



File Code: OR.MTG 6/1/1

**CONFIRMED MINUTES**

**AUDIT & RISK COMMITTEE**  
**MEETING**

**16 MAY 2017**

I certify that the minutes of the meeting of the Audit & Risk Committee Meeting held 16 May 2017 Folios ARC1 to ARC92 (which includes Attachments 1 to 12) were confirmed on 15 August 2017.

  
\_\_\_\_\_  
Presiding Person



**CONFIRMED MINUTES**  
**AUDIT & RISK COMMITTEE MEETING**  
**16 MAY 2017**

**ATTENTION/DISCLAIMER**

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the Shire of Mundaring unless specific delegation of authority has been granted by Council. No person should rely on or act on the basis of any advice or information provided by a Member or employee, or on the content of any discussion occurring, during the course of the Committee Meeting.

The Shire of Mundaring 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 advice or information provided by a Member or employee, or the content of any discussion occurring during the course of the Committee Meeting.

## LEGEND

To assist the reader, the following explains the method of referencing used in this document:

Item	Example	Description
Page Numbers	ARC1 MAY 12 (ARC2, ARC3 etc)	Sequential page numbering of ARC Agenda or Minutes for May 2017
Item Numbers	8.1 (8.2, 8.3 etc)	Sequential numbering of reports under the heading "8.0 Reports of Officers"
Committee Recommendation Reference	ARC11.05.17	Committee Recommendation number 11 from ARC meeting May 2017
Committee Decision Reference	DARC7.05.17	Committee Decision number 7 from ARC meeting May 2017

# CONTENTS

---

<b>1.0</b>	<b>OPENING PROCEDURES</b>	<b>5</b>
1.1	ANNOUNCEMENT OF VISITORS .....	5
1.2	RECORD OF ATTENDANCE/APOLOGIES .....	5
<b>2.0</b>	<b>ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION</b>	<b>5</b>
<b>3.0</b>	<b>DECLARATION OF INTEREST</b>	<b>5</b>
3.1	DISCLOSURE OF FINANCIAL INTEREST AND PROXIMITY INTERESTS .....	5
3.2	DISCLOSURE OF INTEREST AFFECTING IMPARTIALITY .....	6
<b>4.0</b>	<b>RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE</b>	<b>6</b>
<b>5.0</b>	<b>PUBLIC QUESTION TIME</b>	<b>6</b>
<b>6.0</b>	<b>CONFIRMATION OF MINUTES OF PREVIOUS MEETING</b>	<b>6</b>
	<i>DARC1.05.17 .....</i>	<i>6</i>
<b>7.0</b>	<b>PRESENTATIONS</b>	<b>6</b>
7.1	DEPUTATIONS .....	6
7.2	PETITIONS.....	6
7.3	PRESENTATIONS.....	6
<b>8.0</b>	<b>REPORTS OF EMPLOYEES</b>	<b>7</b>
8.1	REVIEW OF POLICY OR-11 – PUBLIC ART.....	7
	<i>ARC1.05.17.....</i>	<i>8</i>
8.2	REVIEW OF POLICY LR-02 – VOLUNTEER SUPPORT POLICY.....	17
	<i>ARC2.05.17.....</i>	<i>19</i>
8.3	INTERNAL PROCUREMENT AUDIT – PROGRESS REPORT ON IMPLEMENTATION OF AGREED MANAGEMENT ACTIONS .....	30
	<i>ARC3.05.17 .....</i>	<i>47</i>
8.4	REVIEW OF POLICY AS-03 – APPOINTMENT OF ACTING CHIEF EXECUTIVE OFFICER .....	84
	<i>ARC4.05.17.....</i>	<i>85</i>
<b>9.0</b>	<b>ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN</b>	<b>92</b>
<b>10.0</b>	<b>URGENT BUSINESS (LATE REPORTS)</b>	<b>92</b>
<b>11.0</b>	<b>CONFIDENTIAL REPORTS</b>	<b>92</b>
<b>12.0</b>	<b>CLOSING PROCEDURES</b>	<b>92</b>

---

## CONTENTS

---

12.1	DATE, TIME AND PLACE OF THE NEXT MEETING .....	92
12.2	CLOSURE OF THE MEETING .....	92

## AUDIT & RISK COMMITTEE MEETING COMMITTEE ROOM

---

### 1.0 OPENING PROCEDURES

*The Presiding Person declared the meeting open at 5.30pm.*

#### 1.1 Announcement of Visitors

*Nil*

#### 1.2 Record of Attendance/Apologies

<b>Members</b>	<i>Cr Patrick Bertola (Presiding Person)</i>	<i>Central Ward</i>
	<i>Cr David Lavell</i>	<i>South Ward</i>
	<i>Cr Tony Brennan</i>	<i>West Ward</i>
	<i>Cr Bob Perks (Deputy Presiding Person)</i>	<i>Central Ward</i>
	<i>Kim Stewart</i>	<i>External Member</i>
	<i>Cr Doug Jeans (arrived at 5.36pm)</i>	<i>Central Ward</i>
<b>Staff</b>	Mark Luzi	Acting Chief Executive Officer
	Paul O'Connor	Director Corporate Services
	Megan Griffiths	Director Strategic & Community Services
	Stan Kocian	Manager Finance & Governance
	Danielle Courtin	Governance Co-ordinator
	Anna Italiano	Minute Secretary
<b>Apologies</b>	<i>Cr James Martin</i>	<i>South Ward</i>
<b>Absent</b>	<i>Nil</i>	<i>Central Ward</i>
<b>Guests</b>	<i>Nil</i>	
<b>Members of the Public</b>	<i>Nil</i>	

### 2.0 ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

*Nil*

### 3.0 DECLARATION OF INTEREST

#### 3.1 Disclosure of Financial Interest and Proximity Interests

Members must disclose the nature of their interest in matters to be discussed at the meeting (Sections 5.60B and 5.65 of the *Local Government Act 1995*).

