



AGENDA

Audit, Risk and Improvement Committee Agenda

Wednesday, 26 February 2025 at 6:00 PM

Disclaimer

The purpose of this Council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda.

Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting. Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person.

The Town of East Fremantle expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting.

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Procedure for Deputations, Presentations and Public Question Time at Council Meetings

Council thanks you for your participation in Council Meetings and trusts that your input will be beneficial to all parties. Council has a high regard for community input where possible, in its decision making processes.

| | |
|---|--|
| <p>Deputations A formal process where members of the community request permission to address Council or Committee on an issue.</p> | <p>Presentations An occasion where awards or gifts may be accepted by the Council on behalf of the community, when the Council makes a presentation to a worthy recipient or when agencies may present a proposal that will impact on the Local Government.</p> |
|---|--|

Procedures for Deputations

The Council allows for members of the public to make a deputation to Council on an issue related to Local Government business.

Notice of deputations need to be received **by 5pm on the day before the meeting** and agreed to by the Presiding Member. Please contact Executive Support Services via telephone on 9339 9339 or email admin@eastfremantle.wa.gov.au to arrange your deputation.

Where a deputation has been agreed to, during the meeting the Presiding Member will call upon the relevant person(s) to come forward and address Council.

A Deputation invited to attend a Council meeting:

- (a) is not to exceed five (5) persons, only two (2) of whom may address the Council, although others may respond to specific questions from Members;
- (b) is not to address the Council for a period exceeding ten (10) minutes without the agreement of the Council; and
- (c) additional members of the deputation may be allowed to speak with the agreement of the Presiding Member.

Council is unlikely to take any action on the matter discussed during the deputation without first considering an officer's report on that subject in a later Council agenda.

Procedure for Presentations

Notice of presentations being accepted by Council on behalf of the community, or agencies presenting a proposal, need to be received by **5pm on the day before the meeting** and agreed to by the Presiding Member. Please contact Executive Support Services via telephone on 9339 9339 or email admin@eastfremantle.wa.gov.au to arrange your presentation.

Where the Council is making a presentation to a worthy recipient, the recipient will be advised in advance and asked to attend the Council meeting to receive the award.

All presentations will be received/awarded by the Mayor or an appropriate Councillor.

Procedure for Public Question Time

The Council extends a warm welcome to you in attending any meeting of the Council. Council is committed to involving the public in its decision making processes whenever possible, and the ability to ask questions during 'Public Question Time' is of critical importance in pursuing this public participation objective.

Council (as required by the ***Local Government Act 1995***) sets aside a period of 'Public Question Time' to enable a member of the public to put up to three (3) questions to Council. Questions should only relate to the business of Council and should not be a statement or personal opinion. Upon receipt of a question from a member of the public, the Mayor may either answer the question or direct it to a Councillor or an Officer to answer, or it will be taken on notice.

Having regard for the requirements and principles of Council, the following procedures will be applied in accordance with the ***Town of East Fremantle Local Government (Council Meetings) Local Law 2016***:

1. Public Questions Time will be limited to fifteen (15) minutes.
2. Public Question Time will be conducted at an Ordinary Meeting of Council immediately following "Responses to Previous Public Questions Taken on Notice".
3. Each member of the public asking a question will be limited to two (2) minutes to ask their question(s).
4. Questions will be limited to three (3) per person.
5. Please state your name and address, and then ask your question.
6. Questions should be submitted to the Chief Executive Officer in writing by **5pm on the day before the meeting and be signed by the author**. This allows for an informed response to be given at the meeting.
7. Questions that have not been submitted in writing by 5pm on the day before the meeting will be responded to if they are straightforward.
8. If any question requires further research prior to an answer being given, the Presiding Member will indicate that the "question will be taken on notice" and a response will be forwarded to the member of the public following the necessary research being undertaken.
9. Where a member of the public provided written questions then the Presiding Member may elect for the questions to be responded to as normal business correspondence.
10. A summary of the question and the answer will be recorded in the minutes of the Council meeting at which the question was asked.

During the meeting, no member of the public may interrupt the meetings proceedings or enter into conversation.

Members of the public shall ensure that their mobile telephone and/or audible pager is not switched on or used during any meeting of the Council.

Members of the public are hereby advised that use of any electronic, visual or audio recording device or instrument to record proceedings of the Council is not permitted without the permission of the Presiding Member.

CONTENTS

| | | |
|------|---|-----|
| 1 | DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS | 5 |
| 2 | ACKNOWLEDGEMENT OF COUNTRY | 5 |
| 3 | RECORD OF ATTENDANCE | 5 |
| 4 | MEMORANDUM OF OUTSTANDING BUSINESS | 5 |
| 5 | DISCLOSURES OF INTEREST..... | 5 |
| 6 | PUBLIC QUESTION TIME | 5 |
| 7 | PRESENTATIONS/DEPUTATIONS..... | 5 |
| 8 | CONFIRMATION OF MINUTES OF PREVIOUS MEETING..... | 5 |
| 8.1 | AUDIT RISK AND IMPROVEMENT COMMITTEE Wednesday, 11 December 2024..... | 6 |
| 9 | ANNOUNCEMENTS BY THE PRESIDING MEMBER..... | 6 |
| 10 | REPORTS..... | 6 |
| 10.1 | 2502 COMPLIANCE AUDIT RETURN | 7 |
| 10.2 | 2502 MID-YEAR BUDGET REVIEW 2024-25 - RISK TREATMENT PLAN | 36 |
| 10.3 | 2502 COMMONWEALTH HOME SUPPORT PROGRAMME (CHSP) - QUALITY AUDIT | 37 |
| 10.4 | 2502 WHS ACTION PLAN - STATUS UPDATE | 45 |
| 10.5 | 2502 PENETRATION TEST REPORT | 53 |
| 10.6 | 2502 RATES COLLECTION - MID YEAR..... | 58 |
| 10.7 | 2502 RISK REGISTER UPDATE..... | 63 |
| 10.8 | 2502 CONSOLIDATED STATUS REPORT..... | 69 |
| 10.9 | 2502 REVIEW OF PURCHASING POLICY | 74 |
| 11 | MATTERS BEHIND CLOSED DOORS | 115 |
| 12 | CLOSURE OF MEETING..... | 115 |

NOTICE OF MEETING

Elected Members

An Ordinary Meeting of the Audit Risk and Improvement Committee will be held on 26 February 2025 at 6:00 PM in the POD, 135 Canning Highway, East Fremantle and your attendance is requested.



JONATHAN THROSELL

Chief Executive Officer

AGENDA

1 DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS

2 ACKNOWLEDGEMENT OF COUNTRY

"On behalf of the Council I would like to acknowledge the Whadjuk Nyoongar people as the traditional custodians of the land on which this meeting is taking place and pay my respects to Elders past, present and emerging."

3 RECORD OF ATTENDANCE

4 MEMORANDUM OF OUTSTANDING BUSINESS

5 DISCLOSURES OF INTEREST

6 PUBLIC QUESTION TIME

7 PRESENTATIONS/DEPUTATIONS

8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 AUDIT RISK AND IMPROVEMENT COMMITTEE WEDNESDAY, 11 DECEMBER 2024

OFFICER RECOMMENDATION

That the minutes of the Audit Risk and Improvement Committee meeting held on Wednesday, 11 December 2024 be confirmed as a true and correct record of proceedings.

9 ANNOUNCEMENTS BY THE PRESIDING MEMBER

10 REPORTS

Reports start on the next page

10.1 2502 COMPLIANCE AUDIT RETURN

| | |
|--------------------------------|--|
| Report Reference Number | ACR-717 |
| Prepared by | Janine May EA/Governance Coordinator |
| Supervised by | Peter Kocian, Executive Manager Corporate Services |
| Meeting date | Wednesday, 26 February 2025 |
| Voting requirements | Simple Majority |
| Documents tabled | Nil |

Attachments

1. Letter and report from Chris Liversage, Conway Highbury
2. Draft 2024 Compliance Audit Return

PURPOSE

To facilitate the adoption of the Compliance Audit Return 2024 for submission to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March 2025.

EXECUTIVE SUMMARY

The statutory Compliance Audit Return runs on a calendar year basis and is for the period 1 January to 31 December 2024.

All questions contained in the statutory Compliance Audit Return have been completed by the Executive Assistant/Governance Coordinator and Executive Manager Corporate Services. Consultant Chris Liversage of Highbury Conway has subsequently provided an independent audit of the draft Return.

BACKGROUND

The Compliance Audit Return is required to be:

1. reviewed by the Audit Committee,
2. presented to an Ordinary Meeting of Council,
3. adopted by Council; and
4. recorded in the minutes of the meeting at which it is adopted.

After the Compliance Audit Return (CAR) has been presented to Council, a certified copy of the return signed by the Mayor and Chief Executive Officer, along with the relevant section of the minutes and any additional information detailing the contents of the return are to be submitted to the DLGSC by 31 March 2024.

CONSULTATION

Chris Liversage (Conway Highbury)

STATUTORY ENVIRONMENT

Section 7.13(i) of the *Local Government Act 1995* requires that each local government carry out a compliance audit for the period 1 January to 31 December each year.

Regulations 14 & 15 of the *Local Government (Audit) Regulations 1996* specify requirements with respect to the compliance audit.

POLICY IMPLICATIONS

There are no Council Policies relevant to this item.

FINANCIAL IMPLICATIONS

The cost of the independent audit is \$2,500 ex GST. This is funded from the approved budget of \$10,250 (Account E04240 for internal audit projects).

STRATEGIC IMPLICATIONS

The Town of East Fremantle Strategic Community Plan 2020 – 2030 states as follows:

Strategic Priority 5: Leadership and Governance

A proactive, approachable Council which values community consultation, transparency and accountability.

5.1 Strengthen organisational accountability and transparency.

RISK IMPLICATIONS

RISKS

| Risk | Risk Likelihood (based on history & with existing controls) | Risk Impact / Consequence | Risk Rating (Prior to Treatment or Control) | Principal Risk Theme | Risk Action Plan (Controls or Treatment proposed) |
|--|--|---------------------------|--|---|--|
| Non-compliance with statutory requirements | Rare (1) | Major (4) | Low (1-4) | COMPLIANCE Short term non-compliance but with significant regulatory requirements imposed | Treat through independent review of CAR |

RISK MATRIX

| Consequence | | Insignificant | Minor | Moderate | Major | Extreme |
|-------------|----------------|---------------|--------------|--------------|--------------|--------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Likelihood | Almost Certain | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| | Likely | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible | 3 | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely | 2 | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |
| Rare | 1 | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

| | |
|--|----|
| Risk Rating | 4 |
| Does this item need to be added to the Town's Risk Register | No |
| Is a Risk Treatment Plan Required | No |

SITE INSPECTION

N/A

COMMENT

The independent audit of the statutory Compliance Audit Return has been completed and independently audited by Chris Liversage of Conway Highbury, who has worked in local government and subsequently as a local government consultant for many years.

Mr Liversage found no evidence of non-compliance.

CONCLUSION

It is recommended that the draft 2024 Compliance Audit attached to this report be adopted.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit Committee recommend Council adopt the 2024 Compliance Audit Return for submission to the Department of Local Government, Sport & Cultural Industries by 31 March 2025.

REPORT ATTACHMENTS

Attachments start on the next page



29 January 2025

Ms J May
Governance Coordinator
Town of East Fremantle
135 Canning Highway
East Fremantle WA

By email: JMay@eastfremantle.wa.gov.au

Dear Janine

Town of East Fremantle Statutory Compliance Audit

I refer to your emails of 12 December 2024 and 21 January 2025 regarding the above.

Please find attached the completed compliance audit return for 2024 for the Town of East Fremantle. There were no instances of non-compliance noted.

Where applicable, a note has been made of the council resolution, a link to required documentation on the Towns website or similar supporting evidence.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Liversage'.

Chris Liversage
MLGPro BBus Dip Local Govt (C)
Director



Town of East Fremantle
COMPLIANCE AUDIT RETURN 2024

| Commercial Enterprises by Local Governments | | | | |
|---|-------------------------------------|---|----------|---|
| No | Reference | Question | Response | Comments |
| 1 | s3.59(2)(a) F&G Regs 7,9,10 | Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2024? | N/A | The Town completed a business plan for redevelopment of facilities at East Fremantle Oval in a prior year |
| 2 | s3.59(2)(b) F&G Regs 7,8A, 8, 10 | Has the local government prepared a business plan for each major land transaction that was not exempt in 2024? | N/A | |
| 3 | s3.59(2)(c) F&G Regs 7,8A, 8,10 | Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2024? | N/A | |
| 4 | s3.59(4) | Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2024? | N/A | |
| 5 | s3.59(5) | During 2024, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? | N/A | |

| Delegation of Power/Duty | | | | |
|--------------------------|------------------|--|----------|---|
| No | Reference | Question | Response | Comments |
| 1 | s5.16 (1) | Were all delegations to committees resolved by absolute majority? | Yes | Council meeting 18 June 2024, item 13.8 |
| 2 | s5.16 (2) | Were all delegations to committees in writing? | Yes | Council meeting 18 June 2024, item 13.8 |
| 3 | s5.17 | Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ? | Yes | |
| 4 | s5.18 | Were all delegations to committees recorded in a register of delegations? | Yes | Attached to report to council item 13.8, 18 June 2024 |
| 5 | s5.18 | Has council reviewed delegations to its committees in the 2023/2024 financial year? | Yes | Council meeting 18 June 2024, item 13.8 |
| 6 | s5.42(1) & s5.43 | Did the powers and duties delegated to the CEO exclude those listed in | Yes | There were no delegations to the CEO that |



| | | | | |
|----|---------------------------|---|-----|---|
| | Admin Reg 18G | section 5.43 of the <i>Local Government Act 1995</i> ? | | included any of the matters listed in s5.43 or R18G |
| 7 | s5.42(1) | Were all delegations to the CEO resolved by an absolute majority? | Yes | |
| 8 | s5.42(2) | Were all delegations to the CEO in writing? | Yes | |
| 9 | s5.44(2) | Were all delegations by the CEO to any employee in writing? | Yes | |
| 10 | s5.16(3)(b) & s5.45(1)(b) | Were all decisions by the Council to amend or revoke a delegation made by absolute majority? | Yes | |
| 11 | s5.46(1) | Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees? | Yes | |
| 12 | s5.46(2) | Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2023/2024 financial year? | Yes | |
| 13 | s5.46(3) Admin Reg 19 | Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 19? | Yes | |

| Disclosure of Interest | | | | |
|------------------------|-----------------------------------|---|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | s5.67 | Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? | Yes | There were no instances noted in the minutes of council meetings during the period of review where a council member did not leave the meeting after declaring an interest. |
| 2 | s5.68(2) & s5.69(5) Admin Reg 21A | Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the <i>Local Government (Administration) Regulations 1996</i> regulation 21A, recorded in the minutes of the relevant council or committee meeting? | N/A | There were no instances recorded where a council member participated in a meeting after having declared a financial interest in a matter under consideration. |
| 3 | s5.73 | Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made? | Yes | There were no instances noted where a disclosure made under sections 5.65, 5.70 or 5.71A(3) was not recorded. |
| 4 | s5.75 Admin Reg 22, Form 2 | Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? | Yes | The Town's register of primary returns shows that all five elected members who were required to do so, lodged primary returns within three months of their start day. |



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|----|------------------------------------|--|-----|--|
| 5 | s5.76 Admin Reg 23, Form 3 | Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2024? | Yes | The Town's register of primary and annual returns shows that all nine elected members lodged annual returns before the end of August 2024. |
| 6 | s5.77 | On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return? | Yes | |
| 7 | s5.88(1) & (2)(a) | Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ? | Yes | |
| 8 | s5.88(1) & (2)(b) Admin Reg 28 | Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? | Yes | |
| 9 | s5.88(3) | When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person? | Yes | See https://www.eastfremantle.wa.gov.au/Profiles/eastfremantle/Assets/ClientData/5_REGISTER_OF_INTEREST_DISCLOSURES_2024-2025.pdf |
| 10 | s5.88(4) | Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? | Yes | |
| 11 | s5.89A(1), (2) & (3) Admin Reg 28A | Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28A? | Yes | See https://www.eastfremantle.wa.gov.au/our-town/council/gifts-and-travel-register.aspx |
| 12 | s5.89A(5) & (5A) | Did the CEO publish an up-to-date version of the gift register on the local government's website? | Yes | See https://www.eastfremantle.wa.gov.au/council/governance/council-registers-publicly-available.aspx |
| 13 | s5.89A(6) | When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people? | Yes | There were no instances noted where records were not removed after a person ceased to be a person required to make a disclosure under |



| | | | | |
|----|-----------------------|--|-----|--|
| | | | | sections 5.8A or 5.87B |
| 14 | s5.89A(7) | Have copies of all records removed from the register under section 5.89A(6) <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? | Yes | |
| 15 | s5.70(2) & (3) | Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? | Yes | There was only one instance noted (CEO performance review) |
| 16 | s5.71A & s5.71B(5) | Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the <i>Local Government Act 1995</i> relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? | N/A | |
| 17 | s5.71B(6) & s5.71B(7) | Was any decision made by the Minister under section 5.71B(6) of the <i>Local Government Act 1995</i> , recorded in the minutes of the council meeting at which the decision was considered? | N/A | |
| 18 | s5.104(1) | Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct? | Yes | Adopted 16 February 2021 |
| 19 | s5.104(3) & (4) | Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the <i>Local Government Act 1995</i> ? | No | |
| 20 | s5.104(7) | Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? | Yes | See https://www.eastfremantle.wa.gov.au/council/governance/conduct-and-values.aspx See https://www.eastfremantle.wa.gov.au/council/governance/conduct-and-values.aspx |



| | | | | |
|----|-----------------|---|-----|--|
| 21 | s5.51A(1) & (3) | Has the CEO prepared and implemented a code of conduct to be observed by employee of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? | Yes | See https://www.eastfremantle.wa.gov.au/documents/1046/town-of-east-fremantle-code-of-conduct-for-employees |
|----|-----------------|---|-----|--|

| Disposal of Property | | | | |
|----------------------|-----------|---|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | s3.58(3) | Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)? | Yes | New leases in 2024 relate to East Fremantle Oval where a head Lessee was appointed by public tender and a number of other entities as sub lessees. Note the appointment of the East Fremantle Playgroup as a licensee was an exempt disposal under R 30(2)(b) of the <i>Local Government (Administration) Regulations 1996</i> . |
| 2 | s3.58(4) | Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property? | N/A | |

| Elections | | | | |
|-----------|-------------------------|---|----------|--------------------------------|
| No | Reference | Question | Response | Comments |
| 1 | Elect Regs 30G(1) & (2) | Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) | N/A | There was no election in 2024. |



| | | | | |
|----------|-------------------------|--|-----|--|
| | | of the <i>Local Government (Elections) Regulations 1997</i> ? | | |
| 2 | Elect Regs 30G(3) & (4) | Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the <i>Local Government (Elections) Regulations 1997</i> ? | N/A | |
| 3 | Elect Regs 30G(5) & (6) | Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the <i>Local Government (Elections) Regulations 1997</i> ? | Yes | Established 2019. No gifts registered. |

| Finance | | | | |
|---------|-----------|--|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | s7.1A | Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the <i>Local Government Act 1995</i> ? | Yes | |
| 2 | s7.1B | Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority? | Yes | |
| 3 | s7.9(1) | Was the auditor's report for the financial year ended 30 June 2024 received by the local government by 31 December 2024? | Yes | See item 13.5 Council meeting 10 Dec 2024 (auditors report on p95 of attachment to item) |
| 4 | s7.12A(3) | Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? | N/A | No significant matters were raised. |



| | | | | |
|---|-----------------------|---|-----|-------------------------------------|
| 5 | s7.12A(4)(a) & (4)(b) | Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? | N/A | |
| 6 | s7.12A(5) | Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website? | N/A | |
| 7 | Audit Reg 10(1) | Was the auditor's report for the financial year ending 30 June 2024 received by the local government within 30 days of completion of the audit? | Yes | Exit meeting held 22 November 2024. |

