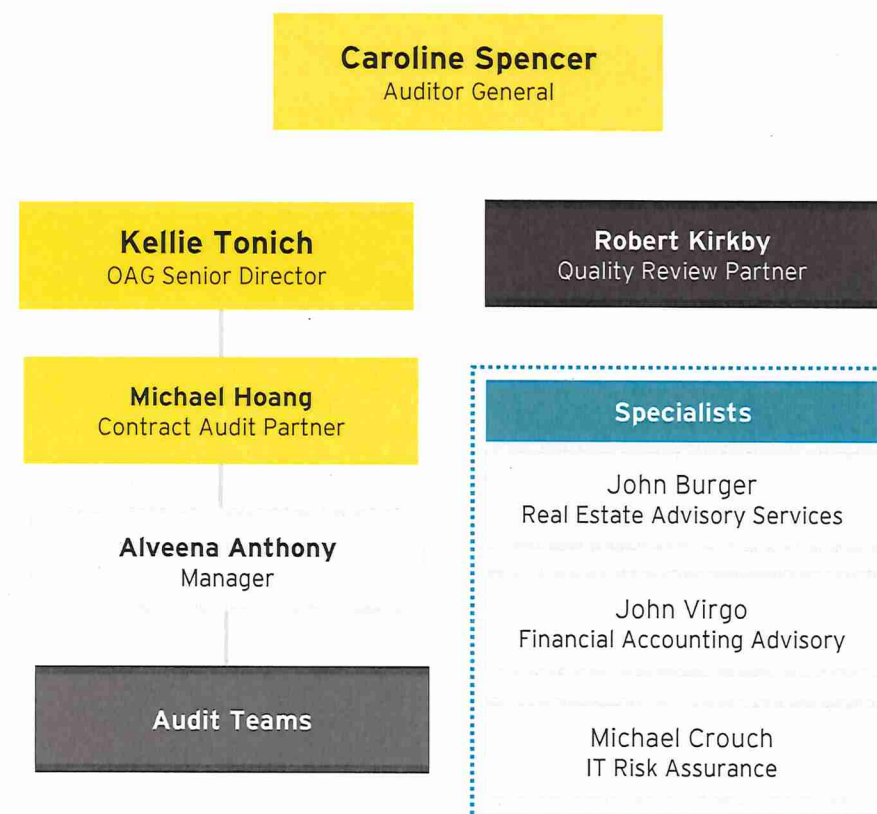
Process	Internal controls	Inherent risk assessment
Revenue - Rates		Lower
Revenue - Fees and charges		Lower
Other income		Higher
Grant contributions and subsidies		Higher
CAPEX		Higher
Payroll to cash disbursements		Lower
Procurement to payables		Lower
Financial statement close		Higher
Compliance		Higher

Your team

We understand that our team is the most important element of your relationship with us.

A team aligned to your business was selected by Michael and is comprised of individuals who have successfully worked together before. Your team are experienced auditors in government sector entities and bring their collective experiences from their current clients.

Furthermore, we incorporated our embedded specialists from our other services lines to support our planned audit procedures.



Appendices



Independence

How we are meeting your independence requirements.



Data security and Privacy

Our digital audit is supported by a well-articulated data privacy and information security strategy.



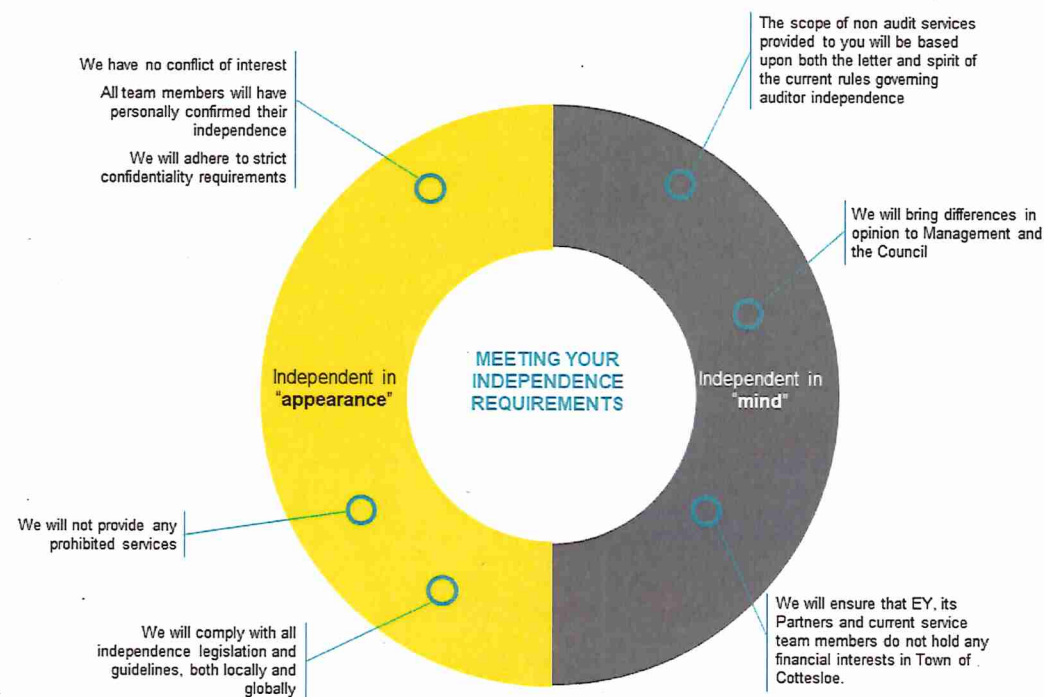
Independence

Independence is fundamental to EY as our ongoing reputation and success is connected to our ability to meet both the Town's and broader regulatory independence requirements.

We have consistently complied with all professional regulations relating to auditor independence, including those outlined in APES 110 *Code of Ethics for Professional Accountants*.

Accordingly, we ensure that there are controls in place and actions taken on a regular basis that mitigate any risks to our independence.

There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Audit Committee.



Data security and privacy

Our ability to provide seamless, consistent, high-quality client service worldwide is supported by a well-articulated data privacy and information security strategy.

For the audit of the Town of Cottesloe, the following applies:

- ▶ Access to EY Canvas is restricted to members of the engagement team only
- ▶ Audit relevant information is transferred to EY securely via the EY Canvas Client Portal.



Our global data protection framework is based on principles, policies and controls to govern the integrity and security of client data.

International intra-group data protection agreement

Binding corporate rules

Global code of conduct

Global data privacy policy


Awareness programs

Information security and retention policy

Data will be securely transferred to and maintained in a secure EY environment



[EY's approach to data protection and information security](#)



EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organisation, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation is available via ey.com/privacy. For more information about our organisation, please visit ey.com.

© 2020 Ernst & Young, Australia.
All Rights Reserved.

ED None

This communication provides general information which is current at the time of production. The information contained in this communication does not constitute advice and should not be relied on as such. Professional advice should be sought prior to any action being taken in reliance on any of the information. Ernst & Young disclaims all responsibility and liability (including, without limitation, for any direct or indirect or consequential costs, loss or damage or loss of profits) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information. Any party that relies on the information does so at its own risk.

Liability limited by a scheme approved under Professional Standards Legislation.

ey.com