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting (Sections 5.70 and 5.71 of the *Local Government Act 1995*).

*Nil*

### **3.2 Disclosure of Interest Affecting Impartiality**

Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee has given or will give advice (Shire of Mundaring Code of Conduct, Local Government (Admin) Reg. 34C).

*Nil*

### **4.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

*Nil*

### **5.0 PUBLIC QUESTION TIME**

Procedures for asking and responding to questions are determined by the Person Presiding. Questions must relate to a function of the Committee.

Note: This is not a verbatim record of questions asked and answers given. It is a summary only.

### **6.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

<b>COMMITTEE DECISION RECOMMENDATION</b>		<b>DARC1.05.17</b>	
<i>Moved by:</i>	<i>Cr Perks</i>	<i>Seconded by:</i>	<i>Cr Brennan</i>

That the minutes of the meeting of the Audit and Risk Committee Meeting held Tuesday 21 February 2017 be confirmed.

**CARRIED 5/0**

**For:** *Cr Bertola, Cr Brennan, Cr Perks, Ms Stewart, Cr Lavell*

**Against:** *Nil*

### **7.0 PRESENTATIONS**

#### **7.1 Deputations**

*Nil*

#### **7.2 Petitions**

*Nil*

#### **7.3 Presentations**

*Nil*

## 8.0 REPORTS OF EMPLOYEES

### 8.1 Review of Policy OR-11 – Public Art

---

<b>File Code</b>	OR.OPP 1
<b>Author</b>	Kaye Abel, Manager Libraries and Community Engagement
<b>Senior Employee</b>	Megan Griffiths, Director Strategic & Community Services
<b>Disclosure of Any Interest</b>	Nil

---

#### SUMMARY

Council is requested to consider the review of Policy OR-11 – Public Art, which outlines a framework for Council's commitment to the appropriate management of both new and existing public art. The Policy provides a mechanism through which Shire of Mundaring acquires and conserves an inventory of quality, idiosyncratic and memorable public artworks, integrated into appropriate local settings.

#### BACKGROUND

Policy OR-11 was adopted in December 2011. Minor editing changes are recommended based on feedback from the Leadership Team and other Shire Officers (refer **ATTACHMENT 1**).

#### STATUTORY / LEGAL IMPLICATIONS

In accordance with Section 2.7(2)(b) of the *Local Government Act 1995* it is the role of Council to determine the Local Government's policies.

#### POLICY IMPLICATIONS

Nil

#### FINANCIAL IMPLICATIONS

Nil

#### STRATEGIC IMPLICATIONS

Mundaring 2026 Strategic Community Plan:

Priority 1 – Governance

Objective 1.2 – Transparent, responsive and engaged processes for Shire decision making.

Strategy 1.2.1 - Increase transparency and responsiveness of Shire administration processes



## SUSTAINABILITY IMPLICATIONS

Nil

## RISK IMPLICATIONS

Up to date policies encourage good governance, ensuring transparency, accountability, effectiveness and efficiency.

## EXTERNAL CONSULTATION

This Policy was reviewed by the Shire's Cultural Advisory Group.

## COMMENT

Policy OR-11 has been reviewed. The Director of Mundaring Arts Centre (Presiding Person of Cultural Advisory Group) suggested that a Percent for Art recommendation should be included in this Policy.

Consultation with Manager Planning and Environment revealed that, to have statutory effect, a percent for art contribution from developments must be a requirement embedded within an adopted planning policy. For this reason, a percent for art contribution has already been identified as a requirement in the Mundaring Town Initiative (policy) and will be expanded upon in the Mundaring Activity Centre Structure Plan currently being developed by that service.

## VOTING REQUIREMENT

Simple majority

**5.36pm Cr Jeans entered the Committee Room**

<b>COMMITTEE RECOMMENDATION</b>		<b>ARC1.05.17</b>	
<b>RECOMMENDATION</b>			
<i>Moved by:</i>	<i>Cr Lavell</i>	<i>Seconded by:</i>	<i>Cr Brennan</i>

That Council -

1. Notes that Policy OR-11 – Public Art has been reviewed and amended (**ATTACHMENT 1**); and
2. Adopts Policy OR-11 as attached (**ATTACHMENT 2**).

## **CARRIED 5/1**

**For:** *Cr Bertola, Cr Brennan, Cr Jeans, Ms Stewart, Cr Lavell*

**Against:** *Cr Perks*

**Next Report**

**Attachment 1**

**Report 8.1**

**3 pages**

## Shire of Mundaring

# POLICY

### PUBLIC ART

<b>Policy Ref:</b>	<b>OR-11</b>
--------------------	--------------

<b>Adopted:</b>	C11.12.11
-----------------	-----------

<b>Date:</b>	13 December 2011
--------------	------------------

<b>Amended:</b>	
-----------------	--

<b>Date:</b>	
--------------	--

<b>Reviewed:</b>	
------------------	--

<b>Date:</b>	
--------------	--

<b>Procedure Ref:</b>	N/A
-----------------------	-----

<b>Delegation Ref:</b>	N/A
------------------------	-----

<b>Statute Ref:</b>	N/A
---------------------	-----

<b>Local Law Ref:</b>	N/A
-----------------------	-----

### PURPOSE

To provide a mechanism through which Shire of Mundaring acquires and conserves an inventory of quality, idiosyncratic and memorable public artworks, integrated into appropriate local settings.