| Integrated Planning and Reporting | | | | |
|-----------------------------------|-------------------------|--|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | Admin Reg 19C | Has the local government adopted by absolute majority a strategic community plan? If yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | See https://www.eastfremantle.wa.gov.au/Profiles/eastfremantle/Assets/ClientData/ToEF_StrategicCommunityPlan2020-30_Adopted_081220.pdf Adopted 8 Dec 2020. |
| 2 | Admin Reg 19DA(1) & (4) | Has the local government adopted by absolute majority a corporate business plan? If yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | See https://www.eastfremantle.wa.gov.au/Profiles/eastfremantle/Assets/ClientData/ToEF_CBP_2024-28_Revised_Nov24.pdf Revised Nov 2024, resolution 011806. |
| 3 | Admin Reg 19DA(2) & (3) | Does the corporate business plan comply with the requirements of the <i>Local Government (Administration) Regulations 1996</i> Regulations 19DA(2) & (3)? | Yes | Reg 19DA(2) relates to the plan being required to cover at least four financial years; R19DA(3) sets out the required contents including resource requirements, asset management plans, and others. |



| Local Government Employees | | | | |
|----------------------------|-----------------------------------|---|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | s5.36(4) & s5.37(3) Admin Reg 18A | Were all CEO and/or senior employee vacancies advertised in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 18A? | N/A | The town did not undertake recruitment of a CEO in 2024. There are no positions designated as 'senior employees' under s5.37 of the Act. |
| 2 | Admin Reg 18E | Was all information provided in applications for the position of CEO true and accurate? | N/A | |
| 3 | Admin Reg 18F | Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ? | Yes | |
| 4 | s5.37(2) | Did the CEO inform council of each proposal to employ or dismiss senior employee? | N/A | |
| 5 | s5.37(2) | Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? | N/A | |

| Official Conduct | | | | |
|------------------|-----------------|---|----------|---|
| No | Reference | Question | Response | Comments |
| 1 | s5.120 | Has the local government designated an employee to be its complaints officer? | Yes | Register of Authorisations considered at June 2024 Council Meeting. CEO is Complaints Officer by default. EMCS is Code of Conduct Complaints Officer. |
| 2 | s5.121(1) & (2) | Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ? | Yes | Register of Minor Breaches established in 2018/19. No complaints were registered in 2024. |
| 3 | S5.121(2) | Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ? | Yes | |
| 4 | s5.121(3) | Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? | Yes | |



| Optional Questions | | | | |
|--------------------|----------------------------------|--|----------|---|
| No | Reference | Question | Response | Comments |
| 1 | Financial Management Reg 5(2)(c) | Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> regulations 5(2)(c) within the three financial years prior to 31 December 2024? If yes, please provide the date of council's resolution to accept the report. | Yes | Report dated January 2023 Presented to February Audit Committee meeting and March Council meeting. |
| 2 | Audit Reg 17 | Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with <i>Local Government (Audit) Regulations 1996</i> regulation 17 within the three financial years prior to 31 December 2024? If yes, please provide date of council's resolution to accept the report. | Yes | Presented to February Audit Committee meeting and March Council meeting |
| 3 | s5.87C | Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act? | Yes | One employee gift, registered 19 January 2024 |
| 4 | s5.90A(2) & (5) | Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events? | Yes | See policy 1.1.7 https://www.eastfremantle.wa.gov.au/Profiles/eastfremantle/Assets/ClientData/Policy_Register.pdf |
| 5 | s5.96A(1), (2), (3) & (4) | Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ? | Yes | S5.96A lists the matters that a local government is required to publish on its website. |
| 6 | s5.128(1) | Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members? | Yes | Policy 1.1.8 https://www.eastfremantle.wa.gov.au/Profiles/eastfremantle/Assets/ClientData/Policy_Register.pdf |



| | | | | |
|---|----------|---|-----|--|
| 7 | s5.127 | Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2024? | Yes | See https://www.eastfremantle.wa.gov.au/documents/1059/elected-member-professional-development-and-training-register-2021-22 |
| 8 | s6.4(3) | By 30 September 2024, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2024? | Yes | |
| 9 | s.6.2(3) | When adopting the annual budget, did the local government take into account all its expenditure, revenue and income? | Yes | |

| Tenders for Providing Goods and Services | | | | |
|--|--|---|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | F&G Reg 11A(1) & (3) | Did the local government comply with its current purchasing policy, adopted under the <i>Local Government (Functions and General) Regulations 1996</i> , regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? | Yes | As far as can be reasonably determined on a sample basis and an annual audit of purchase requisitions presented to Audit Committee |
| 2 | s3.57 F&G Reg 11 | Subject to <i>Local Government (Functions and General) Regulations 1996</i> , regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? | Yes | RFT012024-25 – Riverside Road Upgrade Project |
| 3 | F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4) | When regulations 11(1), 12(2) or 13 of the <i>Local Government Functions and General) Regulations 1996</i> , required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? | Yes | |
| 4 | F&G Reg 12 | Did the local government comply with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 12 when deciding to enter into multiple contracts rather than a single contract? | NA | |



| | | | | |
|----|---------------------|--|-----|--|
| 5 | F&G Reg 14(5) | If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation? | NA | |
| 6 | F&G Regs 15 & 16 | Did the local government's procedure for receiving and opening tenders comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 15 and 16? | Yes | |
| 7 | F&G Reg 17 | Did the information recorded in the local government's tender register comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? | Yes | Published on Website under Tender and Contracts section; see: https://www.eastfremantle.wa.gov.au/our-town/about-our-town/contractors-suppliers-and-tenders.aspx |
| 8 | F&G Reg 18(1) | Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? | NA | |
| 9 | F&G Reg 18(4) | Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? | Yes | |
| 10 | F&G Reg 19 | Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? | Yes | |
| 11 | F&G Regs 21 & 22 | Did the local government's advertising and expression of interest processes comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulations 21 and 22? | NA | There were no EOIs let by the Town in 2024. |
| 12 | F&G Reg 23(1) & (2) | Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? | NA | |
| 13 | F&G Reg 23(3) & (4) | Were all expressions of interest that were not rejected under the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? | NA | |
| 14 | F&G Reg 24 | Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24? | NA | |



| | | | | |
|----|---------------------------------|---|-----|----------------------|
| 15 | F&G Regs 24AD(2) & (4) and 24AE | Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with <i>Local Government (Functions & General) Regulations 1996</i> regulations 24AD(4) and 24AE? | N/A | No panels appointed. |
| 16 | F&G Reg 24AD(6) | If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? | N/A | |
| 17 | F&G Reg 24AF | Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? | N/A | |
| 18 | F&G Reg 24AG | Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24AG? | N/A | |
| 19 | F&G Reg 24AH(1) | Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? | N/A | |
| 20 | F&G Reg 24AH(3) | Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? | N/A | |
| 21 | F&G Reg 24AI | Did the CEO send each applicant written notice advising them of the outcome of their application? | N/A | |
| 22 | F&G Regs 24E & 24F | Where the local government gave regional price preference, did the local government comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24E and 24F? | N/A | |

Chief Executive Officer

Date



Mayor/President

Date

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



East Fremantle – Compliance Audit Return

| Commercial Enterprises by Local Governments | | | | |
|---|----------------------------------|---|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | s3.59(2)(a) F&G Regs 7,9,10 | Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2024? | N/A | The Town completed a business plan for redevelopment of facilities at East Fremantle Oval in a prior year. |
| 2 | s3.59(2)(b) F&G Regs 7,8A, 8, 10 | Has the local government prepared a business plan for each major land transaction that was not exempt in 2024? | N/A | |
| 3 | s3.59(2)(c) F&G Regs 7,8A, 8,10 | Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2024? | N/A | |
| 4 | s3.59(4) | Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2024? | N/A | |
| 5 | s3.59(5) | During 2024, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? | N/A | |

| Delegation of Power/Duty | | | | |
|--------------------------|-----------|--|----------|----------------------------------|
| No | Reference | Question | Response | Comments |
| 1 | s5.16 (1) | Were all delegations to committees resolved by absolute majority? | Yes | Council Meeting 18/06/24 |
| 2 | s5.16 (2) | Were all delegations to committees in writing? | Yes | |
| 3 | s5.17 | Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995? | Yes | |
| 4 | s5.18 | Were all delegations to committees recorded in a register of delegations? | Yes | |
| 5 | s5.18 | Has council reviewed delegations to its committees in the 2023/2024 financial year? | Yes | Refer Council Resolution 18/6/24 |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

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|-----------|--------------------------------|---|-----|--|
| 6 | s5.42(1) & s5.43 Admin Reg 18G | Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995? | Yes | |
| 7 | s5.42(1) | Were all delegations to the CEO resolved by an absolute majority? | Yes | |
| 8 | s5.42(2) | Were all delegations to the CEO in writing? | Yes | |
| 9 | s5.44(2) | Were all delegations by the CEO to any employee in writing? | Yes | |
| 10 | s5.16(3)(b) & s5.45(1)(b) | Were all decisions by the Council to amend or revoke a delegation made by absolute majority? | Yes | |
| 11 | s5.46(1) | Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees? | Yes | |
| 12 | s5.46(2) | Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2023/2024 financial year? | Yes | |
| 13 | s5.46(3) Admin Reg 19 | Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19? | Yes | |

| Disclosure of Interest | | | | |
|------------------------|-----------------------------------|---|----------|----------|
| No | Reference | Question | Response | Comments |
| 1 | s5.67 | Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? | Yes | |
| 2 | s5.68(2) & s5.69(5) Admin Reg 21A | Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting? | N/A | |
| 3 | s5.73 | Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made? | Yes | |
| 4 | s5.75 Admin Reg 22, Form 2 | Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? | Yes | |
| 5 | s5.76 Admin Reg 23, Form 3 | Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2024? | Yes | |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

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|-----------|------------------------------------|--|-----|--|
| 6 | s5.77 | On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return? | Yes | |
| 7 | s5.88(1) & (2)(a) | Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995? | Yes | |
| 8 | s5.88(1) & (2)(b) Admin Reg 28 | Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? | Yes | |
| 9 | s5.88(3) | When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person? | Yes | |
| 10 | s5.88(4) | Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? | Yes | |
| 11 | s5.89A(1), (2) & (3) Admin Reg 28A | Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A? | Yes | |
| 12 | s5.89A(5) & (5A) | Did the CEO publish an up-to-date version of the gift register on the local government's website? | Yes | |
| 13 | s5.89A(6) | When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people? | Yes | |
| 14 | s5.89A(7) | Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? | Yes | |
| 15 | s5.70(2) & (3) | Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? | Yes | |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

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|-----------|-----------------------|---|-----|--------------------------|
| 16 | s5.71A & s5.71B(5) | Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? | N/A | |
| 17 | s5.71B(6) & s5.71B(7) | Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered? | N/A | |
| 18 | s5.104(1) | Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct? | Yes | Adopted 16 February 2021 |
| 19 | s5.104(3) & (4) | Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995? | No | |
| 20 | s5.104(7) | Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? | Yes | |
| 21 | s5.51A(1) & (3) | Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? | Yes | |

| Disposal of Property | | | | |
|----------------------|-----------|--|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | s3.58(3) | Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)? | Yes | New leases in 2024 relate to East Fremantle Oval where a head Lessee was appointed by public tender and a number of other entities as sub lessees. Note the appointment of the East Fremantle Playgroup as a Licensee was an exempt disposal under R 30(2)(b) of the Local |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



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|----------|----------|--|-----|---|
| | | | | Government (Administration) Regulations 1996. |
| 2 | s3.58(4) | Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property? | N/A | |

| Elections | | | | |
|-----------|-------------------------|---|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | Elect Regs 30G(1) & (2) | Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997? | N/A | There was no election in 2024 |
| 2 | Elect Regs 30G(3) & (4) | Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? | N/A | |
| 3 | Elect Regs 30G(5) & (6) | Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? | Yes | Established 2019. No gifts registered. |

| Finance | | | | |
|---------|-----------|----------|----------|----------|
| No | Reference | Question | Response | Comments |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

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|---|-----------------------|---|-----|------------------------------------|
| 1 | s7.1A | Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995? | Yes | |
| 2 | s7.1B | Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority? | Yes | |
| 3 | s7.9(1) | Was the auditor's report for the financial year ended 30 June 2024 received by the local government by 31 December 2024? | Yes | 6 December 2024 |
| 4 | s7.12A(3) | Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? | N/A | No significant matters raised |
| 5 | s7.12A(4)(a) & (4)(b) | Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? | N/A | |
| 6 | s7.12A(5) | Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website? | N/A | |
| 7 | Audit Reg 10(1) | Was the auditor's report for the financial year ending 30 June 2024 received by the local government within 30 days of completion of the audit? | Yes | Exit meeting held 22 November 2024 |

| Local Government Employees | | | | |
|----------------------------|-----------------------------------|---|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | s5.36(4) & s5.37(3) Admin Reg 18A | Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A? | N/A | The Town did not undertake recruitment of a CEO in 2024. There are no positions designated as 'senior employees' under s5.37 of the Act. |
| 2 | Admin Reg 18E | Was all information provided in applications for the position of CEO true and accurate? | N/A | |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

| | | | | |
|----------|---------------|---|-----|--|
| 3 | Admin Reg 18F | Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995? | Yes | |
| 4 | s5.37(2) | Did the CEO inform council of each proposal to employ or dismiss senior employee? | N/A | |
| 5 | s5.37(2) | Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? | N/A | |

| Official Conduct | | | | |
|------------------|-----------------|---|----------|---|
| No | Reference | Question | Response | Comments |
| 1 | s5.120 | Has the local government designated an employee to be its complaints officer? | Yes | Register of Authorisations considered at June 2024 Council Meeting. CEO is Complaints Officer by default. Executive Manager Corporate Services is Code of Conduct Complaints Officer. |
| 2 | s5.121(1) & (2) | Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995? | Yes | Register of Minor Breaches established in 2018/19. No complaints were registered in 2024. |
| 3 | s5.121(2) | Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995? | Yes | |
| 4 | s5.121(3) | Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? | Yes | |

| Tenders for Providing Goods and Services | | | | |
|--|----------------------|---|----------|--|
| No | Reference | Question | Response | Comments |
| 1 | F&G Reg 11A(1) & (3) | Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? | Yes | Annual audit of purchase reqs presented to Audit Committee |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

| | | | | |
|-----------|--|---|-----|---|
| 2 | s3.57 F&G Reg 11 | Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? | Yes | RFT01/2024-25 – Riverside Road Upgrade Project |
| 3 | F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4) | When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? | Yes | |
| 4 | F&G Reg 12 | Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? | N/A | |
| 5 | F&G Reg 14(5) | If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation? | N/A | |
| 6 | F&G Regs 15 & 16 | Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? | Yes | |
| 7 | F&G Reg 17 | Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? | Yes | Published on Website under Tender and Contracts section |
| 8 | F&G Reg 18(1) | Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? | N/A | |
| 9 | F&G Reg 18(4) | Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? | Yes | |
| 10 | F&G Reg 19 | Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? | Yes | |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

| | | | | |
|----|---------------------------------|---|-----|---------------------|
| 11 | F&G Regs 21 & 22 | Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22? | N/A | No EOIs in 2024 |
| 12 | F&G Reg 23(1) & (2) | Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? | N/A | |
| 13 | F&G Reg 23(3) & (4) | Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? | N/A | |
| 14 | F&G Reg 24 | Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24? | N/A | |
| 15 | F&G Regs 24AD(2) & (4) and 24AE | Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE? | N/A | No Panel appointed. |
| 16 | F&G Reg 24AD(6) | If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? | N/A | |
| 17 | F&G Reg 24AF | Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? | N/A | |
| 18 | F&G Reg 24AG | Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG? | N/A | |
| 19 | F&G Reg 24AH(1) | Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? | N/A | |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

| | | | | |
|-----------|--------------------|---|-----|-----------------------------|
| 20 | F&G Reg 24AH(3) | Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? | N/A | |
| 21 | F&G Reg 24AI | Did the CEO send each applicant written notice advising them of the outcome of their application? | N/A | |
| 22 | F&G Regs 24E & 24F | Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F? | N/A | No price preference awarded |

| Integrated Planning and Reporting | | | | |
|-----------------------------------|-------------------------|--|----------|---|
| No | Reference | Question | Response | Comments |
| 1 | Admin Reg 19C | Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | 8/12/2020 |
| 2 | Admin Reg 19DA(1) & (4) | Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | 19/11/2024 Corporate Business Plan 2024-2028 adopted 18/6/2024. Reviewed 19/11/2024. |
| 3 | Admin Reg 19DA(2) & (3) | Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? | Yes | |

| Optional Questions | | | | |
|--------------------|----------------------------------|--|----------|---|
| No | Reference | Question | Response | Comments |
| 1 | Financial Management Reg 5(2)(c) | Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December | Yes | 21/03/2023 Report dated January 2023 Presented to February Audit Committee meeting and March Council meeting. |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Department of
Local Government, Sport
and Cultural Industries

| | | | | |
|----------|---------------------------|---|-----|---|
| | | 2024? If yes, please provide the date of council's resolution to accept the report. | | |
| 2 | Audit Reg 17 | Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2024? If yes, please provide date of council's resolution to accept the report. | Yes | 21/03/2023 Report dated January 2023 Presented to February Audit Committee meeting and March Council meeting. |
| 3 | s5.87C | Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act? | Yes | One employee gift, registered 19 January 2024 |
| 4 | s5.90A(2) & (5) | Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events? | Yes | Policy 1.1.7 |
| 5 | s5.96A(1), (2), (3) & (4) | Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995? | Yes | |
| 6 | s5.128(1) | Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members? | Yes | Policy 1.1.8 |
| 7 | s5.127 | Did the local government prepare a report on the training completed by council members in the 2023/2024 financial year and publish it on the local government's official website by 31 July 2024? | Yes | |
| 8 | s6.4(3) | By 30 September 2024, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2024? | Yes | |
| 9 | s.6.2(3) | When adopting the annual budget, did the local government take into account all its expenditure, revenue and income? | Yes | |

Attachment -2

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - East Fremantle



Chief Executive Officer

Date

Mayor/President

Date

Confidential Report

10.3 2502 COMMONWEALTH HOME SUPPORT PROGRAMME (CHSP) - QUALITY AUDIT

| | |
|--------------------------------|--|
| Report Reference Number | ACR-751 |
| Prepared by | Peter Kocian, Executive Manager Corporate Services |
| Supervised by | Jonathan Throssell, Chief Executive Officer |
| Meeting date | Wednesday, 26 February 2025 |
| Voting requirements | Simple |
| Documents tabled | CHSP Policies and Procedures (Separate Attachment) |
| Attachments | |
| | 1. Quality Audit Report (Confidential) |

PURPOSE

The Audit Committee is requested to receive the Quality Audit Report arising from the audit of the Town's Commonwealth Home Support Programme service.

The Committee is also requested to note the significant compliance requirements that exist for Providers and the risk/administrative burden this presents for small Providers.

EXECUTIVE SUMMARY

An assessment team of quality assessors conducted a quality audit of the Town's Commonwealth Home Support Programme (Neighbourhood Link), with an on-site visit on the 23/24 January 2025.

The assessment team undertook interviews with consumers and staff, including the Manager CHSP, Support Officer's and the Executive Manager Corporate Services.

The Town was deemed to meet five out of the seven applicable Quality Standards.

BACKGROUND

The Town of East Fremantle has been providing home support services since the commencement of the Home and Community Care (HACC) Programme in 1987.

The service employs 8 permanent staff, who largely work part-time, as well as casual employees and volunteers.

This service has been formally reviewed by Council on two occasions since 2019 when the HACC program transitioned from a State-based system to the Commonwealth Home Support Programme.