### BACKGROUND

Shire of Mundaring recognises that public art is a highly visible and easily understood indicator of a community's wealth of creativity. Public **aA**rt plays a vital role in the development and articulation of cultural diversity, openness and the richness of lifestyle enjoyed by the community.

The role of public artworks, throughout history and in contemporary life, has been to contribute to the heritage, identity, character and cultural life of a community. Public **a**rt may commemorate events of local, state or national significance as well as demonstrate the range of artistic expression and standard of excellence at work in society.

The **pP**ublic **aA**rt within the Shire contributes to the heritage and style of the Shire, supporting and expressing the community's aspirations and talents. This provides an important element in promoting the Shire as a creative and vibrant place, encouraging tourism growth and overall economic prosperity.

### POLICY

The purpose of the Public Art Policy is to establish a framework for Council's commitment to the appropriate management of both new and existing public art. Public **aA**rt in **the** Shire of Mundaring will be commissioned and maintained through principles of best practice in line with the adopted Public Art Policy.

## Definition

In its broadest sense, **Public Art** is considered to be two and three dimensional art forms or artistic activities that are displayed in a public place. Public artworks can have one or more of the following characteristics:

- i. Functional: where the primary purpose of the art or design element is utilitarian, such as seating, lighting, furniture, bollards, signage, rubbish bin surrounds, window treatments, reception areas, door handles and carpets;
- ii. Decorative: where the primary purpose is to aesthetically enhance an environment or structure such as incorporated imagery or sculpture, paving elements and lighting;
- iii. Iconic: a stand alone or significant work, where the artist's approach is largely independent of other considerations – 'art-for-art's-sake', including sculpture, water features, lighting or multimedia. These works are often site specific;
- iv. Integrated: works that are fully incorporated within the design of the built or natural environment. Integrated works may include floor and window design, lighting, landscaping and associated elements;
- v. Site specific: designed specifically for, and responsive to, a particular site through scale, material, form and concept; and
- vi. Interpretive: where the primary purpose is to describe, educate and comment on issues, events or situations. Examples include signage, pavement inlays, sculpture, seating, landscaping, murals and text based work.

Public art includes principles and processes as well as art objects and therefore includes the creative concepts, ideas and designs of professional artists and designers working with public spaces.

## Objectives

The objectives of the Public Art Policy are to ensure :

- i. The encouragement and support of local artists
- ii. The promotion of our unique cultural and artistic landscape
- iii. A strategic approach to commissioning of public art;
- iv. Achievement of high artistic and conceptual standards;
- v. Commissioning of public art that reflects the diversity of artistic practice and cultural richness of the Shire;
- vi. Commissioning of public art that supports the continued cultural development activities of the Shire;
- vii. Effective ongoing management of public art commissions
- viii. Public art is considered an important element in the branding, promotion and economic development of the area.

## Public Art Goals

Clearly articulating the Shire's goals for its public art program is critical to achieving high quality outcomes for the community. This policy has five overarching goals that provide the strategic context and direction for all public art planning:

- i. Achieving high quality: the public art outcomes, as well as the Shire's processes, procedures, relationships and partnerships;
- ii. Being innovative: the Shire's approaches are innovative to attract the best people and ideas;
- iii. Creating richness: the Shire's public art includes a diversity of art types and is an expression of the local community's diversity, including its natural and cultural heritage, histories and places;
- iv. Generating surprise: public artworks may have the ability to surprise, delight, challenge and stimulate; and
- v. Enhancing the reputation of the Shire of Mundaring as an attractive place to live and work as a distinctive, memorable destination.

The significance of public art extends beyond the most obvious gains of providing visual enhancement to an area and extending cultural provision. Public art can be employed to fulfil a wide range of council objectives within areas of social, educational, economic, environmental and cultural policy.

## **Attachment 2**

### **Report 8.1**

**3 pages**

## Shire of Mundaring

# POLICY

### PUBLIC ART

<b>Policy Ref:</b>	<b>OR-11</b>
--------------------	--------------

<b>Adopted:</b>	C11.12.11	<b>Date:</b>	13 December 2011
<b>Amended:</b>		<b>Date:</b>	
<b>Reviewed:</b>	Manager Libraries & Community Engagement	<b>Date:</b>	April 2017
<b>Procedure Ref:</b>	N/A	<b>Delegation Ref:</b>	N/A
<b>Statute Ref:</b>	N/A		
<b>Local Law Ref:</b>	N/A		

### PURPOSE

To provide a mechanism through which Shire of Mundaring acquires and conserves an inventory of quality, idiosyncratic and memorable public artworks, integrated into appropriate local settings.

### BACKGROUND

Shire of Mundaring recognises that public art is a highly visible and easily understood indicator of a community's wealth of creativity. Public art plays a vital role in the development and articulation of cultural diversity, openness and the richness of lifestyle enjoyed by the community.

The role of public artworks, throughout history and in contemporary life, has been to contribute to the heritage, identity, character and cultural life of a community. Public art may commemorate events of local, state or national significance as well as demonstrate the range of artistic expression and standard of excellence at work in society.

The public art within the Shire contributes to the heritage and style of the Shire, supporting and expressing the community's aspirations and talents. This provides an important element in promoting the Shire as a creative and vibrant place, encouraging tourism growth and overall economic prosperity.

### POLICY

The purpose of the Public Art Policy is to establish a framework for Council's commitment to the appropriate management of both new and existing public art. Public art in the Shire of Mundaring will be commissioned and maintained through principles of best practice in line with the adopted Public Art Policy.

## Definition

In its broadest sense, public art is considered to be two and three dimensional art forms or artistic activities that are displayed in a public place. Public artworks can have one or more of the following characteristics:

- i.* Functional: where the primary purpose of the art or design element is utilitarian, such as seating, lighting, furniture, bollards, signage, rubbish bin surrounds, window treatments, reception areas, door handles and carpets;
- ii.* Decorative: where the primary purpose is to aesthetically enhance an environment or structure such as incorporated imagery or sculpture, paving elements and lighting;
- iii.* Iconic: a stand alone or significant work, where the artist's approach is largely independent of other considerations – 'art-for-art's-sake', including sculpture, water features, lighting or multimedia. These works are often site specific;
- iv.* Integrated: works that are fully incorporated within the design of the built or natural environment. Integrated works may include floor and window design, lighting, landscaping and associated elements;
- v.* Site specific: designed specifically for, and responsive to, a particular site through scale, material, form and concept; and
- vi.* Interpretive: where the primary purpose is to describe, educate and comment on issues, events or situations. Examples include signage, pavement inlays, sculpture, seating, landscaping, murals and text based work.

Public art includes principles and processes as well as art objects and therefore includes the creative concepts, ideas and designs of professional artists and designers working with public spaces.

## Objectives

The objectives of the Public Art Policy are to ensure :

- i.* The encouragement and support of local artists
- ii.* The promotion of our unique cultural and artistic landscape
- iii.* A strategic approach to commissioning of public art;
- iv.* Achievement of high artistic and conceptual standards;
- v.* Commissioning of public art that reflects the diversity of artistic practice and cultural richness of the Shire;
- vi.* Commissioning of public art that supports the continued cultural development activities of the Shire;
- vii.* Effective ongoing management of public art commissions
- viii.* Public art is considered an important element in the branding, promotion and economic development of the area.



## Public Art Goals

Clearly articulating the Shire's goals for its public art program is critical to achieving high quality outcomes for the community. This policy has five overarching goals that provide the strategic context and direction for all public art planning:

- i. Achieving high quality: the public art outcomes, as well as the Shire's processes, procedures, relationships and partnerships;
- ii. Being innovative: the Shire's approaches are innovative to attract the best people and ideas;
- iii. Creating richness: the Shire's public art includes a diversity of art types and is an expression of the local community's diversity, including its natural and cultural heritage, histories and places;
- iv. Generating surprise: public artworks may have the ability to surprise, delight, challenge and stimulate; and
- v. Enhancing the reputation of the Shire of Mundaring as an attractive place to live and work as a distinctive, memorable destination.

The significance of public art extends beyond the most obvious gains of providing visual enhancement to an area and extending cultural provision. Public art can be employed to fulfil a wide range of council objectives within areas of social, educational, economic, environmental and cultural policy.

## 8.2 Review of Policy LR-02 – Volunteer Support Policy

---

<b>File Code</b>	OR.OPP 1
<b>Author</b>	Tracey Peacock, Grants and Volunteers Advisor
<b>Senior Employee</b>	Megan Griffiths, Director Strategic and Community Services
<b>Disclosure of Any Interest</b>	Nil

---

### SUMMARY

Council is requested to adopt the revised Policy LR-02 (**ATTACHMENT 3**) and note the new Organisational Practice OP-53 (**ATTACHMENT 4**).

### BACKGROUND

Policy LR-02 was first adopted in 2003 and deals with initiatives to promote, support and develop volunteerism in the Shire of Mundaring. In February 2017, the Audit and Risk Committee considered a recommendation to repeal the Policy, as on review it was considered operational in nature and therefore not a Council Policy. It was proposed that the Policy be replaced by an Organisational Practice which outlines how volunteer support is actioned.

The Audit and Risk Committee resolved that:

- Policy LR-02 – Volunteer Support Policy be reviewed to reflect Council's high level support of volunteerism; and
- That the amended policy be re-presented to the Committee.

The revised Policy is now presented to the Committee as requested, along with the draft Organisational Practice. The name of the Policy has been revised to better reflect its intent to guide Council's support of volunteerism in the community, not the support of volunteers within Shire of Mundaring services.

### STATUTORY / LEGAL IMPLICATIONS

Nil

### POLICY IMPLICATIONS

Nil

### FINANCIAL IMPLICATIONS

Nil

## **STRATEGIC IMPLICATIONS**

Mundaring 2026 Strategic Community Plan:

Priority 1 – Governance;

Objective 2 – Transparent, responsive and engaged processes for Shire decision making;

Strategy 2 – Values, policies and procedures deliver ethical, transparent and accountable local governance. Policies and procedures are responsive to community and business priorities where possible and encourage economic development, business growth and local job creation.