15 October 2019:

AMENDED RECOMMENDATION/COUNCIL RESOLUTION 071019

Moved Cr M McPhail, seconded Cr Natale

That Council:

- 1. receive and note all options presented in the attached Business Plan considering future service delivery options under the Commonwealth Home Support Program.***

2. *endorse Option 2 Centre Based Social Support Services Model as the preferred service delivery model post 1 July 2020, and make future application to the Commonwealth to be an approved provider to continue to provide the following CHSP services:*
 - (a) *Centre Based Day Care, including summer programs*
 - (b) *Centre Based Meals;*
 - (c) *Centre Based Transport, including social support outings and summer holiday outings program;*
 - (d) *Centre Based Respite;*
 - (e) *Flexible Respite;*
 - (f) *Social Support – Individual; and*
 - (g) *Social Support – Group.*
3. *request a further report be provided by 30th June 2021 in relation to the program's performance.*
4. *request that the Town produces a communication/transition plan to support existing clients receiving Domestic and Home Maintenance Services to transition to another provider from 1 July 2020.*
5. *pursuant to section 6.8 of the Local Government Act 1995, approve a budget allocation of \$20,000 for marketing and promotion activities of social services provided by the Town, which may include the following strategies:*
 - *Production of marketing material for placement in local GP surgery's and library notice boards;*
 - *Production of marketing material for distribution to Aged Care Assessment Teams (ACAT) at hospitals;*
 - *Production of marketing material for distribution and promotion at local festivals;*
 - *Advertisement in the DPS publication "Guide to Aged Care in Western Australia"; and*
 - *Advertisement in "The Senior" local newspaper*

(CARRIED UNANIMOUSLY)

15 February 2022:

Council Resolution 061502**OFFICER RECOMMENDATION****Moved Cr Natale, seconded Cr Donovan****That Council, with respect to the Town's Commonwealth Home Support Program service:**

1. **endorse the Commonwealth Home Support Program extension offer for 2022/23 as attached to this report.**
2. **receive the Independent Audit of Town's CHSP Service as attached to this report.**
3. **note that the Commonwealth Home Support Program will be replaced by a new Support at Home Program from 1 July 2023, and the Town will lose its entitlement to as of right block funding for the provision of services from this date.**
4. **note that a monthly table on the performance of the Commonwealth Home Support Program will be provided to the monthly Concept Forum Briefing, with a formal report to be submitted to the September Ordinary Meeting assessing the viability of the service under the new funding model.**
5. **pursuant to section 6.16 of the *Local Government Act 1995*, impose the following fees with an effective date of 1 March 2022, and provide local public notice:**

| Description of Fee | Adopted Budget 21/22 (Ex GST) | Proposed Fee (Ex GST) | Comment |
|--|----------------------------------|-----------------------------------|--|
| Home Care Package | | | |
| - Social Support Individual (per hour) | \$30.48 | \$50.00 + Mileage \$1 per km | The proposed fee has been benchmarked to 6 nearby providers, and fees range from \$50-\$74 |
| Cancellation Fee | Nil | Up to 100% of Client Contribution | Cancellation Policy: "If you need to cancel a scheduled service, please provide at least 24 hours' notice. Otherwise, a cancellation charge may apply. We understand that sometimes unavoidable emergencies happen at the last minute. If services need to be cancelled due to an unavoidable emergency, the service will not be charged to your invoice". |

(CARRIED UNANIMOUSLY)**CONSULTATION**

Manager CHSP

STATUTORY ENVIRONMENT

The delivery of CHSP services is subject to the following regulation:

- The Australian Government: Department of Health Legislation: '*Aged Care Act 1997*'
- The Australian Government: Aged Care Quality and Safety Commission Charter – *Charter of Aged Care Rights*, which engages, empowers, and guides consumer rights.
- The Australian Government: Australian Commission on Safety and Quality in Health Care – *National Safety and Quality Health Service Standards*, which, through 8 standards, facilitates the level of care and service that participants can expect from providers; and enables providers to self-assess their service to ensure the focus is on rights, quality of care and accountability.

POLICY IMPLICATIONS

The Australian Government has announced that the CHSP, Home Care Packages, Short-Term Restorative Care and Residential Respite Programs will be replaced by a new Support at Home Program commencing in July 2027 (previous timelines were 1 July 2023 and then 1 July 2025). This means that the Town will lose block funding for service delivery at this time.

FINANCIAL IMPLICATIONS

The Town has provided the Department of Health and Aged Care with advice that it intends to continue delivering CSHP services for the period 2025-2027.

The Town's total indicative funding amount for CHSP 2025-2027 is \$1,415,788.30.

| Current Service Name Up to 30 June 2025 | New Service Name From 1 July 2025 | Funding 2025-2026 (ex GST.) | Outputs 2025-2026 |
|--|--------------------------------------|-----------------------------------|----------------------|
| Centre Based Respite and Flexible Respite | Home or community general respite | \$67,306.65 | 1245 |
| CHSP Transport | Transport | \$120,134.97 | 4314 |
| Social Support - Group | Group social support | \$276,759.56 | 13978 |
| Social Support - Individual | Individual social support | \$243,692.97 | 5365 |
| Total Funding | | \$707,894.15 | |

Grant Agreements will be provided to approved Providers before 10 June 2025.

The following tables depicts the Town's actual service outputs for 2023/24, whereby the Town achieved 92% of overall service outputs.

| SERVICE TYPE | FUNDING - Commonwealth Home Support Program (CHSP) | | | | | | | | | | | | | | |
|--|--|--------------------------|---------------------------|------------------------------|------------------------------|----------------------|----------------|----------------------------|------------------------|--|-------------------------------|----------------------------------|----------------------------------|--|--------------------------------------|
| | Funded Unit Rate | CHSP Funding for 2023-24 | Contracted Units for Year | Contracted Units for a month | Units delivered in June 2024 | Contracted Units YTD | Price per Unit | Monthly Contracted Funding | YTD Contracted Funding | 6 months Units Delivered June 2024 YTD | 12 months Units Delivered YTD | Current month Variance (Units/%) | YTD Variance from Contracted Hrs | YTD Funding from Service delivered for 2023/24 | YTD Variance from Contracted Funding |
| Centre Based Respite - Care Relationships and Flexible Respite - Care Relationships and Care Support | \$39.41 | \$14,818 | 376 | 31 | 0 | 376 | \$39.41 | \$1,235 | \$14,818 | 0 | 0 | -100% | -100% | \$0 | -\$14,818 |
| Direct Transport | \$56.10 | \$48,751 | 869 | 72 | 20 | 869 | \$56.10 | \$4,063 | \$48,751 | 111 | 256 | -72% | -71% | \$14,362 | -\$34,389 |
| Social Support - Individual | \$26.30 | \$113,463 | 4,314 | 360 | 24 | 4,314 | \$26.30 | \$9,455 | \$113,463 | 176 | 231 | -93% | -95% | \$6,076 | -\$107,387 |
| Social Support Group - CBDC | \$42.90 | \$230,159 | 5,365 | 447 | 409 | 5,365 | \$42.90 | \$19,180 | \$230,159 | 2,006 | 5,117 | -9% | -5% | \$219,519 | -\$10,639 |
| Social Support Group - Outings | \$18.70 | \$261,389 | 13,978 | 1165 | 110 | 13,978 | \$18.70 | \$21,782 | \$261,389 | 454 | 1,149 | 40% | 43% | \$374,673 | \$113,285 |
| Annual Total | | 668,578 | 24,902 | 2,075 | 2,083 | 24,902 | | \$55,715 | \$668,578 | 11,529 | 25,640 | | | \$614,630 | -\$53,949 |

STRATEGIC IMPLICATIONS

Strategic Priority 1: Social: A socially connected, inclusive and safe community

Facilitate appropriate local services for the health and wellbeing of the community

RISK IMPLICATIONS

RISKS

Whilst the Town is very proud of this social service that has been provided for over 30 years, there are significant compliance requirements that providers must meet. Council does not have visibility on this level of corporate governance and oversight:

- Compliance requirements increased from 1 July 2022, with monthly reporting (as opposed to biannual reporting) required through the Data Exchange System.
- All service providers are required to meet the following aged care standards (noting that the Town was last audited under the State-base system in 2018):
 - Standard 1: Consumer dignity and choice
 - Standard 2: Ongoing assessment and planning with consumers
 - Standard 3: Personal care and clinical care
 - Standard 4: Services and supports for daily living
 - Standard 5: Organisation's service environment
 - Standard 6: Feedback and complaints
 - Standard 7: Human Resources
 - Standard 8: Organisational governance

The Town has been working with an aged care expert for advice with Policy and Procedure. The Town has completed comprehensive documentation and checklists for each of the eight standards since 2021. This documentation also allows for an internal compliance assessment for each of the Standards.

In addition, since 1 December 2022, the Aged Care Quality and Safety Commission has required all providers to have a Serious Incident Response Scheme (SIRS) in place. A providers incident management and prevention responsibilities are set out on the Aged Care Act and addresses the following:

- how incidents are identified, recorded, and reported, and to whom incidents must be reported;
- how the provider will provide support and assistance to those affected by an incident to ensure their health, safety, and wellbeing (e.g. providing information about access to advocates);
- how those affected by an incident (or their representatives) will be involved in managing and resolving the incident;
- when and how the provider will require an investigation into an incident to work out the cause, any harm, and any operational issues that may have contributed to the incident occurring;
- when remedial action is required and what that action should be; and
- who is responsible (e.g. a staff member) for notifying all reportable incidents to the Commission under the SIRS.

There have been no Priority 1 or 2 incidents since SIRS was introduced. The Town does need to develop a CHSP SIRS Action Handbook (chart, diagram, timeline, phone numbers, contacts etc) to ensure that other CHSP staff are conversant with requirements in the event that the Manager CHSP is unavailable.

The above represent significant compliance requirements that the Manager CHSP is primarily responsible for with oversight and support provided by the Executive Manager Corporate Services.

Thus, there is key point of failure should the incumbent Manager CHSP not be available for any reason. If this was to transpire, the Town will be unable to continue service delivery.

SITE INSPECTION

Not applicable.

COMMENT

The Town's Audit Assessment was pleasing and provides an assurance that services generally meet the quality standards. The Manager CHSP is to be congratulated for the audit performance, recognising there is limited administrative support. The Town does not have economies of scale to expand administrative resources as staffing is directed to client services to ensure that the Town is meeting funding obligations to deliver contracted service outputs.

The Committee's attention is brought to the two standards that were not met:

Standard 6 Feedback and Complaints

Improvements to be implemented:

- Establish a formal survey and feedback process with consumers to improve the quality of care and services provided. Management Comment: A more integrated process is being worked on to tie up feedback, continuous improvement and periodic survey (beyond the means used through the activity program, care plan and client review).

Standard 8 Organisational Governance

Improvements to be implemented:

- Engage consumers in the development, delivery and evaluation of care and services.
- Ensure Council/Audit Committee is more involved in reviewing matters to promote quality care and services.
- Implement governance systems relating to continuous improvement and feedback and complaints.
- Implement systems to assess and understand consumer risk, report incidents, and use the information to minimise risks for consumers and staff.

The implementation of audit findings will create further demands on limited administrative resources. The Executive Manager Corporate Services will work closely with the Manager CHSP to monitor audit findings and assess resourcing requirements.

CONCLUSION

That the Audit Committee receive the information contained within this report.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit Committee recommend Council:

1. **Receives the Quality Audit Report from the assessment of the Town's Commonwealth Home Support Programme Service.**
2. **Notes that audit findings will be inserted into the consolidated audit status log for the Audit Committee's ongoing review and monitoring.**

| |
|--|
| <p>3. Notes the significant compliance and quality framework for registered Aged Care Providers and the administrative demands to ensure that the quality standards are being met.</p> <p>4. Notes that Council and the Audit Committee will need to adopt a more proactive role in overseeing the governance of the Town's service, which will increase administrative requirements. It is recommended that a monthly information report be submitted to the Council Concept Forum which will include the following headings:</p> <ul style="list-style-type: none">• Service Output Summary• Client Incidents• Adverse Events• Services• Staff• Vehicles and Equipment• CHSP Updates• ACQSC Updates |
|--|

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1
Confidential Attachment

10.4 2502 WHS ACTION PLAN - STATUS UPDATE

| | |
|--------------------------------|--|
| Report Reference Number | ACR-745 |
| Prepared by | Peter Kocian, Executive Manager Corporate Services |
| Supervised by | Jonathan Throssell, Chief Executive Officer |
| Meeting date | Wednesday, 26 February 2025 |
| Voting requirements | Simple |
| Documents tabled | Nil |

Attachments

1. Work Health and Safety Action Plan – April 2024 (Confidential)
2. WHS Findings Summary (Confidential)
3. WHS Support Proposal – Marsh (Confidential)

PURPOSE

The Audit Committee is requested to receive an update on the implementation of the Work Health and Safety Action Plan.

EXECUTIVE SUMMARY

Marsh Pty Ltd has been engaged to implement the Work Health and Safety Action Plan. The engagement deliverables focus on six (6) key areas:

- Management Commitment
- Operations
- Consultation and Engagement
- Hazard Management
- Training and Supervision
- Volunteer Management

The attached Work Health and Safety Action Plan will be progressed, with a view of presenting a closing report to the August 2025 Audit Committee Meeting.

BACKGROUND

Marsh Pty Ltd was engaged in early 2024 to facilitate a gap analysis of the Town's Work Health and Safety Framework, to identify what the Town needs to do to drive WHS performance and minimise future claims exposure.

The WHS Gap Analysis Report and WHS Action Plan was distributed to Elected Members in May 2024. The following were the overall scores from the assessment:

| Category | Score | Available Score | Section Achievement |
|----------------------------|-----------|-----------------|---------------------|
| Management Commitment | 11 | 32 | 34% |
| Planning | 9 | 36 | 25% |
| Consultation and Reporting | 9 | 28 | 32% |
| Hazard Management | 13 | 32 | 41% |
| Training and Supervision | 12 | 28 | 43% |
| Volunteer Management | 10 | 36 | 28% |
| Overall Score | 64 | 192 | 33% |

There are 47 actions documented from the gap analysis.

CONSULTATION

Chief Executive Officer
 Marsh Pty Ltd
 WHS Committee

STATUTORY ENVIRONMENT

Work Health and Safety Act 2020
Workers Compensation and Injury Management Act 2023

POLICY IMPLICATIONS

Various Policies are being developed including a Work Health and Safety Policy and Roles and Responsibilities Policy.

FINANCIAL IMPLICATIONS

Council has approved a budget for WHS resourcing against E04203 Administration Service Contracts. Ongoing resourcing requirements will be assessed at the end of the engagement with Marsh (June 2025).

STRATEGIC IMPLICATIONS

Strategic Community Plan 2020-2030
 Strategic Priority 5: Leadership and Governance
 5.1.1 Strengthen governance, risk management and compliance

RISK IMPLICATIONS

A Strategic Risk Register was presented to the August 2024 Audit Committee Meeting. The following is an extract from the Register.

| Description - Title | Risk and potential impacts | Strategic Community Plan Reference | Risk Rating | Description | Description and evidence of controls / corrective actions | Residual risk rating | Effectiveness of the control in place | Additional Treatments / Changes / Controls |
|---------------------------|---|--|-------------|------------------|--|----------------------|---------------------------------------|---|
| Human Resource Management | Increased psychosocial pressures, Inadequate WHS Standards and Workers Compensation Claims increase and Premium increases. (Health, Compliance, Reputational) | 5.1.1 Strengthen governance, risk management and compliance. | 16 | Urgent Attention | LGIS and External Audits. Learnrite system, EAP, Code of Conduct, WHS Committee, WHS Policies and Procedures, HR Manual. | 12 | Inadequate | Resourcing implementation, Action Plan close out. |

RISK RATING

| | |
|--|-----|
| Risk Rating | 16+ |
| Does this item need to be added to the Town's Risk Register | No |
| Is a Risk Treatment Plan Required | Yes |

SITE INSPECTION

Not applicable.

COMMENT

The Town engaged a WHS Consultant in November/December 2024 to commence work on the Work Health and Safety Action Plan. This project work prioritised the development of WHS documents including an overarching WHS Manual.

The following document register has been compiled:


WHS Document Register

| | | | |
|-----------|---|-----------|--|
| Plan | Work Health and Safety Management Manual | Registers | WHS Document Register |
| Plan | Work Health and Safety Management Plan | Registers | Incident Register |
| Plan | Emergency Management Plan Template | Registers | Corrective Action Register |
| Plan | Emergency Management Plan Operations Centre | Registers | Training and Competency Register |
| Plan | Emergency Management Plan Administration Centre | Registers | Chemical Register |
| | | Registers | Visitor Register |
| Induction | ToEF General Induction | Registers | WHS Risk Register (All Directorates) |
| Induction | ToEF Operations Induction | Registers | First Aid Kit Register |
| | Employee Workplace Health and Safety Induction Handbook | Form | Workplace Inspection Checklist Template |
| | Contractor Induction Checklist | Form | Emergency Drill Reporting Form |
| | | Form | Workstation Ergonomic Checklist |
| Policy | WHS Policy | Form | Forklift Pre-Start Inspection Checklist |
| Policy | Psychosocial Safety Policy | Form | Journey Management Plan |
| Policy | WHS Roles and Responsibilities | Form | Motor Vehicle Acknowledgement |
| | | Form | WHS Performance Report |
| Procedure | Conflict Resolution | Form | Health and Safety Committee Agenda |
| Procedure | Discipline | Form | Health and Safety Committee Minutes |
| Procedure | Fatigue Management | Form | Light Vehicle Driver Orientation |
| Procedure | Fitness for Work (Drugs, Alcohol and Impairment) | Form | Management Meeting Template |
| Procedure | Hazard and Risk Management | Form | WHS Management System Audit Template |
| Procedure | Hazard Incident Reporting and Investigation | Form | Toolbox Meeting Form |
| Procedure | Injury Management (and Workers Compensation) | Form | High Risk Work Rescue Plan |
| Procedure | Manual Handling | Form | Working at Height Permit |
| Procedure | WHS Resolution | Form | Confined Space Entry Permit |
| Procedure | Hazardous Substances | Form | Hot Work Permit |
| Procedure | Working at Heights | Form | Portable Ladder Inspection Form |
| Procedure | Confined Space | Form | Job Safety Analysis Template |
| Procedure | Isolation and Tag Out | Form | Behaviour Based Safety Observation |
| Procedure | Working Alone | | |
| Procedure | Traffic Management | Forms | Incident Report Form |
| Procedure | Consultation and Communication | Forms | Hazard Report Form |
| Procedure | Hot Works | Forms | First Aid Attendance Form |
| Procedure | Contractor Management | Forms | JSA and SWMS Combined Template |
| Procedure | Mobile Plant | Forms | Health & Safety Committee Agenda Template |
| Procedure | Noise Management | Forms | Ergonomic Workstation Checklist |
| Procedure | Volunteer Management | Forms | Inspection Checklist Operations Centre |
| Procedure | WHS Key Performance Indicators | Forms | Inspection Checklist Administration Centre |
| Procedure | Planning, Reporting and Review SOP | Forms | Take 5 |
| Procedure | Electrical Safety | | |
| Procedure | WHS Training and Development | | |
| Procedure | Training and Induction | | |
| Procedure | Visitors | | |
| Procedure | Sun Smart Procedure | | |
| Procedure | Personal Protective Equipment (and Clothing) | | |
| Procedure | Audit and Inspection | | |

Part of the engagement with Marsh is to review and finalise all documentation, with a view of presenting developed materials to the WHS Committee and subsequently the Executive Team for review and approval.

The engagement is expected to run between February – June 2025, whereby most actions are expected to be implemented. There will need to be a management commitment as well as dedicated resourcing (the level is still to be determined) to ensure that WHS obligations are being managed effectively.

CONCLUSION

The Audit Committee is requested to receive the confidential attachments and note the terms of engagement with Marsh Pty Ltd to implement the Work Health and Safety Action Plan.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit Committee:

1. Receives the confidential attachments including the Work Health and Safety Findings Report and Work Health and Safety Action Plan.
2. Notes the terms of engagement with Marsh Pty Ltd to implement the Work Health and Safety Action Plan.
3. Notes that a closing report on the engagement with Marsh Pty Ltd will be presented to the August 2025 Audit Committee Meeting.

REPORT ATTACHMENTS

Attachments start on the next page

Attachment 1

Confidential Attachment

Attachment -2
Confidential Attachment

Attachment 3

Confidential Attachment

10.5 2502 PENETRATION TEST REPORT

| | |
|--------------------------------|---|
| Report Reference Number | ACR-735 |
| Prepared by | Bron Browning, Manager, Corporate Services |
| Supervised by | Peter Kocian, Executive Manager, Corporate Services |
| Meeting date | Wednesday, 26 February 2025 |
| Voting requirements | |
| Documents tabled | |
| Attachments | |
| | 1. Penetration Test Report – Confidential |

PURPOSE

It is recommended that the Audit Committee receive the attached external Penetration Test Report, noting there are no vulnerabilities which are considered to present an unacceptable risk to the Organisation.

EXECUTIVE SUMMARY

As part of a proactive security assessment, OneStep were engaged by the Town to perform an external penetration test against our external IT Infrastructure. Focus Networks also assisted with providing the information that was required for testing.