Priority 2 – Community;

Objective 2 – Residents of all ages, needs and backgrounds are engaged and supported by their community;

Strategy 3 – Encourage and promote volunteer and support services. Residents can find appropriate help easily; resources are available and being used.

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **RISK IMPLICATIONS**

Nil

## **EXTERNAL CONSULTATION**

Nil

## **COMMENT**

Ordinarily policy items such as review and repeal of existing policies and consideration of new policies are considered by the Audit and Risk Committee before being presented to Council for adoption.

Policy LR-02 – Volunteer Support Policy has been amended to reflect Council's high level support of volunteerism. The new Organisational Practice will provide a framework for initiatives to promote, support and develop volunteerism in the Shire of Mundaring.

## **VOTING REQUIREMENT**

Simple majority

<b>COMMITTEE RECOMMENDATION</b> <b>RECOMMENDATION</b>	<b>ARC2.05.17</b>
<i>Moved by:</i> <i>Cr Brennan</i>	<i>Seconded by:</i> <i>Cr Perks</i>

That Council endorses revised Policy LR-02 – Volunteer Support Policy **ATTACHMENT 5**) and notes the new Organisational Practice OP-53 – Support for Community Based Volunteers (**ATTACHMENT 4**).

**CARRIED 6/0**

**For:**                      *Cr Bertola, Cr Brennan, Cr Jeans, Ms Stewart, Cr Lavell, Cr Perks*

**Against:**              *Nil*

**Next Report**

**5.43pm Director Strategic & Community Services left the Committee Room and did not return**

**Attachment 3**

**Report 8.2**

**3 pages**

## Shire of Mundaring

# POLICY

### Support for Community Based VOLUNTEERS SUPPORT POLICY

Policy Ref: LR-02

Committee Rec:	OSC758	Date:	7 April 2003
Adopted by:	R25238	Date:	22 April 2003
Amended by:	SGC4.09.09/C3.09.09	Date:	8 Sept/22 Sept 2009
Reviewed:	Once per Electoral Cycle	Date:	<u>2 March 2017</u> <u>23 August 2011</u>
Procedure Ref:		Delegation Ref:	
Statute Ref:			
Local Law Ref:			

## PURPOSE

Promote, support and develop volunteerism in the community~~Shire of Mundaring~~.

## OBJECTIVE

Shire of Mundaring's Support for Community Based Volunteers ~~Volunteer Support~~ Policy will~~is to~~:

- Recognise and value the substantial and ongoing contribution made by volunteers and voluntary groups to the quality of life of the community.
- Work in partnership with community groups and relevant stakeholders to develop volunteering opportunities, promote volunteering, improve volunteer skills, raise the profile of volunteerism, and facilitate access to information about volunteering opportunities.
- Identify and implement initiatives to financially support volunteerism in the Shire of Mundaring.

## ~~RATIONALE~~

~~The Shire acknowledges that volunteers contribute to the political, social, economic, environmental, safety and cultural well-being of the community by:~~

- ~~• Strengthening community cohesion, social wellbeing, and trust;~~
- ~~• Providing a wide range of community and emergency services;~~
- ~~• Expanding the ability of the community to respond to the needs of its citizens and provide a range of services and activities;~~
- ~~• Engaging the community in protecting local resources, improving the physical environment and support for environmental issues;~~
- ~~• Encouraging understanding of, and acceptance of, culture, diversity and difference.~~

Australian Bureau of Statistics data show there is not a decline in volunteering in general, however there is a trend of fewer younger people volunteering and a reduction in the amount of time people are committing to volunteering. These trends provide future challenges to community organisations that rely on volunteers for their sustainability and survival.

The demographics and growth projections for the Shire of Mundaring indicate that the Shire will have an increasing proportion of older people, younger people, and those seeking an employment pathway via volunteering. As these are the groups that have the highest rates of volunteerism it may lead to a further increase in the level of volunteering in the Shire of Mundaring.

Support and development of volunteering within the Shire of Mundaring will enhance Council's vision of building a stronger, more sustainable and healthy community for future generations.

## DEFINITION OF VOLUNTEERING

In accordance with the National Standards for Involving Volunteers in Not-For-Profit Organisations, the Shire adopts as its definition of volunteering:

Formal volunteering is an activity which takes place in not for profit organisations or projects and is undertaken:

- to be of benefit to the community and the volunteer;
- of the volunteer's own free will and without coercion;
- for no financial payment, and
- in designated volunteer positions only.

## VOLUNTEER POLICY INITIATIVES

### 1. Volunteer Support Grants

Shire of Mundaring supports volunteers financially with the provision of two types of grants specifically created to support volunteers and volunteer organisations:

- **Volunteer Recognition Grant:** This provides funds to assist in holding an event that recognises the contribution local volunteer, sporting or other not for profit organisations and their members make to the local community. Council will allocate an appropriate amount annually to fund this grant program.
- **Milestone Event Grant:** This provides funds to assist an organisation that has reached a major milestone in its history or development. Council will allocate an appropriate amount annually towards events that recognise the efforts of the organisation and its members.

## **2. Volunteer Development Program**

Shire of Mundaring directly supports the training and development of volunteers through three programs. Council will allocate resources annually to these three programs:

- **Training and Development Workshops:** These workshops provide information and training to assist volunteers in their roles. Topics are to be based on the demonstrated needs of volunteers within the Shire.
- **Volunteer Section of the Shire website:** This component of the Shire website provides volunteer relevant information and will be updated on a regular basis.
- **Volunteer Information Dissemination:** Information to be provided across the Shire of Mundaring through flyers, displays and information sessions.