BACKGROUND

The necessity for the Penetration test is due to a current Audit Finding from the Office of the Auditor General – detailed below from the 2024 Information Systems Audit Management Letter:

9. Independent review of network security

Finding

The Town has yet to conduct an independent review of their network security. We note the lack of independent review was first reported in 2022.

Rating: Minor

Implication

Without independent testing, there is an increased risk that vulnerabilities within the Town's IT systems will not be identified. These vulnerabilities could be exploited which may result in unauthorised access to IT systems and information.

Recommendation

The Town should conduct periodic independent penetration tests to validate its network security controls.

CONSULTATION

OneStep

Focus Networks

Exit Meeting between the Town and One Step/Focus 6 February 2025

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of local government systems and procedures in relation to risk

management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

POLICY IMPLICATIONS

Council has adopted Policy 2.2.4 Risk Management.

FINANCIAL IMPLICATIONS

The cost of the external penetration test was \$6,500 ex GST. This was expensed against the approved ICT Budget.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

RISKS

| Risk | Risk Likelihood (based on history & with existing controls) | Risk Impact / Consequence | Risk Rating (Prior to Treatment or Control) | Principal Risk Theme | Risk Action Plan (Controls or Treatment proposed) |
|---|---|---------------------------|---|---|---|
| A major function of the Audit Committee is to oversee the treatment/management of extreme risks. Failure to do so may result in adverse consequences. | Unlikely (2) | Major (4) | Moderate (5-9) | SERVICE INTERRUPTION Prolonged interruption of services - additional resources; performance affected <1 month | Manage by active monitoring |

RISK MATRIX

| Consequence | | Insignificant | Minor | Moderate | Major | Extreme |
|-------------|----------------|---------------|--------------|--------------|--------------|--------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Likelihood | Almost Certain | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| | Likely | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible | 3 | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely | 2 | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |
| Rare | 1 | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

| | |
|--|----|
| Risk Rating | 8 |
| Does this item need to be added to the Town's Risk Register | No |
| Is a Risk Treatment Plan Required | No |

SITE INSPECTION

Not applicable.

COMMENT

The Town requested for a vulnerability assessment and external penetration test to be conducted against identified Town of East Fremantle internet-facing technology. The key objectives of this engagement were to:

- Identify the overall security posture of the externally facing environment.
- Perform a targeted vulnerability assessment and penetration test of public-facing systems.
- Determine the need and guide additional security controls.

ES2 Assessors source their methodology from Internationally recognised methodologies and techniques such as those promoted by NIST and OWASP.

CONCLUSION

The external Penetration Test is presented for information. There is no remedial action required though the Town will assess suggested actions as part of continued proactive security assessment.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit Committee note that the external Penetration Test has been completed and that there are no vulnerabilities which are considered to present an unacceptable risk to the Organisation.

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1

Confidential Attachment

10.6 2502 RATES COLLECTION - MID YEAR

| | |
|--------------------------------|--------------------------------|
| Report Reference Number | ACR-732 |
| Prepared by | Richard Olson, Revenue Officer |
| Supervised by | Phil Garoni, Manager Finance |
| Meeting date | Wednesday, 26 February 2025 |
| Voting requirements | Simple Majority |
| Documents tabled | Nil |
| Attachments | Nil |

PURPOSE

The purpose of this report is to update the Audit Committee on the progress of rates collections as at 10 January 2025.

EXECUTIVE SUMMARY

This report will advise the Audit Committee on the progress of rates accounts, in both monies collected and balance outstanding for the 2024/25 financial year.

Of the Total Rates & Services Charges Levied for 2024/2025 (inclusive of the Emergency Services Levy), being \$11,513,146 (includes arrears from prior year), \$9,880,638 or 85.82% has been collected as at 10 January 2025.

Payment Option 2 (2nd and Final Instalment) and Payment Option 3 (3rd Instalment) were both due and payable on 3 January.

Only the 4th instalment remains, due 7 March 2025.

Last year's mid-year report was based on figures to 10 January 2024 (before that, 10 January 2023).

BACKGROUND

Rates income is the most important source of revenue for the Town of East Fremantle. Ratepayers have the following options to paying their rates accounts:

- i. Payment in full - due date 23/08/2024
- ii. Instalment Options
 - a. two instalments (due dates 23/08/24 and 3/01/25)
 - b. four instalments (due dates 23/08/24, 25/10/24, 3/01/25 and 7/3/2025), or
- iii. Payment Plan - Special Payment Arrangement.

CONSULTATION

Manager Finance

STATUTORY ENVIRONMENT

Regulation 5 of the *Local Government (Financial Management) Regulations 1996* outlines the CEO's duties as to financial management of the local government which includes:

- That efficient systems and procedures are to be established for the proper collection of all money owing to the local government.

Section 6.49 of the *Local Government Act 1995* states that a local government may accept payment of a rate or service charge due and payable by a person in accordance with an agreement made with the person.

POLICY IMPLICATIONS

Council's Debt Collection Policy includes options to recover rates debt where rates are in arrears between one (1) and three (3) years.

Part 6 of this Policy requires management and Council reporting. The Town has adopted a benchmark target of 5% for its outstanding rates ratio. A status report on rates outstanding is required to be presented to Council.

FINANCIAL IMPLICATIONS

There are no Financial Implications resulting from the recommendations of this report.

STRATEGIC IMPLICATIONS

Town of East Fremantle Strategic Community Plan 2020-2030

Objective 5.1 Strengthen Organisational Accountability and Transparency.

RISK IMPLICATIONS

RISKS

| Risk | Risk Likelihood (based on history & with existing controls) | Risk Impact / Consequence | Risk Rating (Prior to Treatment or Control) | Principal Risk Theme | Risk Action Plan (Controls or Treatment proposed) |
|---|--|---------------------------|--|---|--|
| Inadequate debt recovery processes will result in excessive bad debts | Unlikely (2) | Minor (2) | Low (1-4) | FINANCIAL IMPACT \$10,000 - \$50,000 | Accept Officer Recommendation |
| Inefficient use of staff time and financial resources to pursue bad debts | Unlikely (2) | Minor (2) | Low (1-4) | FINANCIAL IMPACT \$10,000 - \$50,000 | Accept Officer Recommendation |

RISK MATRIX

| Consequence | | Insignificant | Minor | Moderate | Major | Extreme |
|----------------|---|---------------|--------------|--------------|--------------|--------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Almost Certain | 5 | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| Likely | 4 | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible | 3 | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely | 2 | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |

| Rare | 1 | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |
|------|---|---------|---------|---------|---------|--------------|
|------|---|---------|---------|---------|---------|--------------|

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

| | |
|--|----|
| Risk Rating | 4 |
| Does this item need to be added to the Town's Risk Register | No |
| Is a Risk Treatment Plan Required | No |

SITE INSPECTION

Not Applicable.

COMMENT

Rates Collected

The amount of Rates, Services Charges and Emergency Services Levy collected for 2024/25 as at 10 January 2025 is \$9,880,638 which represents 85.82% of total rates & charges levied. This compares to \$9,433,332 (85.63%) collected as at 10 January 2024. This is an increase in rates collection of 0.19% (absolute change).

Although a slight increase in comparison (year on year), the recovery appears to reflect ratepayer habit, now consistent for 4 years. In addition, the comparison around rebate properties not on instalments sees 58 properties with a combined total of \$246,334 outstanding (and not required until 30 June 2025), whereas this time last year the figures were 74 properties with a combined total of \$246,873.

If the rebate figures were excluded from the scenario (considering there is no avenue for accelerating payment), the percentage of recoverable is 12.04% (87.96% recovered) for 2024/2025 compared to 12.13% (87.87% recovered) in 2023/2024.

Comparison rates collection statistical data for 2024/25 through 2019/20 is detailed in **Table 1** below.

TABLE 1

| Rating Year | Rates & Service Charges Levied (includes ESL and arrears) \$ | Rates Collected \$ | Rates collected % | Rates Uncollected \$ | Rates Uncollected % |
|------------------|---|--------------------|-------------------|----------------------|---------------------|
| 2024/2025 | \$11,513,146 | \$9,880,638 | 85.82% | \$1,632,508 | 14.18% |
| 2023/2024 | \$11,016,917 | \$9,433,332 | 85.63% | \$1,583,585 | 14.37% |
| 2022/2023 | \$10,478,968 | \$8,962,122 | 85.52% | \$1,516,846 | 14.48% |
| 2021/2022 | \$10,110,069 | \$8,666,250 | 85.72% | \$1,443,819 | 14.28% |
| 2020/2021 | \$ 9,905,984 | \$7,750,155 | 78.82% | \$2,155,829 | 21.18% |
| 2019/2020 | \$ 9,965,089 | \$7,500,972 | 76.00% | \$2,464,117 | 24.00% |

Rates Uncollected

The total uncollected rates and charges for 2024/25 as at 10 January 2025 is \$1,632,508 which represents 14.18% of total rates & charges levied. This compares to \$1,583,585 (14.37%) uncollected as at 10 January 2024. This is a decrease of -0.19% (absolute change).

Uncollected rates accounts can be broken down into four category types.

1. Instalments

Instalment payments comprise of two (2) or four (4) payments, the total number of rate payers electing to pay their rates by instalments was 1,280 or 37.32% of assessable properties within the Town (3,430 properties).

However, as the due date of payment option two (2) has now passed, 937 rates accounts (27.32%) remain on instalments (option 3). The fourth instalment is due by 7 March 2025.

The remaining assessments now overdue from option 2 comprising 61 assessments for \$67,813 (not including rebated properties, previously on option 2) will now be subjected to recovery in the form of reminder and final notices though do not factor within Category 3 at present.

2. Payment Plans

Council offers alternative special payment arrangements to ratepayers who are unable to pay in full or by the instalment options. 1 payment arrangement was carried over into the 2024/25 financial year. Current arrangements represent \$26,346 (1.61%) of rate accounts unpaid, however, are currently represented within the instalments.

3. Overdue/Unpaid

Unpaid rate accounts that have not committed to any type of payment plan are represented by those in Recovery/Court or Miscellaneous.

Recovery (nothing current) & Court (nothing current).

Miscellaneous are recent Interim Rates, small balances (late payment penalties) and remaining Ratepayers who have had reminders, finals, demands, emails and soon to receive phone calls/recovery action. These ratepayers represent 9.32% percent (\$152,083) of recoverable.

Please refer the report at table 2 for an outstanding summary.

Debt recovery for the 2024/2025 financial year commenced with the issuing of Reminder Notices 6 September, Final Notices 4 October, Final Demands on 18 October followed by email/phone calls prior to a Final Notice which is next to be issued by ARMA Debt Resolution.

4. Pensioners

When a ratepayer becomes eligible for a Senior and/or a Pensioner Rebate, they have the option to pay their Rates and Charges by 30 June of the current financial year. Those rebated properties who previously did not elect to pay by either instalment option (at no cost) equate to \$246,334 from 58 properties or 15.09% of rates uncollected.

Current rebated properties on instalments and recognised within Category 1 are 267 properties comprising \$340,863.

Local Government Rates & ESL charges will be automatically deferred if the amount required to be paid on the rates notice is not paid by 30 June of the current financial year.

Table 2 2024/25 Rates Outstanding Accounts Summary

| Rating Year | Account Status | Property Count | Total Outstanding | Total Outstanding | Comment |
|-------------|------------------------------|----------------|--------------------|-------------------|---|
| 2024/2025 | Instalments | 998 | \$1,207,745 | 73.98% | Due 7 March 2025 |
| | Court action | 0 | \$0.00 | 0.00% | N/A |
| | Debt Recovery | 0 | \$0.00 | 0.00% | N/A |
| | Payment Arrangements | 13 | \$26,346 | 1.61% | Those heavy in instalment arrears will be removed and recovery commence. |
| | Pensioners (non instalments) | 58 | \$246,334 | 15.09% | Reminders will be issued in April, expecting \$151k be received through 30 June. Deferred to be around \$95k. |
| | Miscellaneous | 91 | \$152,083 | 9.32% | Nothing remaining by 30 June 2025. |
| | Total | 1,160 | \$1,632,508 | 100.00% | |

CONCLUSION

Rates collections are progressing well and will continue to be monitored closely.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit Committee recommend Council:

That, pursuant to Part 6 of Council's Debt Collection Policy and regulation 5 of the *Local Government (Financial Management) Regulations 1996*, Council receive this Rates Collection report as at 10 January 2025.

REPORT ATTACHMENTS

Attachments start on the next page

10.7 2502 RISK REGISTER UPDATE

| | |
|--------------------------------|---|
| Report Reference Number | ACR-719 |
| Prepared by | Bron Browning, Manager, Corporate Services |
| Supervised by | Peter Kocian, Executive Manager, Corporate Services |
| Meeting date | Wednesday, 26 February 2025 |
| Voting requirements | |
| Documents tabled | |
| Attachments | |
| | 1. Updated Risk Register |

PURPOSE

It is recommended that the Audit Committee receive the attached Risk Register for review.

EXECUTIVE SUMMARY

The Town's Risk Management Framework recommends that the Audit Committee provide oversight of risk matters that meet any of the following criteria:

- Risks with a level of risk of extreme
- Risks with inadequate control ratings
- Risks with a consequence rating of extreme

BACKGROUND

Following direction provided by the Audit Committee, a summary risk register has been developed identifying the key risks determined by the Executive Team which includes:

- Description of key risks
- Assessment of inherent risk rating
- Identification of appropriate risk treatments and controls
- Evaluation of the effectiveness of treatments and controls
- Assessment of residual risk rating

CONSULTATION

Executive Team

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of local government systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

POLICY IMPLICATIONS

Council has adopted Policy 2.2.4 Risk Management.

FINANCIAL IMPLICATIONS

Not applicable

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

RISKS

| Risk | Risk Likelihood (based on history & with existing controls) | Risk Impact / Consequence | Risk Rating (Prior to Treatment or Control) | Principal Risk Theme | Risk Action Plan (Controls or Treatment proposed) |
|---|---|---------------------------|---|---|---|
| A major function of the Audit Committee is to oversee the treatment/management of extreme risks. Failure to do so may result in adverse consequences. | Unlikely (2) | Major (4) | Moderate (5-9) | SERVICE INTERRUPTION Prolonged interruption of services - additional resources; performance affected <1 month | Manage by active monitoring |

RISK MATRIX

| Consequence | | Insignificant | Minor | Moderate | Major | Extreme |
|-------------|----------------|---------------|--------------|--------------|--------------|--------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Likelihood | Almost Certain | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| | Likely | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible | 3 | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely | 2 | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |
| Rare | 1 | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

| | |
|--|----|
| Risk Rating | 8 |
| Does this item need to be added to the Town's Risk Register | No |
| Is a Risk Treatment Plan Required | No |

SITE INSPECTION

Not applicable

COMMENT

The Executive Leadership Team has identified the following risk profiles as the key risks for the Town of East Fremantle (see attached Register):

- Political
- Financial
- Commercial, Community and Economic
- Governance and Compliance
- Human Resource Management
- Business Interruption
- Climate Change and Environmental Management
- Sustainability
- Security and Confidentiality

These risk profiles are aligned to the Town's Strategic Community Plan.

Three risks have been identified with an inherent risk rating of extreme (20) or higher:

- Inability to manage community expectations, increased service level expectations. Council and strategic direction misalignment with the community.
- Inadequate performance of East Fremantle Community Park.
- Failure to plan and respond to climate impacts.

However, after evaluating the effectiveness of risk treatments and controls, and determining the residual risk rating, there are four risks with a residual risk rating of more than ten (10) that require ongoing monitoring by the Audit Committee:

- Performance of East Fremantle Community Park (community, financial, reputational).
- Financial sustainability.
- WHS Framework.
- Failure to plan and respond to climate impacts.

The Town's WHS Framework has been included above as existing controls (taken as a whole) are assessed to be inadequate and require resourcing. Council has been briefed on the independent audit of the Town's WHS Framework undertaken by Marsh and an action plan has been developed.

Update:

The Risk Register was last presented to the August 2024 Audit Committee Meeting. Since this time, the following risk treatments/activities have been implemented:

| Risk Description | Risk Treatment | Impact on Residual Risk Rating |
|------------------------------------|--|---|
| Financial | Mid-Year Budget Review has been completed and presented to the February Council Meeting. | The budget review has resulted in a forecast deficit of \$350k. As the forecast deficit is greater than \$250k, the rating level for measure of consequence has been amended from a '3' to a '4'. As the budget deficit has been realised, the measure of likelihood has also been amended from a '2' to a '5'. The residual risk rating is now 20 which is assessed to be 'extreme'. |
| Commercial, Community and Economic | An independent review of the commercial operations of EFCP is underway. | Given the forecast operating deficit of more than \$1m for EFCP for the preliminary period, the residual risk rating has been amended to 25 which is assessed to be 'extreme', which is unacceptable. The effectiveness of controls will be reviewed once the review has been completed. |
| Human Resource Management | Marsh Pty Ltd has been engaged to implement the WHS Action Plan. | Controls are currently assessed to be inadequate. This will be reviewed once the Action Plan has been implemented (expected by June 2025), and the residual risk rating will be revised at this time. |
| Security and Confidentiality | An external Penetration Test has been completed. | Controls are now assessed to be adequate, and the residual risk rating amended from a '8' to '4'. |

CONCLUSION

The Audit Committee is requested to note the risk treatments discussed above and the two risks that currently have an unacceptable residual risk rating. Both risks are intrinsically related as the forecast operating deficit of EFCP is impacting the Town's overall financial health.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit Committee recommend Council:

1. receives the attached Risk Register for review.
2. notes the risk treatment activities that are currently underway.

REPORT ATTACHMENTS

Attachments start on the next page

Attachment 1

| Description - Title | Business Area | Risk Owner (Business Role / Title) | Risk and potential impacts | Strategic Community Plan Reference | Likelihood | Consequence | Risk Rating | Description | Description and evidence of controls / corrective actions | Likelihood | Consequence | Residual risk rating | Effectiveness of the control in place | Additional Treatments / Changes / Controls | Responsible Person (Role / Title) | Review Timeframe (Months) | Expected Residual Risk Rating |
|---|---------------|--|---|------------------------------------|------------|-------------|------------------|--|---|------------|-------------|----------------------|---------------------------------------|---|-----------------------------------|---------------------------|-------------------------------|
| Political | | Inability to manage community expectations, increased service level expectations, Council and strategic direction misalignment with community (Reputational, Service Interruption) | 3.2.1 Ensure effective engagement with community and stakeholders | 5 | 4 | 16 | Unacceptable | Communication and Engagement Strategy, Community Engagement Framework and Disclosure, Internal Accounting Manager, Communications and Community Engagement, Communications Officer, Strategic Community Plan and Community Perception Surveys (CPS). | 3 | 3 | 9 | Yellow | Adequate | | | | |
| Political | | Relationship breakdowns (State, WAGA, Council, inter-council, council admin, community admin) (Reputational, Compliance) | 5.2.3 Foster and promote strategic collaborative relationships. | 3 | 3 | 9 | Monitor | Member of the Zone, regular State Government representation engagement, Code of Conduct (Council and Employees), State Government standards for Local Government, Local Government Code of Conduct, Local Government Training for Members, Mandated Modules for newly Elected Members, Governance Framework, Integrity framework and Disclosure framework, Board of Management, Code of Conduct, CEO Performance Review Process, Regular liaison between CEO & Mayor | 3 | 2 | 6 | Yellow | Effective | Stakeholder Relationship Management Plan, Communications Agreement | | | |
| Financial | | Failure of Council to endorse Budget or support rate changes, increased funding requirements to meet service levels and maintain assets, Service Interruptions, Reputational, Compliance) | 5.3.1 Deliver community outcomes through sustainable finance and human resource management. | 5 | 4 | 16 | Unacceptable | IPR Process (Strategic Resource Plan and Ratings Strategy). | 5 | 4 | 16 | Red | Adequate | Mid Year Budget Review presented to February Council Meeting with forecast underlying deficit for 24/25 | | | |
| Commercial, Community & Economic | | Inadequate Performance of Est Fremantle Community Park (Reputational, Financial, Property) | 1.2 Inviting open spaces, meeting places and recreational facilities. 5.3.1 Deliver community outcomes through sustainable finance and human resource management. | 5 | 5 | 16 | Unacceptable | Operator Agreement, performance reporting and establishment plan, Sublease and licence agreements with key tenants, Contractor management support. | 5 | 5 | 16 | Yellow | Inadequate | Management Committee and Engagement Schedule, Independent review of operations is being undertaken. | | | |
| Political Environment | | Cost shifting onto the Town (Financial, Reputational) | 5.2.3 Foster and promote strategic collaborative relationships. | 4 | 3 | 12 | Urgent Attention | Budget allocation on certain issues on implementation of requirements, Long-term financial planning, WAGA lobbying, Local Government Network to share and collaborate on requirements (planning and State/Federal submissions), Communication of local impact of state and federal leases to rate payers. | 4 | 2 | 6 | Yellow | Effective | Stakeholder Relationship Management Plan | | | |
| Governance & Compliance | | Contractor and Project Management issues, Inadequate Contracts or Management and variable fees, Contractor Performance Issues and failure to effectively plan (Compliance, Financial and Reputational) | 5.1.1 Strengthen governance, risk management and compliance. | 4 | 3 | 12 | Urgent Attention | Project Governance Framework, Contracts Register, Tender and Quotations under Procurement Policy, Delegations Register, Contractor Management Meetings, Grants Register, Online Induction System. | 3 | 3 | 9 | Yellow | Inadequate | Contractor WHS Management | | | |
| Governance & Compliance | | Inadequate Risk Management Processes and Application of confidentiality standards, Governance reporting and controls fail to capture financial fraudsters, inadequate legal advice position and procedures, External Audits with poor findings (Compliance, Finance, Reputational) | 5.1.1 Strengthen governance, risk management and compliance. | 4 | 3 | 12 | Urgent Attention | External Audit Framework, Information Systems Audit (AIS), LOS Risk Management A&S, Financial 3 Year Audit, Reg 17, Annual Compliance Audit, Audit Status Report and Monitoring to Audit Committee, External representation on Audit and Risk Committee, Risk Management Framework (including Policy and Procedure). | 2 | 3 | 6 | Yellow | Effective | Governance Framework and Audit Log, ATTAN Compliance Software. | | | |
| Human Resource Management | | Increased psychosocial pressures, Inadequate WHS Standards and Workers Compensation Claims Increase (Health, Compliance, Reputational) | 5.1.1 Strengthen governance, risk management and compliance. | 4 | 4 | 16 | Urgent Attention | WHS and External Audits, Learnrite system, EAP, Code of Conduct, WHS Committee, WHS Policies and Procedures, HR Manual. | 4 | 3 | 12 | Yellow | Inadequate | Resourcing implementation, Action Plan close out, March Pg 16 has been engaged to implement WHS Action Plan. | | | |
| Human Resource Management | | Unustainable Pg 16 review workload, Inadequate implementation and Planning, Organisation Structure, low retention, Inadequate service achievement, (Compliance, Reputational, Service Interruption) | 5.1.1 Improve the efficiency and effectiveness of services. | 3 | 3 | 9 | Monitor | Learnrite System, annual reviews, internal and external training, and workforce plan, Current Employment Conditions and Benefits (Gym, Super, conco, RDO). | 3 | 3 | 9 | Yellow | Adequate | Review of Organisation Structure, pay and benefits review | | | |
| Business Interruptions | | Loss of infrastructure and assets, Lack of business continuity management planning for significant events and inadequate recovery centre, ICT infrastructure and data loss, Communication Loss and Records Management - ID01 | 5.1.1 Strengthen governance, risk management and compliance, 5.3.2 Improve organisational systems with a focus on innovation. | 4 | 4 | 16 | Urgent Attention | ICT Contract, IT Disaster Recovery Plan, Annual IT DR Test, Asset Predictive maintenance plan, Business Continuity Management, ICT Security Policies and Procedures, Virus protection, multi-factor protection, hourly backups, offsite storage, UPS for servers, Joint Emergency Management Arrangements with City of Fremantle. | 2 | 4 | 6 | Yellow | Effective | Disaster Recovery Plans, Records Disaster Box. | | | |
| Climate Change & Environmental Management | | Failure to plan and responding to climate impacts Loss and damage to infrastructure, inadequate floodplain management and response to flooding (A&S) | 4.3.1 Improve systems and infrastructure standards to assist with mitigating climate change impacts. | 4 | 5 | 16 | Unacceptable | Climate Emergency Strategy, CERMAP, Floodplain Management Plan, local Planning Strategy, Asset Management plans, CARS, LED street lighting project, solar installations | 2 | 5 | 16 | Yellow | Effective | Time register? Proposed community battery (Grant), local planning scheme no 4. | | | |
| Sustainability | | Inadequate waste management and inadequate energy conservation with increased impact cost and excess (Financial, Environmental, Compliance) | 4.2 Enhance environmental values and sustainable natural resource use. | 3 | 4 | 12 | Urgent Attention | Strategic Waste Management Plan, Waste Management Contract, Internal Sustainability Officer and Programs (events & engagement), Waste to Energy contract, Community education, Long-term financial plan, Waterwise plan. | 2 | 4 | 6 | Yellow | Effective | | | | |
| Security & Confidentiality | | Loss of access and materials following cyber attack and unrestricted use and application of AI (Compliance, Reputational, Financial) | 5.1.1 Strengthen governance, risk management and compliance, 5.3.2 Improve organisational systems with a focus on innovation. | 3 | 4 | 12 | Urgent Attention | Cyber training (3 monthly), located down systems through a managed service, IT Security, quarterly vulnerability testing, suite of IT Policies and Procedures, Code of Conduct, ICT Disaster Recovery Plan, LOS | 2 | 2 | 4 | Yellow | Effective | Penetration Testing, development of Policies and Procedures, External Penetration Test of internet facing Infrastructure completed. | | | |

10.8 2502 CONSOLIDATED STATUS REPORT

| | |
|--------------------------------|--|
| Report Reference Number | ACR-721 |
| Prepared by | Phil Garoni, Finance Manager |
| Supervised by | Peter Kocian, Executive Manager Corporate Services |
| Meeting date | Wednesday, 26 February 2025 |
| Voting requirements | Simple |
| Documents tabled | Nil |
| Attachments | |

1. Consolidated Status Report - Confidential

PURPOSE

It is recommended that the Audit Committee receive a status report on all outstanding matters raised in external audit reports, financial management reviews, performance audits, internal audit reports and any other review relevant to the Audit Committee's Terms of Reference.

EXECUTIVE SUMMARY

A status report has been prepared reporting against identified issues with respect to audit, risk management, internal controls, procurement matters and legislative compliance. The status report is not an exhaustive listing and is a fluid document and updated as issues are identified. It is presented to the Audit Committee to assist in their role to report to Council and provide advice and recommendations on matters relevant to its terms of reference.

BACKGROUND

The Department of Local Government has published an Operational Guideline on Audit in Local Government. Appendix 3 of this Guideline lists several matters that should be presented to an Audit Committee for review and monitoring:

Risk Management:

- Reviewing whether the local government has an effective risk management system;
- Reviewing whether the local government has a current and effective business continuity plan;
- Reviewing areas of potential non-compliance with legislation, regulations and standards and local governments policies;
- Reviewing the following; litigation and claims, misconduct, and significant business risks;
- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;
- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;
- Reviewing the effectiveness of the local governments internal control system with management and the internal and external auditors;
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;
- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.

Internal Control Systems:

- Separation of roles and functions, processing and authorisation;
- Control of approval of documents, letters and financial records;
- Limit of direct physical access to assets and records;
- Control of computer applications and information system standards;
- Regular maintenance and review of financial control accounts and trial balances;
- Comparison and analysis of financial results with budgeted amounts;
- Report, review and approval of financial payments and reconciliations;
- Comparison of the result of physical cash and inventory counts with accounting records.

Legislative Compliance:

- Monitoring compliance with legislation and regulations;
- Reviewing the annual Compliance Audit Return and reporting to Council the results of that review;
- Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints;
- Obtaining assurance that adverse trends are identified and review managements plans to deal with these;
- Reviewing management disclosures in financial reports of the effect of significant compliance issues;
- Considering the internal auditors role in assessing compliance and ethics risks in their plan;

Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.

CONSULTATION

Executive Leadership Team
 Manager Corporate Services
 Responsible staff for implementing recommendations.

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

The last Financial Management/Audit Reg 19 Review was completed in November 2022, with the next review due in November 2025.

POLICY IMPLICATIONS

There are no Council Policies relevant to this matter.

FINANCIAL IMPLICATIONS

There are no direct financial implications stemming from the Officer's Recommendation. However, should the Audit Committee request independent assurance that controls have been implemented, then 3rd party costs will be incurred.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance.
 5.1 Strengthen organisational accountability and transparency.
 5.3 Strive for excellence in leadership and governance.

RISK IMPLICATIONS

RISKS

| Risk | Risk Likelihood (based on history & with existing controls) | Risk Impact / Consequence | Risk Rating (Prior to Treatment or Control) | Principal Risk Theme | Risk Action Plan (Controls or Treatment proposed) |
|---|---|---------------------------|---|---|---|
| That key audit findings are not actioned within a timely manner | Possible (3) | Moderate (3) | Moderate (5-9) | COMPLIANCE Some temporary non-compliance | Control through oversight by the Audit Committee and ensuring adequate budget allocation for resourcing.... |

RISK MATRIX

| Consequence | | Insignificant | Minor | Moderate | Major | Extreme |
|----------------|---|---------------|--------------|--------------|--------------|--------------|
| Likelihood | 1 | 2 | 3 | 4 | 5 | |
| Almost Certain | 5 | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| Likely | 4 | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible | 3 | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely | 2 | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |
| Rare | 1 | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

| | |
|---|----|
| Risk Rating | 9 |
| Does this item need to be added to the Town's Risk Register | No |
| Is a Risk Treatment Plan Required | No |

SITE INSPECTION

Not applicable.

COMMENT

Management is progressively actioning findings contained within the status report.

Of the eighteen (18) active findings from the previous status report, ten (10) items are deemed to be closed. These will be hidden in the next status report. Should the Audit Committee require clarification on any of these, Management can speak to these items at the Committee Meeting.

Five (5) of the completed items relate to findings from the 2024 Information Systems Audit. Actions undertaken will be assessed by OAG during the next audit, and they will determine whether findings can be closed. The status of these items will be reflected in a future Management Audit Report.

Of the eight (8) remaining audit findings, two (2) items have not commenced. These items relate to a review of Policies. Given other work Governance priorities, including the implementation of new compliance software, this review has yet to be prioritised. The risk category is assessed to be low. This review is scheduled to be completed by June 2026, in accordance with the modifications to the Corporate Business Plan that Council recently approved.

For the next Audit Committee Meeting, there will be a specific review/update provided on the two outstanding findings relating to contractor management, including a review of the Contractor Insurance Register (to be completed by Marsh) and an update on Contracts Administration.

CONCLUSION

The Audit Committee should satisfy itself that the Town's performance in relation to completion of the Consolidated Status Report is acceptable and within the parameters of the Risk Framework.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit Committee receives the Consolidated Status Report on items relevant to its Terms of Reference.

REPORT ATTACHMENTS

Attachments start on the next page

10.9 2502 REVIEW OF PURCHASING POLICY

| | |
|--------------------------------|--|
| Report Reference Number | ACR-725 |
| Prepared by | Peter Kocian, Executive Manager Corporate Services |
| Supervised by | Jonathan Throssell, Chief Executive Officer |
| Meeting date | Wednesday, 26 February 2025 |
| Voting requirements | Simple |
| Documents tabled | Nil |

Attachments

1. ToEF Purchasing Policy – new Proposed Draft
2. ToEF Purchasing Policy – December 2024 Draft
3. City of Cockburn Procurement Policy

PURPOSE

The Audit Committee is requested to endorse to Council the proposed draft of the Town of East Fremantle Purchasing Policy as presented as attachment 1 to this report.

EXECUTIVE SUMMARY

The Town's Purchasing Policy has been subject to eight (8) revisions since 2018. The revised draft as presented is considered to meet statutory requirements and provides a concise framework to govern the Town's procurement framework for the supply of goods or services under \$250,000 in value.

BACKGROUND

A revised Purchasing Policy was presented to the December 2024 Audit Committee Meeting. The Committee determined that the Policy be deferred to the February 2025 meeting so that further changes as suggested by the Committee can be made.

From recollection, the Committee discussed the following:

- The existing Policy includes detailed information on what is already prescribed in the *Local Government (Functions and General) Regulations 1996*. As the Policy states that procurement activities must comply with the Act and Regulations, the Committee suggested that this detailed prescriptive information can be removed.
- The Audit Committee receives an annual report on an audit of all purchase requisitions over \$5k. Whilst the Town maintains a high level of compliance with the Purchasing Policy, the requirement for two quotes for purchases between \$5,001 and \$20,000 could be more flexible. Pages 5 and 6 of the draft Policy details supply categories where quotation requirements are exempted.
- That the Town review other local government Policies as a point of reference. The Procurement Policy from the City of Cockburn is attached to this report and some changes have been made to the Town's draft Purchasing Policy, such as the preamble, based on this review. Several quotation exemptions have also been copied from Cockburn's Policy as these relate to purchases of a recurrent and operational nature.

CONSULTATION

Senior Finance Officer
 December 2024 Audit Committee Meeting

STATUTORY ENVIRONMENT

Regulation 11A of the *Local Government (Functions and General) Regulations 1996* requires local governments to adopt and implement a purchasing policy in relation to the supply of goods or services where consideration under the contract is, or is expected to be, \$250,000 or less.

The purchasing policy must make provision in respect of:

- the form of quotations acceptable; and
- the minimum number of quotations that must be obtained; and
- the recording and retention of written information in respect of all quotations received and all purchases made.

The Town's Purchasing Policy is assessed to meet the above requirements.

POLICY IMPLICATIONS

A revised Purchasing Policy is presented for consideration.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this item.

STRATEGIC IMPLICATIONS

Town of East Fremantle Strategic Community Plan 2020-2030

Strategy 5.1.1 Strengthen governance, risk management and compliance

RISK IMPLICATIONS

RISKS

| Risk | Risk Likelihood (based on history & with existing controls) | Risk Impact / Consequence | Risk Rating (Prior to Treatment or Control) | Principal Risk Theme | Risk Action Plan (Controls or Treatment proposed) |
|--|--|------------------------------|--|--|--|
| That the Town's Purchasing Policy does not meet minimum legislative requirements | Rare (1) | Extreme (5) | Moderate (5-9) | COMPLIANCE Short term non-compliance but with significant regulatory requirements imposed | Accept Officer Recommendation |
| That the Town's Purchasing Policy is administratively inefficient | Unlikely (2) | Moderate (3) | Moderate (5-9) | SERVICE INTERRUPTION Short term temporary interruption - backlog cleared <1 day | Accept Officer Recommendation |
| That the Town's Purchasing Policy does not | Possible (3) | Moderate (3) | Moderate (5-9) | FINANCIAL IMPACT \$50,000 - \$250,000 | Accept Officer Recommendation |

| | | | | | |
|-------------------------|--|--|--|--|--|
| deliver value for money | | | | | |
|-------------------------|--|--|--|--|--|

RISK MATRIX

| Consequence | | Insignificant | Minor | Moderate | Major | Extreme |
|----------------|---|---------------|--------------|--------------|--------------|--------------|
| Likelihood | | 1 | 2 | 3 | 4 | 5 |
| Almost Certain | 5 | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| Likely | 4 | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible | 3 | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely | 2 | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |
| Rare | 1 | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

| | |
|---|----|
| Risk Rating | 9 |
| Does this item need to be added to the Town's Risk Register | No |
| Is a Risk Treatment Plan Required | No |

SITE INSPECTION

Not applicable.

COMMENT

The revised draft of the Town's Purchasing Policy has resulted in a reduction from 17 pages to 10 pages, with Policy objectives and requirements easier to identify. Rather than provide tracked changes in the updated document, the previous version of the Purchasing Policy is also attached, given the substantial deletions. The following changes have been made:

- Requirements prescribed in the *Local Government (Functions and General) Regulations 1996* has been removed from the Policy as these requirements cannot be negated/varied by the Purchasing Policy.
- Policy Objectives and the Policy Statement have been amended to provide a more concise summary.
- A \$250,000 maximum procurement threshold over a three-year period has been clarified for quotation exempt supply categories.
- Further exemptions from quote have been inserted based on the City of Cockburn's Procurement Policy:
 - a. annual renewals for software maintenance, support and licensing fees,
 - b. engagement of artists or performers,

- c. memberships and subscriptions,
- d. provision of advertising services,
- e. provision of utility services,
- f. provision of software and support by a third-party provider from a software developer that is known to the Town, that demonstrates value for money.

CONCLUSION

The revised Purchasing Policy is presented to the Audit Committee for endorsement to Council.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item. Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit Committee recommend to Council the adoption of the revised Purchasing Policy (February 2025) as presented.

REPORT ATTACHMENTS

Attachments start on the next page



2.1.3 Purchasing

| | |
|--------------------------------|--|
| Type: | Corporate Services – Financial Management |
| Legislation: | Local Government Act 1995 Local Government (Functions and General) Regulations 1996 |
| Delegation: | DA35 Ordering Thresholds |
| Other Related Document: | Purchasing Procedures PRO2.1.3 |

Policy

The Town of East Fremantle (the “Town”) is committed to delivering best practice in the purchasing of goods, services and works that align with the principles of transparency, probity and good governance and complies with the *Local Government Act 1995* (the “Act”) and Part 4 of the *Local Government (Functions and General) Regulations 1996*, (the “Regulations”). Procurement processes and practices to be complied with are defined within this Policy and the Town’s prescribed procurement procedures.

This Policy aims to ensure all procurement decisions are made in a consistent manner using an equitable process that will help to mitigate risk, demonstrate value and achieve the most advantageous outcome for the Town.

Policy Statement

Procurement decisions will be made using the following principles:

(1) Ethical Behaviour and Fair Dealing

Employees of the Town must conduct all procurement and business relationships with honesty, integrity, fairness, diligence and a high degree of care, ensuring processes are appropriate and compliant. Procurement processes must be transparent and free from bias and will be supported by Employee Code of Conduct and a Statement of Business Ethics, approved by the CEO outlining the behavioural standards expected by the Town from its employees, suppliers and contractors in conducting its business. Any canvassing of the Town’s Elected Members or staff is strictly prohibited on current procurement activity.

(2) Value for Money (VFM)

Achieving value for money reflects the best possible outcome by considering cost and non-cost factors in procurement decisions. Non-cost factors are important in reducing risk and determining whole of life outcomes that do not adversely impact the community or environment.

These include safety and quality considerations, fit for purpose (specification), timeliness, sustainability (social and environment – circular supply), economic (local & regional) and relevant service benchmarks. Where a higher cost conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced conforming offer.

The Town recognises that in achieving long term value for money, appropriate strategic business partners may be developed with suppliers for specific supply categories. All strategic procurement partners will be reviewed on a periodic basis as per their associated arrangement, to a minimum period of every three (3) years from the commencement of the partnership. The acceptance of higher priced submissions must always be supported by justification, presenting demonstrable benefits proportionate to the level of activity.

All pre-qualified, approved, and strategic business partnership suppliers will be systematically reviewed in line with contract terms and performance criteria (at least three yearly or as required).

This requirement will assess whether VFM continues to be achieved by the Town with any renewal or extension of contract arrangements.

(3) Open and Effective Competition

Competition is encouraged through the sourcing requirements of the procurement thresholds (below) and any allowable exemptions as outlined within this Policy.

The expected level of effective competition will depend on the pre-determined market engagement strategy (public, selective, pre-qualified) as identified in the procurement plan and the assessed level of procurement risk to the Town. Town employees are to source across a range of diverse suppliers, to ensure market opportunities are considered.

Purchasing Value Definition

Determining purchasing value is to be based on the following considerations:

1. Exclusive of Goods and Services Tax (GST);
2. The actual or expected value of a contract over the full contract period, including all options to extend; or the extent to which it could be reasonably expected that the Town will continue to purchase a particular category of goods, services or works and what total value is or could be reasonably expected to be purchased. A best practice suggestion is that if a purchasing threshold is reached within three years for a particular category of goods, services or works, then the purchasing requirement under the relevant threshold (including the tender threshold) must apply.
3. Must incorporate any variation to the scope of the purchase and be limited to a 10% tolerance of the original purchasing value.