## **3. Volunteer Matching Service**

Shire of Mundaring connects volunteers to organisations that need them and will allocate resources annually to these two services:

- **Partnership with Swan Volunteer Resource Centre:** this partnership with Swan Volunteer Resource Centre assists volunteers in the Hills area to access volunteering opportunities.
- **Grants Advisor:** this staff position implements the Volunteer Support Policy Initiatives in addition to collecting information from a variety of organisations, assists with the dissemination of information to local volunteers and volunteer organisations and liaises with community organisations such as Rise to assist with linking volunteers to current vacancies.

## **4. Volunteer Recognition / Promotion**

Shire of Mundaring recognises and promotes volunteerism through the following two programs. Council will allocate resources annually to these two programs:

- **Thank a Volunteer Day:** This event invites key volunteer groups from across all sectors of volunteering to nominate members to attend each year. It provides an opportunity to invite volunteers from both internal and external areas of the volunteer sector to recognise and thank them for their efforts.
- **Inspiration Zone:** A collection of inspirational stories relating to volunteers are written and published to the “inspiration zone” section of the volunteer website, an area specifically designed to celebrate the achievements of our volunteers.



**Attachment 4**

**Report 8.2**

**3 pages**

# ORGANISATIONAL PRACTICE

## SUPPORT FOR COMMUNITY BASED VOLUNTEERS

OP Ref:	OP-53	File Ref:	OR.OPP 1
---------	-------	-----------	----------

**Responsible Service:** Community Engagement  
**Reviewed by:**  
**Amended by:**  
**Policy Reference:** LR O2 Support for  
Community Based  
Volunteers  
**Procedure Ref:**  
**Local Law Ref:**

**Date:** 2 March 2017  
**Date:**  
**Date:**  
**Delegation Ref:**

### PURPOSE:

To outline current Shire of Mundaring practices that effectively promote, support and develop volunteerism in the wider community.

### Rationale:

The Shire acknowledges that volunteers contribute to the political, social, economic, physical, environmental, cultural well-being and safety of the community by:

- Strengthening community cohesion, social well-being and trust;
- Providing a wide range of environmental, community and emergency services;
- Expanding the capacity of the community to respond to the needs of its residents;
- Engaging the community in protecting and enhancing local resources, improving the physical environment and support for environmental issues;
- Encouraging understanding and acceptance of culture, diversity and difference.

### Definitions:

In accordance with the National Standards for Involving Volunteers in Not-For-Profit Organisations (Volunteering Australia Inc.), the Shire adopts as its definition of volunteering:

Formal volunteering is an activity which takes place in not for profit organisations or projects and is undertaken:

- to be of benefit to the community and the volunteer;
- of the volunteer's own free will and without coercion,
- for no financial payment, and
- in designated volunteer positions only.

## Organisational Practice

A number of initiatives are in place to promote, support and develop volunteerism in the community.

### Volunteer Support Grants

Shire of Mundaring supports volunteers financially with the provision of two types of grants specifically created to support volunteers and volunteer organisations:

- **Volunteer Recognition Grant:** provides funds to assist in holding an event that recognises the contribution local volunteer, sporting or other not for profit organisations and their members make to the local community. Council allocates an amount each year in the annual budget to fund this grants program.
- **Milestone Event Grant:** provides funds to assist an organisation that has reached a major milestone in its history or development. Council allocates an amount each year in the annual budget towards events that recognise the efforts of the organisation and its members.

### Volunteer Development Program

Shire of Mundaring directly supports the training and development of volunteers.

- **Training and Development Workshops:** Provide information and training to assist volunteers in their roles. Topics are based on the demonstrated needs of volunteers in the community.
- **Volunteer Website:** Provides volunteers with relevant information and is updated on a regular basis.
- **Volunteer Information Dissemination:** Information is provided throughout the Shire of Mundaring through emails, flyers, newsletters, displays, social media and information sessions.

### Volunteer Matching Service

Shire of Mundaring connects volunteers to organisations that need them.

- **Partnership with Swan Volunteer Resource Centre:** Information sharing with Swan Volunteer Resource Centre assists volunteers to be placed into roles that fit their skills, knowledge and interests within their local community.

### Volunteer Recognition/Promotion

- **Thank a Volunteer Day:** An annual event recognising significant contribution of local volunteers and their families.
- **Inspiration Zone:** Shares volunteer stories on the Volunteering page of the website.

- **National Volunteer Week:** A range of promotional opportunities are undertaken annually to celebrate National Volunteer Week.

<b>This practice was approved by:</b> <b>JONATHAN THROSSELL</b> Chief Executive Officer	<b>Date:</b>
---	--------------

DRAFT

**Attachment 5**

**Report 8.2**

**1 page**

## Shire of Mundaring

# POLICY

### Support for Community Based VOLUNTEERS

<b>Policy Ref:</b>	<b>LR-02</b>
--------------------	--------------

**Committee Rec:** OSC758

**Date:** 7 April 2003

**Adopted by:** R25238

**Date:** 22 April 2003

**Amended by:** SGC4.09.09/C3.09.09

**Date:** 8 Sept/22 Sept 2009

**Reviewed:** Once per Electoral Cycle

**Date:** 2 March 2017

**Procedure Ref:**

**Delegation Ref:**

**Statute Ref:**

**Local Law Ref:**

### PURPOSE

Promote, support and develop volunteerism in the community.

### OBJECTIVE

Shire of Mundaring's Support for Community Based Volunteers Policy will:

- Recognise and value the substantial and ongoing contribution made by volunteers and voluntary groups to the quality of life of the community.
- Work in partnership with community groups and relevant stakeholders to develop volunteering opportunities, promote volunteering, improve volunteer skills, raise the profile of volunteerism, and facilitate access to information about volunteering opportunities.
- Identify and implement initiatives to financially support volunteerism in the Shire of Mundaring.

### 8.3 Internal Procurement Audit – Progress report on implementation of agreed management actions

---

<b>File Code</b>	FI.AUD 1516
<b>Author</b>	Stanislav Kocian, Manager Finance and Governance
<b>Senior Officer</b>	Paul O'Connor, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil

---

#### SUMMARY

This report provides the Audit and Risk Committee with an update as to the progress in the implementation of the agreed management actions based on the recommendations from the Deloitte Procurement Audit report.

#### BACKGROUND

In March 2016 the Shire engaged Deloitte to undertake an internal procurement audit to assess whether Shire purchases of goods and services are conducted in accordance with relevant legislation, Shire policies and procedures, and sound purchasing principles and practices.

The procurement audit also evaluated the capacity of systems, policies, procedures and practices of the Shire of Mundaring to effectively prevent, identify and respond to misconduct in procurement practices. Any specific governance weaknesses relating to procurement were identified.

The findings and recommendations of the Deloitte report, together with agreed management actions, were presented to the Audit and Risk Committee 14 July 2016. The Committee was advised that it would be provided with regular updates as to the progress of the agreed management actions at future committee meetings. A progress report was previously presented to the committee at its meeting held 21 February 2017.

#### STATUTORY / LEGAL IMPLICATIONS

Procurement in local government is governed by the following legislation:

Section 3.57 of the *Local Government Act 1995* requires local governments to call for tenders before entering into contracts under the circumstances prescribed in the *Local Government (Functions and General) Regulations 1996*.

Regulation 11A of the *Local Government (Functions and General) Regulations 1996* requires all local government to have a purchasing policy in place for the supply goods or services where the consideration under the contract is, or is expected to be \$150,000 or less.

Part 4, Division 2 of the *Local Government (Functions and General) Regulations 1996* prescribes the circumstances in which a tender process is to be conducted, and also prescribes the tender process.

Part 4, Division 3 of the *Local Government (Functions and General) Regulations 1996* prescribes the circumstances that a panel of prequalified suppliers may be established and the process for establishing such panels.

## **POLICY IMPLICATIONS**

The following policies, organisational practices and procedures have been reviewed and updated to align them with the recommendations for improvement identified in the Deloitte report:

- AS-04, Purchasing Policy (**ATTACHMENT 6**)
- FI-01, Corporate Purchasing Card Policy (**ATTACHMENT 7**) – recommended for repeal
- Admin-30, Ordering of Goods and Services (**ATTACHMENT 9**)
- Admin-31, Quotations for Purchase of Goods and Services (**ATTACHMENT 10**)
- OP-58, Corporate Purchasing Card (**ATTACHMENT 8**). New organisational practice, which is to replace FI-01 once it has been repealed.

## **FINANCIAL IMPLICATIONS**

There is no additional allocation of financial or human resources to implement the recommendations of Deloitte's report in the 2016/17 budget. The implementation of the management actions have been undertaken using existing Shire resources.

## **STRATEGIC IMPLICATIONS**

Supports Strategic Community Plan 2026:

- Strategic Theme 1.1.4 - Practise effective governance and financial risk management

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **RISK IMPLICATIONS**

### Compliance

Moderate      The implementation of the agreed management actions will mitigate the risks associated with each of the findings in the Deloitte report.



## EXTERNAL CONSULTATION

Deloitte were engaged, via a request for quotation process, to conduct the independent procurement audit.

## COMMENT

The latest phase of the implementation of the procurement audit recommendations involved the review and development of the following documents:

1. AS-04 Purchasing Policy (**ATTACHMENT 6**)
2. Admin-30 Ordering and Payment of Goods and Services (**ATTACHMENT 9**)
3. Admin-31 Quotation for Purchases of Goods and Services (**ATTACHMENT 10**)
4. OP-58 Corporate Purchasing Card (new document) (**ATTACHMENT 8**)

OP-58 Corporate Purchasing Card is to replace the existing Policy for Corporate Purchasing Cards (FI-01) (**ATTACHMENT 7**).

The review of the documents listed above attempts to address the following findings from the Deloitte Procurement Audit.