Purchasing Thresholds

The table below prescribes the purchasing process that the Town must follow, based on the purchase value:

| Purchase Value Threshold | Purchasing Requirement |
|--------------------------|---|
| Up to \$5,000 (exc GST) | <p>Purchase directly from a supplier using a Purchasing or Corporate Credit Card issued by the Town, or obtain at least one (1) oral or written quotation from a suitable supplier, either from:</p> <ul style="list-style-type: none">• an existing panel of pre-qualified suppliers administered by the Town; or• a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government Common Use Arrangement (CUA);or• from the open market. |

| | |
|---|--|
| Over \$5,001 and up to \$20,000 (exc GST) | <p>Request at least two (2) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <ul style="list-style-type: none">• an existing panel of pre-qualified suppliers administered by the Town; or• a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or• from the open market. <p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none">• a written brief outline of the specified requirement for the goods; services or works required; and• value for money criteria, not necessarily the lowest price. |
| Over \$20,001 and up to \$50,000 | <p>Request at least three (3) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <ul style="list-style-type: none">• an existing panel of pre-qualified suppliers administered by the Town; or• a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or• from the open market. <p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none">• a written brief outline of the specified requirement for the goods; services or works required; and• value for money criteria, not necessarily the lowest price. <p>The procurement decision is to be represented using the Brief Evaluation Report Template.</p> |

| | |
|--|---|
| <p>Over \$50,001 and up to \$250,000 (exc GST)</p> | <p>Request at least three (3) written quotations from suppliers by formal invitation under a Request for Quotation, containing price and detailed specification of goods and services required. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> <p>Quotations within this threshold may be obtained from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the Town; or • a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or • from the open market. <p>Requests for quotation from a pre-qualified panel of suppliers (whether administered by the Town through the WALGA preferred supply program or State Government CUA) are not required to be invited using a Request for Quotation form, however at least three written quotes are still required to be obtained.</p> <p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none"> • a detailed written specification for the goods, services or works required and • pre-determined evaluation criteria that assesses all best and sustainable value considerations. <p>The procurement decision is to be represented using the Evaluation Report template.</p> |
| <p>Over \$250,000 (exc GST)</p> | <p>Where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement as listed under section 8 of this Policy, conduct a public Request for Tender process in accordance with the Regulations, this policy and the Town's tender procedures. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> <p>The purchasing decision is to be based upon the supplier's response to:</p> <ul style="list-style-type: none"> • a specification of the goods, services or works (for a tender exempt process including the WALGA Preferred Supplier Arrangement); or a detailed specification for the open tender process; and • pre-determined evaluation criteria that assesses all best and sustainable value considerations. <p>The procurement decision is to be represented using the Evaluation Report template.</p> |

Unless otherwise approved in writing by the Chief Executive Officer, the Town will maintain a principal period of three (3) years for all initial procurement activities and contracts. The Town will periodically review recent past purchasing activity across its operations to identify categories of supply for which the Town will have continuing need, and which can be aggregated into single contract arrangements in order to achieve best value for money and efficiency in future purchasing activity.

The assessment of aggregated expenditure for the same category of supply capable of being supplied by a single supplier will determine the Purchasing Value threshold applicable to future purchasing activity.

Waiver of Quotation

Where this policy requires a certain number of quotations to be obtained, but it is not possible to obtain that number of quotations, then best endeavours must be used to obtain as many quotes as possible.

If it is not possible to obtain the required number of quotations then:

1. the requirement to obtain that number of quotations may be waived by the Chief Executive Officer or Executive Manager Corporate Services if the purchase is below **\$20,000** and justification has been provided by an officer with appropriate authority to incur the liability. The following are examples of where an exemption may be approved:

- Supplier is a sole provider registered in the Town of East Fremantle
- Supplier is an Aboriginal Business
- Supplier is Disability Enterprise
- Delivery of goods or services is time critical
- The local government has good reason to believe that, because of the unique nature of the goods or services required or for any other reason, it is unlikely that there is more than one potential supplier

2. all other requirements of this policy applicable to that type or value of purchase apply.

The following supply categories are also exempt from quotation requirements, provided that the total value of Procurement does not exceed \$250,000 ex GST over a three-year period.

1. Purchasing from Legal Service Providers

The Town of East Fremantle will utilise the WALGA preferred supplier contract for legal services. The selection of the service provider will be undertaken by the Chief Executive Officer or relevant Executive Manager (under delegated authority) based on factors including the panel provider undertaking similar work on behalf of the Town, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

2. Procurement of labour hire

The Town of East Fremantle will ensure due diligence is carried out when procuring labour hire from recognised personnel providers in the market, with suppliers to be registered with WALGA. The Town will undertake to ensure the most qualified and suitable person is hired under an arrangement with the labour hire provider. Whilst cost will be considered as part of the evaluation of suppliers, the most important criteria will be that the hired person is best fit for the Town and someone who will carry out their duties and responsibilities in-line with the Town's ethos. This does not preclude the value for money section of the Town's purchasing policy. This supply category is exempt from the minimum quotation requirements.

3. Purchasing from Uniform Providers

The Town of East Fremantle will utilise the WALGA Preferred Panel for the procurement of uniforms. Purchasing for Corporate Uniforms and Protective Clothing is exempt from the general requirements of this Policy, and only requires one quote to be obtained. All purchases are still subject to a value for money judgement prior to issuing a Purchase Order.

4. Purchasing from Stationery Suppliers

The Town of East Fremantle will utilise either the WALGA preferred supplier contract or Social Enterprises (Disability and Aboriginal Corporations) for stationery purchases. The Town will endeavour to ensure value for money is realised as well as purchasing sustainable office supplies where possible. This supply category is exempt from the minimum quotation requirements.

5. Purchasing of Accounting and Strategic Financial Services

The Town of East Fremantle will utilise the WALGA preferred supplier contract for Accounting and Strategic Financial Services. The selection of the service provider will be undertaken by the Chief Executive Officer or relevant Executive Manager (under delegated authority) based on factors including

the panel provider undertaking similar work on behalf of the Town, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

6. Specific Organisational Expertise

The Town of East Fremantle acknowledges that on occasion, contractors may have a unique understanding of Council procedures and/or software obtained through previous experience with the Town.

In cases where this specific expertise or knowledge of the Council is demonstrated to be beneficial to the Town or provides significant cost savings, purchases may be made from these contractors without obtaining the minimum number of quotations required. This exception recognises that such specialised knowledge and experience may lead to enhanced efficiency, reduced risk, and cost and time savings. This supply category is exempt from the minimum quotation requirements.

7. Other Exemptions

The Town is also not required to undertake a competitive procurement process for the following where the total value of Procurement does not exceed \$250,000 ex GST over a three-year period:

- (a) annual renewals for software maintenance, support and licensing fees,
- (b) engagement of artists or performers,
- (c) memberships and subscriptions,
- (d) provision of advertising services,
- (e) provision of utility services,
- (f) provision of software and support by a third-party provider from a software developer that is known to the Town, that demonstrates value for money.

Sustainable Procurement and Corporate Social Responsibility

The Town is committed to providing a preference to suppliers that demonstrate sustainable business practices and high levels of corporate social responsibility (CSR). Where appropriate, the Town shall endeavour to provide an advantage to suppliers demonstrating that they minimise environmental and negative social impacts and embrace CSR. Sustainable and CSR considerations must be balanced against value for money outcomes in accordance with the Town's sustainability objectives.

For formal procurement decisions, the Town may weight sustainability up to a total of 20%, with a maximum of 10% able to be assigned for any one of the following elements:

1. Environmental

Procurement that minimises unnecessary resource consumption, considers whole of life costs and delivers beneficial environmental economic outcomes is encouraged.

The Town will support the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefit toward achieving the Town's strategic and operational objectives.

Qualitative weighted selection criteria will be used in the evaluation of Requests for Quote and Tenders to provide advantages to suppliers which:

- (a) demonstrate policies and practices that have been implemented by the business as part of its operations;
- (b) generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used and disposed; and
- (c) encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

(d)

2. Social

Procurement from organisations such as Aboriginal controlled businesses and social enterprises including Australian Disability Enterprises is encouraged.

Where possible, Australian Disability Enterprises and Aboriginal businesses are to be invited to quote for supplying goods and services under the tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to these businesses, or businesses that demonstrate a high level of employment diversity.

3. Local Economy (with boundaries of the Southwest Group)

The Town will provide supply opportunities for local organisations that can demonstrate economic benefits, either through being a local business, the use of local sub-contractors or local employees. This will be dependent on the extent to which the local business can demonstrate a contribution to the local economy but does not include any preferential; treatment of pricing in the evaluation process.

Requests for Quotation and Tenders will include a request for Suppliers to provide information regarding their sustainable practices and/or demonstrate that their product or service offers enhanced sustainable benefits.

Examples of criteria include the following:

1. The Tenderer must provide details of the benefits to the local community from their involvement in this contract. Examples may include, but should not be limited to things such as:
 - Local employment
 - Use of local service providers
 - Use of local food and beverage providers
 - Sourcing of materials and consumables locally
2. Community Participation and Benefits – provide commentary on initiatives to support Aboriginal business and indigenous community, local trade support, Australian manufacturing, and community benefit (i.e. corporate philanthropy or employment development programs for Corporate Social Responsibility such as disability enterprise or special needs)

Authorisation of Expenditure

Acceptance of tenders and quotations and the authorisation of expenditure is to comply with the Town's purchasing requirements, associated policies and procedures and within the relevant delegation or limit of authority.

All purchases of goods or services other than those goods or services deemed an emergency or those outside of normal business hours are only to be purchases after the approval of an appropriate purchase requisition and the receipt of a relevant purchase order.

The confirmation of any purchase after the completion of a quotation / tender process must be authorised by an officer to whom authority to incur a liability has been delegated ensuring that sufficient funds have been provided for in the Town's annual budget.

Record Management

Records of all purchasing activity must be retained in compliance with the *State Records Act 2000* (WA); the Town's Records Keeping Plan and associated procurement procedures.

For each procurement activity, such documents may include:

- the Procurement initiation document such as a procurement business case which justifies the need for a contract to be created (where applicable);
- procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the contract;
- request for Quotation/Tender documentation;
- copy of public advertisement inviting tenders, or the notice of private invitation (whichever is applicable);
- copies of quotes/tenders received;
- evaluation documentation, including individual evaluators note and clarifications sought;
- approval of award documentation;
- all correspondence to respondents notifying of the outcome to award a contract;
- contract Management Plans which describes how the contract will be managed; and
- copies of contract(s) with supplier(s) formed from the procurement process.

| | |
|-----------------------------------|--|
| Responsible Directorate: | Corporate Services |
| Reviewing Officer: | Chief Executive Officer |
| Decision making Authority: | Council |
| Policy Adopted: | 16/8/16 |
| Policy Amended/Reviewed: | 19/6/18, 17/9/19, 19/11/19, 10/12/19, 19/5/20, 15/9/20, 8/12/20, 20/7/21 |
| Former Policy No: | 4.2.4 |



PURCHASING PROCEDURES (PRO2.1.3)

1. Council purchase orders are to be signed only by Officers authorised by Council, namely the:
 - Chief Executive Officer; (unlimited)
 - Executive Manager Corporate Services; Limit \$50,000
 - Executive Manager Regulatory Services; Limit \$50,000
 - Executive Manager Technical Services; Limit \$50,000
 - Operations Supervisor; Limit \$15,000
 - Supervisor Infrastructure and Assets, Limit \$15,000
 - Finance Manager, Limit \$15,000
 - Manager People and Culture; Limit \$5,000
 - Coordinator Corporate Services; Limit \$5,000
 - Executive Assistant/Governance Coordinator; Limit \$5,000
 - Coordinator Regulatory Services; Limit \$5,000
 - Coordinator – Operations; Limit \$5,000
 - Manager CHSP (CHSP related purchases only); Limit \$5,000
 - Manager Community Engagement and Communication; \$5,000
 - Senior Ranger; Limit \$2,000
 - Principal Environmental Health Officer; Limit \$1,500
- or those Officers acting in the positions
All of the above thresholds are GST exclusive.
2. Authority limitations apply to any purchase including signing contracts in accordance with Delegation DA8 and DA9;
3. An official purchase order must be placed for all goods or services (including consultants' opinions, e.g. legal, engineering, town planning, etc.) ordered, prior to an invoice being received by the Town. Should an invoice be received without a purchase order having been created, a Creditor Request Form must be completed and authorised prior to payment of the invoice;
4. Standing Purchase Order – these are commitments made against a particular supplier for goods or services that are regularly procured over a specified period, usually one financial year. The full value of the commitment is restricted to the amount in the approved budget, allowing for a spread over more than one supplier. Standing order numbers will need to be quoted to the supplier for inclusion in their invoice. Standing orders will be expedited by Finance at the end of each financial year and will need to be re-established in the new financial year.
5. Emergency Order – emergency orders can only be processed outside the procurement process when any of the following events are likely to occur:
 - Possible cause of injury or loss of life
 - Potential to result in destruction of property
 - Possible loss or disruption to the Town's stakeholders or core functions
 - Will seriously impair the reputation of the Town in the local or wider community

In such cases, the purchaser will initially make a purchase commitment with a third party without following all the processes in this procedure. The purchase order is to be raised as soon as possible following the initial commitment and prior to the invoice being received.

6. When ordering by telephone a purchase order number must be quoted and the original of the order to be forwarded to the supplier endorsed "Confirmation of Telephone Order on "(date)".
7. Should an exception to the purchasing policy be applied to an order, an authorised 'exception form' **must** be attached to the Requisition/Purchase order in Synergysoft for the exemption to be valid.
8. All Officers are to ensure that when issuing a Council order for goods or services that a current account number (which will reflect the Budget estimate for those goods or services) be quoted on the Council order. This will ensure that:-
 - 8.1 expenditure is allocated to the correct Budget item (with the job number account being noted on the Council order); and
 - 8.2 that sufficient funds are identified against the job number account before expenditure is authorised.
9. In order that costs are adequately controlled before issuing a Council purchase order Officers must check against their current Budget estimates for the current financial year and monthly expenditure reports to ensure that there are sufficient funds to cover the cost of the goods or services being ordered;
10. Roles of Finance:
 - Finance Officers will provide initial training and support to Authorised Purchasing Officer;
 - Finance staff will review purchase orders on a periodic basis to ensure compliance with the Purchasing Policy including ensuring that all relevant quotes are attached. An email will be sent to the Purchaser seeking a valid reason why the Purchasing Policy was not complied with and they will be asked to provide the requested number of quotes to be attached to the purchase order. A report will be prepared yearly for presentation to the Audit and Risk Committee.
 - Goods receipt amounts will be matched to supplier's invoice and processed for payment in line with their terms. Any variance greater than 10% will be referred to the Purchaser.
 - Purchase orders will be reviewed every three months to ensure obsolete orders are expedited.
11. Where possible, The Town is to use environmentally friendly paper products including recycled paper;
12. All purchases must also comply with Policy 2.1.3 – Purchasing Policy.



2.1.3 Purchasing

| | |
|-------------------------|--|
| Type: | Corporate Services – Financial Management |
| Legislation: | Local Government Act 1995 Local Government (Functions and General) Regulations 1996 |
| Delegation: | DA35 Ordering Thresholds |
| Other Related Document: | Purchasing Procedures PRO2.1.3 |

Objective

The objectives of this Policy are to ensure that all purchasing activities:

- demonstrate that best value for money is attained for the Town;
- are compliant with relevant legislations, including the Act and Regulations;
- are recorded in compliance with the State Records Act 2000 and associated records management practices and procedures of the Town;
- mitigate probity risk, by establishing consistent and demonstrated processes that promotes openness, transparency, fairness and equity to all potential suppliers;
- ensure that the sustainable benefits, such as environmental, social and local economic factors are considered in the overall value for money assessment; and
- are conducted in a consistent and efficient manner across the Town and that ethical decision making is demonstrated.

Policy Scope

This policy will affect all staff members.

Policy

The Town of East Fremantle (the “Town”) is committed to delivering best practice in the purchasing of goods, services and works that align with the principles of transparency, probity and good governance and complies with the Local Government Act 1995 (the “Act”) and Part 4 of the Local Government (Functions and General) Regulations 1996, (the “Regulations”). Procurement processes and practices to be complied with are defined within this Policy and the Town’s prescribed procurement procedures.

Ethics and Integrity

Code of Conduct

All officers and employees of the Town undertaking purchasing activities must have regard for the Code of Conduct requirements and shall observe the highest standards of ethics and integrity. All officers and employees of the Town **must always act in an honest and professional manner** which supports the standing of the Town.

Purchasing Principles

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money;
- all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Town’s policies and Code of Conduct;
- purchasing is to be undertaken on a competitive basis where all potential suppliers are treated

impartially, honestly and consistently;

- all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation;
- any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and
- any information provided to the Town's by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

Value for Money

Policy

Value for money is determined when the consideration of price, risk and qualitative factors that are assessed to determine the most advantageous outcome to be achieved for the Town.

As such, purchasing decisions must be made with greater consideration than obtaining lowest price, but also to incorporate qualitative and risk factors into the decision.

Application

An assessment of the best value for money outcome for any purchasing process should consider:

- all relevant Total Costs of Ownership (TCO) and benefits including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal;
- the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality, including but not limited to an assessment of levels and currency of compliances, value adds offered, warranties, guarantees, repair and replacement policies, ease of inspection, ease of after sales service, ease of communications etc.
- financial viability and capacity to supply without risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable;
- the safety requirements associated with both the product design and specification offered by suppliers and the evaluation of risk when considering purchasing goods and services from suppliers;
- purchasing of goods and services from suppliers that demonstrate sustainable benefits and good corporate social responsibility; and
- providing opportunities for businesses within the Town's boundaries to be given the opportunity to quote for providing goods and services wherever possible.

Purchasing Requirements

Legislative / Regulatory Requirements

The requirements that must be complied with by the Town, including purchasing thresholds and processes, are prescribed within the Regulations, this Policy and associated purchasing procedures in effect at the Town.

Purchasing that is \$250,000 or below in total value (excluding GST) must be in accordance with the purchasing requirements under the relevant threshold as defined under section 7 of this Purchasing Policy.

Purchasing that exceeds \$250,000 in total value (excluding GST) must be put to public Tender when it is determined that a regulatory Tender exemption, as stated under section 8 of this Policy is not deemed to be suitable.

Purchasing Value Definition

Determining purchasing value is to be based on the following considerations:

1. Exclusive of Goods and Services Tax (GST);
2. The actual or expected value of a contract over the full contract period, including all options to extend; or the extent to which it could be reasonably expected that the Town will continue to purchase a particular category of goods, services or works and what total value is or could be reasonably expected to be purchased. A best practice suggestion is that if a purchasing threshold is reached within three years for a particular category of goods, services or works, then the purchasing requirement under the relevant threshold (including the tender threshold) must apply.
3. Must incorporate any variation to the scope of the purchase and be limited to a 10% tolerance of the original purchasing value.

Purchasing from Existing Contracts

Where the Town has an existing contract in place, it must ensure that goods and services required are purchased under these contracts to the extent that the scope of the contract allows. When planning the purchase, the Town must consult its Contracts Register in the first instance before seeking to obtain quotes and tenders on its own accord.

Purchasing Thresholds

The table below prescribes the purchasing process that the Town must follow, based on the purchase value:

| Purchase Value Threshold | Purchasing Requirement |
|--------------------------|---|
| Up to \$5,000 (exc GST) | <p>Purchase directly from a supplier using a Purchasing or Corporate Credit Card issued by the Town, or obtain at least one (1) oral or written quotation from a suitable supplier, either from:</p> <ul style="list-style-type: none">• an existing panel of pre-qualified suppliers administered by the Town; or• a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government Common Use Arrangement (CUA); or• from the open market. <p><i>The purchasing decision is to be based upon assessment of the supplier's response to:</i></p> <ul style="list-style-type: none">• a brief outline of the specified requirement for the goods, services or works required; and• value for money criteria, not necessarily the lowest price. <p><i>The procurement decision is to be represented using the Brief Evaluation Report Template.</i></p> |

| | |
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| Over \$5,001 and up to \$20,000 (exc GST) | <p>Request at least two (2) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <ul style="list-style-type: none">• an existing panel of pre-qualified suppliers administered by the Town; or• a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or• from the open market. <p>The purchasing decision is to be based upon assessment of the <u>suppliers</u><u>supplier's</u> response to:</p> <ul style="list-style-type: none">• a written brief outline of the specified requirement for the goods; services or works required; and• value for money criteria, not necessarily the lowest price. <p>The procurement decision is to be represented using the Brief Evaluation Report Template.</p> |
| Over \$20,001 and up to \$50,000 | <p>Request at least three (3) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <ul style="list-style-type: none">• an existing panel of pre-qualified suppliers administered by the Town; or• a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or• from the open market. <p>The purchasing decision is to be based upon assessment of the <u>suppliers</u><u>supplier's</u> response to:</p> <ul style="list-style-type: none">• a written brief outline of the specified requirement for the goods; services or works required; and• value for money criteria, not necessarily the lowest price. <p>The procurement decision is to be represented using the Brief Evaluation Report Template.</p> |

| | |
|--|--|
| <p>Over \$50,001 and up to \$250,000 (exc GST)</p> | <p>Request at least three (3) written quotations from suppliers by formal invitation under a Request for Quotation, containing price and detailed specification of goods and services required. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> <p>Quotations within this threshold may be obtained from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the Town; or • a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or • from the open market. <p>Requests for quotation from a pre-qualified panel of suppliers (whether administered by the Town through the WALGA preferred supply program or State Government CUA) are not required to be invited using a Request for Quotation form, however at least three written quotes are still required to be obtained.</p> <p>The purchasing decision is to be based upon assessment of the supplierssupplier's response to:</p> <ul style="list-style-type: none"> • a detailed written specification for the goods, services or works required and • pre-determined evaluation criteria that assesses all best and sustainable value considerations. <p>The procurement decision is to be represented using the Evaluation Report template.</p> |
| <p>Over \$250,000 (exc GST)</p> | <p>Where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement as listed under section 8 of this Policy, conduct a public Request for Tender process in accordance with the Regulations, this policy and the Town's tender procedures. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> <p>The purchasing decision is to be based upon the supplierssupplier's response to:</p> <ul style="list-style-type: none"> • a specification of the goods, services or works (for a tender exempt process including the WALGA Preferred Supplier Arrangement); or • a detailed specification for the open tender process; and • pre-determined evaluation criteria that assesses all best and sustainable value considerations. <p>The procurement decision is to be represented using the Evaluation Report template.</p> |

Requirement for Contracts

Purchases over \$50,000 ex GST will require a written contract for the following supply categories:

- Consultants (General Conditions of Contract AS4122-2010)
- Minor Works
- General Goods and Services

- Building and Construction Services
- ICT Services
- Waste Services

A copy of the executed contract must be provided to the Coordinator Manager Corporate Services prior to the Purchase Order being released. The contract details will be entered into the Contract Register which has been prepared in accordance with Treasurers Instruction 820 'Register of Contracts'.

Contract Reviews – all contracts established by the Town shall contain a requirement to review the performance of the Contractor/Supplier/Consultant at least annually and prior to the extension, if any, of the Contract term.

Strategic Purchasing Value Assessments

The Town will periodically review recent past purchasing activity across its operations to identify categories of supply for which the Town will have continuing need and which can be aggregated into single contract arrangements in order to achieve best value for money and efficiency in future purchasing activity.

The assessment of aggregated expenditure for the same category of supply capable of being supplied by a single supplier will determine the Purchasing Value threshold applicable to future purchasing activity.

Quotation Exemptions

An exemption to Request for Quotations may apply in accordance with Regulation 11 of the Local Government (Functions & General) Regulations 1996.

Insufficient Suppliers / Waiver of Quotation

Where this policy requires a certain number of quotations to be obtained, but it is not possible to obtain that number of quotations, then best endeavours must be used to obtain as many quotes as possible.

If it is not possible to obtain the required number of quotations then:

1. the requirement to obtain that number of quotations may be waived by the Chief Executive Officer or Executive Manager Corporate Services if the purchase is below \$5020,000 and justification has been provided by an officer with appropriate authority to incur the liability.
The following are examples of where an exemption may be approved:
 - Supplier is a sole provider registered in the Town of East Fremantle
 - Supplier is an Aboriginal Business First Nations Business?
 - Supplier is Disability Enterprise
 - Delivery of goods or services is time critical
 - The local government has good reason to believe that, because of the unique nature of the goods or services required or for any other reason, it is unlikely that there is more than one potential supplier
 - ...
2. all other requirements of this policy applicable to that type or value of purchase apply.
3. an authorised 'exception form' must be attached to the Requisition/Purchase order in Synergyssoft for the exemption to be valid.

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Purchasing from Legal Service Providers

The Town of East Fremantle will utilise the WALGA preferred supplier contract for legal services. The selection of the service provider will be undertaken by the Chief Executive Officer or relevant Executive Manager (under delegated authority) based on factors including the panel provider undertaking similar work on behalf of the Town, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

Procurement of labour hire

The Town of East Fremantle will ensure due diligence is carried out when procuring labour hire from recognised personnel providers in the market, with suppliers to be registered with WALGA. The Town will undertake to ensure the most qualified and suitable person is hired under an arrangement with ~~with~~

the labour hire provider. Whilst cost will be considered as part of the evaluation of suppliers, the most important criteria will be that the hired person is best fit for the Town and someone who will carry out their duties and responsibilities in-line with the Town's ethos. This does not preclude the value for money section of the Town's purchasing policy. This supply category is exempt from the minimum quotation requirements.

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Purchasing from Uniform Providers

The Town of East Fremantle will utilise the WALGA Preferred Panel for the procurement of uniforms. Purchasing for Corporate Uniforms and Protective Clothing is exempt from the general requirements of this Policy, and only requires one quote ~~be to be~~ obtained. All purchases are still subject to a value for money judgement prior to issuing a Purchase Order.

Purchasing from Stationery Suppliers

The Town of East Fremantle will utilise either the WALGA preferred supplier contract or Social Enterprises (Disability and Aboriginal Corporations) for stationery purchases. The Town will endeavour to ensure value for money is realised as well as purchasing sustainable office supplies where possible. This supply category is exempt from the minimum quotation requirements.

Purchasing of Accounting and Strategic Financial Services

The Town of East Fremantle will utilise the WALGA preferred supplier contract for Accounting and Strategic Financial Services. The selection of the service provider will be undertaken by the Chief Executive Officer or relevant Executive Manager (under delegated authority) based on factors including the panel provider undertaking similar work on behalf of the Town, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

Specific Organisational Expertise

The Town of East Fremantle acknowledges that on occasion, contractors may have a unique understanding of Council procedures and/or software obtained through previous experience with the Town.

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In cases where this specific expertise or knowledge of the Council is demonstrated to be beneficial to the Town or provides significant cost savings, purchases may be made from these contractors without obtaining the minimum number of quotations required. This exception recognises that such specialised knowledge and experience may lead to enhanced efficiency, reduced risk, and cost and time savings. This supply category is exempt from the minimum quotation requirements.

Buying Local

Where possible, suppliers operating with the Town of East Fremantle and neighbouring local government areas are to be given the opportunity to quote for goods and services required by the Town. Officers are required to review the local Business Directory when determining possible suppliers. However, it is recognised that not every category of goods or services required by the Town will lend itself to supply by local businesses.

Standing Offer Agreement

This is an agreement where a supplier(s) agrees to provide specified goods (which are considered commodities off the shelf which are readily available from multiple suppliers and frequently purchased), at an agreed price fixed for a set ~~period of time period~~ (usually for one year). Standing Offers are a commitment by suppliers to provide agreed products at the fixed price on receipt of a Town Purchase Order. Standing offers do not commit the Town to any minimum volume. A standing offer once accepted by the Town is deemed to have met the quotation process.

Tendering Exemptions

An exemption to publicly invite tenders may apply in the following instances:

- the supply of the goods or services is associated with a State of Emergency which has been declared in accordance with section 3 of the Emergency Management Act 2005;

- the purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supply Program or State Government Common Use Arrangement;
- the purchase is from a Regional Local Government or another Local Government;
- the purchase is acquired from a person registered on the WA **Aboriginal Business** Directory, as published by the Small Business Development Corporation, where the consideration under contract is worth \$250,000 or less and represents value for money;
- the purchase is acquired from an Australian Disability Enterprise and represents value for money;
- within 6 months of no tender being accepted;
- where the contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- the purchase is from a pre-qualified supplier under a Panel established by the Town; or
- any of the other exclusions under Regulation 11 of the Regulations apply.

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Inviting Tenders under the Tender Threshold

Where considered appropriate and beneficial, the Town may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation for purchases under the tender threshold. This decision should be made after considering the benefits of this approach in comparison with the costs, risks, timeliness and compliance requirements and also and whether the purchasing requirement can be met through the WALGA Preferred Supply Program or State Government CUA.

If a decision is made to undertake a public Tender for contracts expected to be \$250,000 or less in value, the Town's tendering procedures must be followed in full.

Sole Source of Supply

Where the purchasing requirement is over the value of \$5,000 and of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a tender or quotation process. This is only permitted in circumstances where the Town is satisfied and can evidence that there is only one source of supply for those goods, services or works. The Town must use its best endeavours to determine if the sole source of supply is genuine by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed by the Chief Executive Officer or relevant Executive Manager (under delegated authority), prior to a contract being entered into.

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From time to time, the Town may publicly invite an expression of interest to effectively determine that one sole source of supply still genuinely exists.

Anti-Avoidance

The Town shall not enter into two or more contracts or create multiple purchase order transactions of a similar nature for the purpose of "splitting" the value of the purchase or contract to take the value of the consideration of the purchase below a particular purchasing threshold, particularly in relation to Tenders and to avoid the need to call a public Tender.

Emergency Purchases

An emergency purchase is defined as an unanticipated and unbudgeted purchase which is required in response to an emergency situation an emergency as provided for in the *Local Government Act 1995*. In such instances, quotes and tenders are not required to be obtained prior to the purchase being undertaken.

An emergency purchase does not relate to purchases not planned for due to time constraints. Every effort must be made to anticipate purchases required by the Town in advance and to allow sufficient time to obtain quotes and tenders, whichever may apply.

Record Management

Records of all purchasing activity must be retained in compliance with the State Records Act 2000 (WA); the Town's Records Keeping Plan and associated procurement procedures.

For each procurement activity, such documents may include:

- the Procurement initiation document such as a procurement business case which justifies the need for a contract to be created (where applicable);
- procurement Planning and approval documentation which describes how the procurement is

to be undertaken to create and manage the contract;

- request for Quotation/Tender documentation;
- copy of public advertisement inviting tenders, or the notice of private invitation (whichever is applicable);
- copies of quotes/tenders received;
- evaluation documentation, including individual evaluators note and clarifications sought;
- negotiation documents such as negotiation plans and negotiation logs;
- approval of award documentation;
- all correspondence to respondents notifying of the outcome to award a contract;
- contract Management Plans which describes how the contract will be managed; and
- copies of contract(s) with supplier(s) formed from the procurement process.

Sustainable Procurement and Corporate Social Responsibility

The Town is committed to providing a preference to suppliers that demonstrate sustainable business practices and high levels of corporate social responsibility (CSR). Where appropriate, the Town shall endeavour to provide an advantage to suppliers demonstrating that they minimise environmental and negative social impacts and embrace CSR. Sustainable and CSR considerations must be balanced against value for money outcomes in accordance with the Town's sustainability objectives.

For formal procurement decisions, the Town may weight sustainability up to a total of 20%, with a maximum of 10% able to be assigned for any one of the following elements:

1. Environmental

Procurement that minimises unnecessary resource consumption, considers whole of life costs and delivers beneficial environmental economic outcomes is encouraged.

The Town will support the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefit toward achieving the Town's strategic and operational objectives.

Qualitative weighted selection criteria will be used in the evaluation of Requests for Quote and Tenders to provide advantages to suppliers which:

- (a) demonstrate policies and practices that have been implemented by the business as part of its operations;
- (b) generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used and disposed; and
- (c) encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

2. Social

Procurement from organisations such as **Aboriginal controlled** businesses and social enterprises including Australian Disability Enterprises is encouraged.

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3. Local Economy (with boundaries of the South West Group)

The Town will provide supply opportunities for local organisations that can demonstrate economic benefits, either through being a local business, the use of local sub-contractors or local employees. This will be dependent on the extent to which the local business can demonstrate a contribution to the local economy but does not include any preferential treatment of pricing in the evaluation process.

Requests for Quotation and Tenders will include a request for Suppliers to provide information regarding their sustainable practices and/or demonstrate that their product or service offers enhanced sustainable benefits.

Examples of criteria include the following:

1. The Tenderer must provide details of the benefits to the local community from their

involvement in this contract. Examples may include, but should not be limited to things such as:

1. —

- Local employment
- Use of local service providers
- Use of local food and beverage providers
- Sourcing of materials and consumables locally

2. Community Participation and Benefits – provide commentary on initiatives to support Aboriginal business and indigenous community, local trade support, Australian manufacturing, and community benefit (i.e. corporate philanthropy or employment development programs for Corporate Social Responsibility such as disability enterprise or special needs)

Local Economic Benefit

The Town encourages the development of competitive local businesses within its boundary and as much as practicable, the Town will:

- where appropriate, consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
- consider buying practices, procedures and specifications that encourage the inclusion of local businesses and employment of local residents;
- consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- ensure that procurement plans, and analysis is undertaken prior to developing Requests to understand local business capability and local content availability where components of goods or services may be sourced from within the district for inclusion in selection criteria;
- explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;
- avoid bias in the design and specifications for Requests for Quotation and Tenders;
- provide adequate and consistent information to potential suppliers.

Purchasing from Disability Enterprises

Pursuant to Part 4 of the Local Government (Functions and General) Regulations 1996, the Town is not required to publicly invite tenders if the goods or services are to be supplied from an Australian Disability Enterprise, as registered on www.ade.org.au. This is contingent on the demonstration of value for money.

Where possible, Australian Disability Enterprises are to be invited to quote for supplying goods and services under the tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to Australian Disability Enterprises.

Purchasing from Aboriginal Businesses *First Nations Businesses*

Pursuant to Part 4 of the Local Government (Functions and General) Regulations 1996, the Town is not required to publicly invite tenders if the goods or services are to be supplied from a person registered on the [Aboriginal Business Directory](http://www.abdwa.com.au) published by the Small Business Development Corporation on www.abdwa.com.au, where the expected consideration under contract is worth \$250,000 or less. This is contingent on the demonstration of value for money.

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Where possible, [Aboriginal businesses](#) are to be invited to quote for supplying goods and services under the tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to [Aboriginal owned](#) businesses, or businesses that demonstrate a high level of [aboriginal employment](#).

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Panels of Pre-Qualified Suppliers

In accordance with Regulation 24AC of the Local Government (Functions and General) Regulations 1996, a Panel of Pre-qualified Suppliers ("Panel") may be created where most of the following factors apply:

- the Town determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- the Panel will streamline and will improve procurement processes; and
- the Town has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The Town will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

Establishing a Panel

Should the Town determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 the Local Government (Functions and General) Regulations 1996.

Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel.

Panels may be established for a minimum of two (2) years and for a maximum length of time deemed appropriate by the Town.

Evaluation criteria must be determined and communicated in the application process by which applications will be assessed and accepted.

Where a Panel is to be established, the Town will endeavour to appoint at least three (3) suppliers to each category, on the basis that best value for money is demonstrated. Where less than three (3) suppliers are appointed to each category within the Panel, the category is not to be established.

In each invitation to apply to become a pre-qualified supplier (through a procurement process advertised through a state-wide notice), the Town must state the expected number of suppliers it intends to put on the panel.

Should a Panel member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information set out under Regulation 24AD(5)(d) and (e) when establishing the Panel.

Distributing Work Amongst Panel Members

To satisfy Regulation 24AD(5) of the Regulations, when establishing a Panel of pre-qualified suppliers, the detailed information associated with each invitation to apply to join the Panel must either prescribe whether the Town intends to:

- i. obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases, in accordance with Clause 20; or
- ii. purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or
- iii. develop a ranking system for selection to the Panel, with work awarded in accordance with Clause 19 (b).

In considering the distribution of work among Panel members, the detailed information must also prescribe whether:

- a) each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the pre-qualified panel will be

awarded ~~on the basis of~~based on value for money in every instance; or

b) work will be awarded on a ranked basis, which is to be stipulated in the detailed information set out under Regulation 24AD(5)(f) when establishing the Panel. The Town is to invite the highest ranked Panel member, who is to give written notice as to whether to accept the offer for the work to be undertaken. Should the offer be declined, an invitation to the next ranked Panel member is to be made and so forth until a Panel member accepts a Contract. Should the list of Panel members invited be exhausted with no Panel member accepting the offer to provide goods/services under the Panel, the Town may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in section 5.5 of this Policy. When a ranking system is established, the Panel must not operate for a period exceeding 12 months.

In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes options to extend the contract.

Purchasing from the Panel

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award communications may be made through eQuotes, or any other electronic quotation facility or otherwise must all be captured on the Town's electronic records system. A separate file is to be maintained for quotation processes made under each Panel that captures all communications between the Town and Panel members.

Recordkeeping

Records of all communications with Panel members, with respect to the quotation process and all subsequent purchases made through the Panel, must be kept.

For the creation of a Panel, this includes:

- the Procurement initiation document such as a procurement business case which justifies the need for a Panel to be created;
- procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel;
- request for Applications documentation;
- copy of public advertisement inviting applications;
- copies of applications received;
- evaluation documentation, including clarifications sought;
- negotiation documents such as negotiation plans and negotiation logs;
- approval of award documentation;
- all correspondence to applicants notifying of the establishment and composition of the Panel such as award letters;
- contract Management Plans which describes how the contract will be managed; and
- copies of framework agreements entered into with pre-qualified suppliers.

The Town is also to retain itemised records of all requests for quotation, including quotations received from pre-qualified suppliers and contracts awarded to Panel members. A unique reference number shall be applied to all records relating to each quotation process, which is to also be quoted on each purchase order issued under the Contract.

Information with regards to the Panel offerings, including details of suppliers appointed to the Panel, must be kept up to date, consistent and made available for access by all officers and employees of the Town.

Authorisation of Expenditure

Acceptance of tenders and quotations and the authorisation of expenditure is to comply with the Town's purchasing requirements, associated policies and procedures and within the relevant delegation or limit of authority.

All purchases of goods or services other than those goods or services deemed an emergency or those outside of normal business hours are only to be purchases after the approval of an appropriate purchase requisition and the receipt of a relevant purchase order.

The confirmation of any purchase after the completion of a quotation / tender process must be authorised by an officer to whom authority to incur a liability has been delegated ensuring that sufficient funds have been provided for in the Town's annual budget.

Issuing Purchase Orders where a quotation or tender process has been undertaken will be required to be released by the Manager Finance Manager and Administration, who is required to ensure that all details in the Register of Contracts have been complied with, and that the required number of quotes and the contract have been attached to the purchase requisition.

| | |
|-----------------------------------|--|
| Responsible Directorate: | Corporate Services |
| Reviewing Officer: | Chief Executive Officer |
| Decision making Authority: | Council |
| Policy Adopted: | 16/8/16 |
| Policy Amended/Reviewed: | 19/6/18, 17/9/19, 19/11/19, 10/12/19, 19/5/20, 15/9/20, 8/12/20, 20/7/21 |
| Former Policy No: | 4.2.4 |

Attachment
Purchasing Procedures



PURCHASING PROCEDURES (PRO2.1.3)

1. Council purchase orders are to be signed only by Officers authorised by Council, namely the:
 - Chief Executive Officer; (unlimited)
 - Executive Manager Corporate Services; Limit \$50,000
 - Executive Manager Regulatory Services; Limit \$50,000
 - Executive Manager Technical Services; Limit \$50,000
 - Operations Supervisor; Limit \$15,000
 - Supervisor Infrastructure and Assets, Limit \$15,000
 - Finance Manager, Limit \$15,000
 - Manager People and Culture; Limit \$5,000
 - Coordinator Corporate Services; Limit \$5,000
 - Executive Assistant/Governance Coordinator; Limit \$5,000
 - Coordinator Regulatory Services; Limit \$5,000
 - Coordinator – Operations; Limit \$5,000
 - Manager CHSP (CHSP related purchases only); Limit \$5,000
 - ~~Communications Officer; \$5,000 – remove? Yes~~
 - Manager Community Engagement and Communication; \$5,000
 - Senior Ranger; Limit \$2,000- ~~remove? Andrew has never authorised any invoices. Might be tied to credit card~~
 - Principal Environmental Health Officer; Limit \$1,500

or those Officers acting in the positions from time to time.

All of the above thresholds are GST exclusive.

2. Authority limitations apply to any purchase including ~~signing of~~ signing contracts in accordance with Delegation DA8 and DA9;
3. An official purchase order must be placed for all goods or services (including consultants' opinions, ~~e.g.~~ legal, engineering, town planning, ~~etc~~) ordered, prior to an invoice being received by the Town. **Should an invoice be received without a purchase order having been created, A Creditor Request Form must be completed and authorised prior to payment of the invoice;**
4. Standing Purchase Order – these are commitments made against a particular supplier for goods or services that are regularly procured over a specified period, usually one financial year. The full value of the commitment is restricted to the amount in the approved budget, allowing for a spread over more than one supplier. Standing order numbers will need to be quoted to the supplier for inclusion in their invoice. **Do not provide a printed copy of "Standing Purchase Orders" to suppliers.** Standing orders will be expedited by Finance at the end of each financial year and will need to be re-established in the new financial year.
5. Emergency Order – emergency orders can only be processed outside the procurement process when any of the following events are likely to occur:
 - Possible cause of injury or loss of life
 - Potential to result in destruction of property
 - Possible loss or disruption to the Town's stakeholders or core functions
 - Will seriously impair the reputation of the Town in the local or wider community

In such cases, the purchaser will initially make a purchase commitment with a third party without following all the processes in this procedure. The purchase order is to be raised as soon as possible following the initial commitment **and prior to the invoice being received**.

6. When ordering by telephone a purchase order number must be quoted and the original of the order to be forwarded to the supplier endorsed "Confirmation of Telephone Order on "(date)".
7. **Should an exception/exception to the purchasing policy be applied to an order, an authorised 'exception form' must be attached to the Requisition/Purchase order in Synergysoft for the exemption to be valid.**
8. All Officers are to ensure that when issuing a Council order for goods or services that a current account number (which will reflect the Budget estimate for those goods or services) be quoted on the Council order. This will ensure that:-
 - 8.1 expenditure is allocated to the correct Budget item (with the job number account being noted on the Council order); and
 - 8.2 that sufficient funds are identified against the job number account before expenditure is authorised.
9. In order that costs are adequately controlled before issuing a Council purchase order Officers must check against their current Budget estimates for the current financial year and monthly expenditure reports to ensure that there are sufficient funds to cover the cost of the goods or services being ordered;
10. Roles of Finance:
 - Finance Officers will provide initial training and support to Authorised Purchasing Officer;
 - Finance staff will review purchase orders on a periodic basis to prior to paying invoices to ensure compliance with the Purchasing Policy including ensuring that all relevant quotes are attached. Should there be any non-compliance, payment of the invoice will be placed on hold. An email will be sent to the Purchaser seeking a valid reason why the Purchasing Policy was not complied with and they will be asked to provide the requested number of quotes to be attached to the purchase order, which will need to be confirmed by the CEO. Once this has been received, payment will be processed. A report will be prepared yearly for presentation to the Audit and Risk Finance Committee.
 - Goods receipt amounts will be matched to supplier's invoice and processed for payment in line with their terms. Any variance greater than 10% will be referred back to the Purchaser.
 - Purchase orders will be reviewed every three months to ensure obsolete orders are expedited.
11. Where possible, Council use environmentally friendly paper products including recycled paper;
12. All purchases must also comply with Policy 2.1.3 – Purchasing Policy.

| Title | Procurement |
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Policy Type

Council

Policy Purpose

The City of Cockburn (the City) is committed to delivering best practice in the procurement of goods, services and works in accordance with Council Policies and applicable statutory obligations. All procurement activities must comply with the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* in respect to all purchases, contracts and asset disposal decisions.

This Policy aims to ensure all procurement decisions are made in a consistent manner using an equitable process that will help to mitigate risk, demonstrate value and achieve the most advantageous outcome for the City.

Policy Statement

Procurement decisions will be made using the following principles:

(1) Ethical Behaviour and Fair Dealing

Employees of the City must conduct all procurement and business relationships with honesty, integrity, fairness, diligence and a high degree of care, ensuring processes are appropriate and compliant. Procurement processes must be transparent and free from bias and will be supported by Employee Code of Conduct and a Statement of Business Ethics, approved by the CEO outlining the behavioural standards expected by the City from its employees, suppliers and contractors in conducting its business. Any canvassing of the City's Elected Members or staff is strictly prohibited on current procurement activity.

(2) Value for Money (VFM)

Achieving value for money reflects the best possible outcome by considering cost and non-cost factors in procurement decisions. Non-cost factors are important in reducing risk and determining whole of life outcomes that do not adversely impact the community or environment.

These include safety and quality considerations, fit for purpose (specification), timeliness, sustainability (social and environment – circular supply), economic (local & regional) and relevant service benchmarks. Where a higher cost conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced conforming offer.

The City recognises that in achieving long term value for money, appropriate strategic business partners may be developed with suppliers for specific supply categories. All strategic procurement partners will be reviewed on a periodic basis as per their associated arrangement, to a minimum period of every three (3) years from the

| Title | Procurement |
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commencement of the partnership. The acceptance of higher priced submissions must always be supported by justification, presenting demonstrable benefits proportionate to the level of activity.

All pre-qualified, approved, and strategic business partnership suppliers will be systematically reviewed in line with contract terms and performance criteria (at least three yearly or as required). This requirement will assess whether VFM continues to be achieved by the City with any renewal or extension of contract arrangements.

(3) Open and Effective Competition

Competition is encouraged through the sourcing requirements of the procurement thresholds (below) and any allowable exemptions as outlined within the City's supporting Procurement Framework document. This will outline the acceptable manner for procurement information to be presented and evaluated by the City.

The expected level of effective competition will depend on the pre-determined market engagement strategy (public, selective, pre-qualified) as identified in the procurement plan and the assessed level of procurement risk to the City. City employees are to source across a range of diverse suppliers, to ensure market opportunities are considered.

Procurement Threshold Requirements

| Expected Procurement / Contract Value (Ex GST) (initial period - excl options) | Sourcing requirement (non-contracted expenditure) |
|--|---|
| Up to \$4,999 | <p>Seek one (1) verbal quotation (min) for all activities. Local/Regional suppliers are preferred, when available.</p> <p>Credit card policy will apply to credit card purchases, discretion may apply to the Procurement credit card.</p> <p>Quotations are subject to relevant review and purchase order auto approval as per the City's Procurement Framework.</p> |
| \$5,000 to \$19,999 | <p>Seek one (1) written quotation (min) for all activities. Local/Regional suppliers are preferred and considered, when available.</p> <p>Quotations are subject to relevant review and purchase order auto approval as per the City's Procurement Framework.</p> |

| Title | Procurement |
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| Expected Procurement / Contract Value (Ex GST) (initial period - excl options) | Sourcing requirement (non-contracted expenditure) |
|--|--|
| \$20,000 to \$49,999 | <p>Seek two (2) written quotation (min) for all activities. Local/Regional suppliers are preferred and considered, when available.</p> <p>Sourcing from pre-qualified suppliers requires one (1) written quotation (min) for all contracted activities</p> <p>All quotations are subject to relevant review and purchase order auto approval utilising non-eProcurement templates as per the City's Procurement Framework.</p> |
| \$50,000 to \$99,999 | <p>Seek two (2) quotations (min) via eProcurement templates in conjunction with Procurement Services.</p> <p>One (1) local/regional supplier quote must be provided, when available unless prior approval was received.</p> <p>Sourcing from pre-qualified suppliers requires two (2) written quotation (min) for all contracted activities, unless otherwise determined by an approved sourcing strategy or an exempted supply.</p> <p>All quotations are subject to purchase order review as per the City's Procurement Framework.</p> |
| \$100,000 to \$249,999 | <p>Seek three (3) quotations (min) via eProcurement templates. At least one (1) local/regional supplier quote must be provided if available unless prior approval was received.</p> <p>Sourcing from pre-qualified suppliers requires two (2) quotation (min) for all contracted activities, unless otherwise determined by an approved sourcing strategy or an exempted supply.</p> <p>All quotations must be sought via eProcurement templates in conjunction with Procurement Services and subject to relevant evaluation, purchase order review and approvals as per the City's Procurement Framework.</p> <p>Sourcing above \$150,000 requires a Procurement Plan to be completed and approved by Procurement Services.</p> |

| Title | Procurement |
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| Expected Procurement / Contract Value (Ex GST) (initial period - excl options) | Sourcing requirement (non-contracted expenditure) |
|--|--|
| \$250,000 and above | <p>Conduct a public process - Tender or similar for all activities, in accordance with this Policy and relevant management procedures unless otherwise determined by an approved sourcing strategy or an exempt supply.</p> <p>Sourcing from pre-qualified suppliers requires three (3) quotation (min) for all contracted activities, unless otherwise determined by an approved sourcing strategy or an exempted supply.</p> <p>All sourcing must be via eProcurement templates in conjunction with Procurement Services and subject to relevant formal evaluation, purchase order review and approvals as per the City's Procurement Framework.</p> |

Unless otherwise approved (in writing) by the CEO and/or relevant Executive Committee (ExCo) member, the City will maintain a principal period of three (3) years for all initial procurement activities and contracts.

The principle of competition will be satisfied where contracted Suppliers (where relevant) are utilised after considering alternative sourcing markets, including all cost and non-cost factors.

Where a public notice process is utilised, a single or multiple supplier contract may be executed based on the City's requirements as evaluated and stipulated in the award.

In addition, a panel of pre-qualified suppliers may be created where the City determines that there is or will be a continuing need and ongoing benefit from the arrangement.

(4) Sustainable Procurement

The City will consider environmental and social sustainability elements in all procurement decisions to maximise the positive impact on environmental and social outcomes within the community. This principle requires the adoption of current best practices (such as circular economy procurement or circular supply) to consider whole-of-life costing and social responsibility in sourcing goods, services or works when assessing value for money.

The City shall endeavour to design sourcing documentation to provide a comparative advantage to those suppliers and contractors who demonstrate they minimise environmental and negative social impacts and embrace such principles.

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| Title | Procurement |
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Such considerations must be balanced against VFM outcomes and the City's broader environmental strategies and objectives. Procurement decisions requiring qualitative assessment will set a sustainability criteria weight of up to 20% in total.

1. Environmental and Circular Supply

Circular supply within procurement are encouraged to minimise unnecessary resource consumption to deliver beneficial environmental outcomes. Specifications should identify goods and/or services that satisfy this requirement. This element requires the City to recover (waste), rethink (supply chains), regenerate (nature), reduce (do more with less) and reuse (use items longer) for products and services through innovation and collaboration in order to deliver a circular procurement ecosystem that maximise the resources available to the City.

The procurement activity will prioritise goods and/or services that satisfy this requirement and design out waste through collaborative value chain pathways that are circular rather than linear.

A qualitative weighting will be used in the evaluation of appropriate procurement to provide advantages to suppliers who demonstrate sustainable policies and practices and circular supply.

2. Social

Procurement that delivers a beneficial social outcome is preferred. The specification should identify goods and/or services that satisfy this requirement. Procurement from organisations such as Aboriginal controlled businesses and social enterprises including Australian Disability Enterprises is preferred as appropriate and when available. While the other Procurement principles may apply, competition exemption is available to these organisations, if registered and value can be demonstrated. A qualitative weighting will be used in the evaluation of appropriate procurement to provide advantages to suppliers who meet this requirement.

(5) Local and Regional Economy

The City encourages the development of competitive local businesses within its boundaries and within the broader Perth South West Metropolitan Alliance region. Where appropriate to do so, the City will seek participation of local and regional organisations in its supply chain in line with strategic objectives in the City's Strategic Community Plan. This principle seeks to balance competition with sustainable procurement with the attainment of economic benefits for the region. The City will preference local businesses within its boundary, greater than those within the broader Perth South West Metropolitan Alliance region.

Appropriate procurement decisions will set an economic qualitative criteria weight of up to 20% in total. Should the criteria not be applicable, the weighting will be proportioned equally across the remaining criteria.

| Title | Procurement |
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It is recognised that not all categories can be procured from a local or regional supplier. For the avoidance of doubt, Regional Price Preferences does not apply to this Policy.

The City will endeavour to ensure local or broader regional economic benefits committed to by suppliers through procurement processes are achieved through effective contract management.

1. Local Economy (within City boundaries)

The City will seek supply opportunities from local organisations that can demonstrate economic benefits, either through being a local business, the use of local sub-contractors or local employees. This will be dependent on the extent to which the local business can demonstrate their contribution to the local economy. As directed by the procurement thresholds, the City encourages local content in the assessment of value for money.

2. Regional Economy (within the Perth South West Metropolitan Alliance region)

The City encourages the development of competitive markets within the broader Perth South West Metropolitan Alliance region. Supply opportunities for regional businesses may be available to the extent to which the business can demonstrate their contribution to the regional economy as reasonably practicable and provided there is no financial or other detriment to the City

(6) Procurement Governance

Procurement governance will be managed using a hybrid centre-led procurement function, including (but not limited to) the application process for exemptions, procurement probity oversight and audit and reporting requirements. Authorities are defined within relevant delegations relating to Procurement and Contracts.

1. Planning and Documentation

All procurement (purchases and contracts) will be based on proper planning to ensure quality decision making. This requires sufficient and acceptable documentation to be developed in a timely manner, with an estimated cost in accordance with the City's Procurement Framework document.

Procurement template documents and forms will be used to ensure quality, unless otherwise approved. Purchase Orders must be issued to all suppliers prior to the supply of the goods, services or works, unless otherwise exempt.

Employees with procurement responsibility must be appropriately trained to carry out their duties in a competent and efficient manner.

The relevant ExCo member and/or the CEO are required to authorise and set the delegated financial authority (DFA) limit for employees who are required to approve requisitions and commit to suppliers in accordance with the Local Government (Financial Management) Regulations 1996 part 2, section 5 (1) (e).

| Title | Procurement |
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The City will utilise existing or known contracted suppliers / service providers unless the non-use substantiation is approved by Procurement Services.

2. Procurement Risk

All employees with procurement responsibilities will identify and mitigate risk within the entire procurement and contract management lifecycle in accordance with the City's Enterprise Risk Management Framework.

Procurement will be carried out in a manner that protects the City's capability to prevent, withstand and recover from any interruption from the supply of goods, services or works. Due diligence may be carried out on suppliers / organisations to ensure compliance and financial viability.

Where applicable, the City will ensure all steps are taken to reduce the risk in procuring goods and/or services that support modern slavery. This includes the compliance to the Modern Slavery Act 2018 (Cth) in respect to;

- (a) the assessment of modern slavery Statements from required businesses;
- (b) the use of specific criteria in formal evaluations on modern slavery, and
- (c) monitoring contracts and taking action on non-compliance, as required.

3. Disability Access

The City has legislative responsibilities to provide equitable access for individuals with disabilities to all City buildings, facilities, information and services. City Employee's are required to meet disability access and inclusion requirements or seek specialist advice from internal resources or engage external advice.

This may include accessibility appraisals, specifications reviews, software development and features, audits and advice on best practice. This principle will be applied to all significant infrastructure and system projects and redevelopment requirements.

4. Procurement Evaluation and Award

Evaluation criteria must be developed for all appropriate procurement activities relevant to the complexity, risk and expected budget.

Supplier selection may consider compliance, informative, qualitative and quantitative (cost) criteria, where allocated weightings reflect the respective degree of importance in accordance with the City's Procurement Framework.

Evaluations must include assessments of Supplier capabilities and competencies to perform required work in a safe and environmentally sound manner, in accordance all applicable Work Health and Safety (WHS) legislation and other relevant legislation.

| Title | Procurement |
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Procurement recommendations are determined by an Evaluation Panel where the size and composition of the panel will be dependent on the value and complexity of the procurement.

Panel members must be qualified and trained to ensure submissions are evaluated with due care and knowledge and free of any conflict of interest that might undermine the fairness of the evaluation process.

Contracts may be awarded to a supplier who is considered to provide the most advantageous outcome for the City, subject to Council delegations that may be in place.

Post award and mutual acceptance of contractual terms must be agreed prior to the commencement of the contract.

5. Sole / Single Supplier

Where the procurement of goods, services or works for values above \$20,000 are considered only available from one private sector source of supply, the procurement will be exempt from a competitive process if the City is satisfied that there is genuinely only one source of supply, and the source demonstrates a strategic advantage for the City.

Written confirmation to evidence the sole source of supply status must be recorded for audit purposes. The CEO or relevant ExCo member must approve any determination of sole / single source of supply.

6. Contractor Performance Management

Contracts and contractors will be proactively managed to ensure contract obligations are met and performance enforced to achieve the best procurement outcome whilst meeting the City's risk tolerance and safety standard.

The City requires all suppliers and contractors to comply with all risk control measures and all applicable Work Health and Safety (WHS) legislation and other relevant legislation. Appropriate processes shall include;

- (a) Procurement assessments of capabilities and competencies to perform work in a safe, and sound manner;
- (b) safety risk assessments undertaken in accordance with the City's Enterprise Risk Management Framework;
- (c) specific commentary against this principle in all relevant procurement reports and where found to be deficient, contract continuation must be contingent on evidence being provided.

7. Procurement Compliance

The procurement process requires appropriately strict confidentiality and disclosure requirements to be followed. It is the responsibility of the officer

| Title | Procurement |
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undertaking the procurement activity to ensure all documents created and received during the procurement process are correctly recorded and retained within the City's corporate electronic document management system (ECM).

Procurement processes sometimes require cross-team collaboration. Procurement of goods or services that will impact or require commissioning support from another Service Unit, must be sufficiently disclosed to the affected Service Unit with timely advance notice.

Exemptions to all (or part) of this Policy can be approved (in writing) by the CEO and/or relevant ExCo member in accordance with the City's Procurement Framework document and shall be consistent with all Policies, Procedures and the pre-determined market engagement strategy (given the associated risk).

An approved deviation to Procurement threshold requirements may allow direct sourcing, reduced quotations, and contract extensions (where properly justified).

The City is not required to undertake a competitive procurement process and only where the total value of the Procurement does not exceed \$250,000 (Ex GST) for:

- (a) advance payments (accommodation, travel, seminars, training, conferences),
- (b) annual renewals for software maintenance, support, and licensing fees,
- (c) engagement of artists or performers,
- (d) legal services (available through the WALGA preferred supplier panel),
- (e) memberships and subscriptions,
- (f) provision of advertising services,
- (g) provision of temporary personnel (available through the WALGA preferred supplier panel),
- (h) provision of utility services (where the relevant utility or nominated Supplier is the only provider of such services),
- (i) provision of software by a third-party provider (via a supply registration) from the software developer that is known to the City, that demonstrates VFM,
- (j) procurement from an original equipment manufacturer where the warranty provisions may be void,
- (k) provision of items required to meet the needs of Home Care Package Clients,
- (l) provision of items required for resale to meet Cockburn ARC facility customer requirements,
- (m) any procurement as required and determined by an ExCo member whose approval is provided in writing prior to the procurement and recorded as required.

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| Title | Procurement |
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All exemptions to all (or part) of this Policy for the purchase to deviate from a competitive procurement process where the total value of the procurement exceed \$250,000 (Ex GST) must be justified in writing and vetted by Procurement Services prior to the approval being sought (in writing) from the CEO and the relevant ExCo member.

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| Strategic Link: | Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996 |
| Category | Corporate Planning, Budgeting and Procurement |
| Lead Business Unit: | Procurement Services |
| Public Consultation: (Yes or No) | No |
| Adoption Date: (Governance Purpose Only) | 9 November 2023 |
| Next Review Due: (Governance Purpose Only) | November 2025 |
| ECM Doc Set ID: (Governance Purpose Only) | 4134032 |

11 MATTERS BEHIND CLOSED DOORS

12 CLOSURE OF MEETING