### ***Finding 2 - Insufficient guidance to ensure consistent use of PO across the Shire (Risk – Critical)***

*Deloitte observations - Owing to the lack of guidance within the Purchasing Policy and procedure documentation, the following PO process gaps were identified:*

- *POs are not raised for all of the required spend categories*
- *POs are typically raised at the time of receiving the invoice*
- *Limited goods receipting is conducted*
- *Where an invoice exceeds the PO value, there is a practice for the Requestor to raise a PO for the difference (rather than the total expenditure / commitment value)*
- *Limited segregation of duties exists as the same individual can initiate a PO, approve a PO, goods receipt and approve an invoice*
- *Open POs are not reviewed in a timely manner*
- *Standing orders are not consistently raised or monitored.*

### ***Finding 6 - Financial Delegations of Authority (DoA) have not been clearly communicated or applied consistently (Risk-Important)***

*Deloitte observations - The power to create and award tenders has been delegated to the CEO and Director Infrastructure Services for plant related spend. However, the DoA does not:*

- *State who can execute contracts on behalf of the Shire.*
- *Outline the financial limits that are in place for the Shire.*

The purchasing quotation thresholds in the revised AS-04 Purchasing Policy have been revised to further strengthen the principles accountability, open competition and value for money. Notable changes include:

- Reducing the first quotation threshold from \$5,000 to \$3,000. The rationale for this reduction is that more than 90% of purchases up to \$5,000 are \$3,000 or less.
- Increasing the threshold for a formal request for quotation process from \$50,000 to \$75,000. This change accounts for the recent increase in the tender threshold from \$100,000 to \$150,000.

The table below details the proposed changes.

<b>Purchasing value (exclusive of GST) – Current Policy</b>	<b>Method to be used – Current Policy</b>	<b>Purchasing value (exclusive of GST) – Proposed Policy</b>	<b>Method to be used – proposed Policy</b>
Up to \$5000	<p>Direct purchase from suppliers requiring a sufficient number of quotations for the type of purchase or purchase from a tender exempt contract.</p> <p>These purchases should generally be one off purchase and therefore payment can be made under the Shire's Purchasing Cards.</p>	Up to \$3000	<p>Obtain <b>at least one verbal quotation</b>.</p> <p>Written notes detailing the verbal quotation must be:</p> <ul style="list-style-type: none"> <li>recorded in the records system</li> <li>attached to the requisition order.</li> </ul> <p>Alternative suppliers are encouraged to be used to ensure best value for money and adequate market share.</p>
\$5001 - \$19,999	Obtain at least one written quotation or purchase from a tender exempt contract.	\$3001 to \$10,000	<p>Obtain at least <b>two written quotations</b> containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>the invitation to quote sent to each supplier</li> <li>the evaluation of each quotation</li> <li>the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>Scanned and recorded in the records system</li> <li>attached to the requisition order.</li> </ul>

\$20,000 - \$49,999	Obtain at least three written quotations or purchase from a tender exempt contract.	\$10,001 to \$75,000	<p>Obtain at least <b>three written quotations</b> containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>• the invitation to quote sent to each supplier</li> <li>• the evaluation of each quotation</li> <li>• the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>• Scanned and recorded in the records system</li> <li>• attached to the requisition order.</li> </ul>
\$50,000 - \$149,999	Conduct a Request for Quotation to obtain at least three written quotations containing price and specification of goods and services (with procurement decision based on all value for money considerations) or purchase from a tender exempt contract.	\$75,001 to \$149,999	<p>Undertake a formal Request for Quotations (RFQ) seeking a minimum of three RFQ respondents one being a local supplier where available containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement -</p>

			<p>CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>• the invitation to quote sent to each supplier</li> <li>• the evaluation of each quotation</li> <li>• the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>• Scanned and recorded in the records system</li> <li>• attached to the requisition order.</li> </ul>
\$150,000 and above	Conduct a public tender process or purchase from a tender exempt contract.	\$150,000 and above	<p>Conduct a <b>public Request for Tender</b> (RFT) process in accordance with the provisions of the <i>Local Government Act 1995</i> (the Act), the <i>Local Government (Functions and General) Regulations 1996</i> (the Regulations) and the Code of Conduct;</p> <p>Refer to the Shire of Mundaring Tender Guidelines for detailed guidelines.</p> <p>State-wide advertising must include the local newspapers; or Purchase from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA). See Part 4 of this Policy.</p>

The revised purchasing policy also provides clarity in regards to the authority to accept the quotation or tender and sign off on the purchase, which is not provided within the current purchasing policy.

In undertaking the review of Purchasing Policy AS-04, consideration was given to the circumstances in which staff may elect to use WALGA Preferred Suppliers or CUA contracts rather than calling for tenders.

*Local Government (Functions and General) Regulations 1996* regulation 11 states that tenders have to be invited before a local government can enter into a contract for the supply of goods or services expected to be worth more than \$150,000 unless the supply of goods or services is to be obtained through the WALGA Preferred Supplier Program or through the government of the State (CUA).

The review of the Purchasing Policy posed questions such as under which circumstances this exemption to tender can be called upon and how to ensure that value for money is still achieved. The fact that the Act gives tender exemptions for WALGA and CUA preferred supplier arrangements does not mean that Shire should not manage that situation through policy/procedure.

Another aspect to be considered is with regards to quotations; if a large contract is to be filled through preferred supplier arrangements, would it not still be considered appropriate that staff still seek quotations from several preferred suppliers on the WALGA panel? Also who should be able to accept the quotation under these circumstances?

To ensure integrity, transparency and accountability it is necessary to include guidance for such processes in the Purchasing Policy.

Points that require consideration are –

1. under what circumstances can staff choose to take up the WALGA preferred supplier option rather than invite tenders;
2. who should make this decision;
3. should Finance automatically be involved when considering the method of purchasing for any purchase valued at \$150,000 or over?
4. how is the optimal term of the proposed contract determined?
5. how and how many quotations will be sought from suppliers on the WALGA panel;
6. how will these quotations be evaluated; and
7. who makes the final decision about which quotation to accept?

With regards to point 7 it is noted that delegation CE-151 authorises the CEO to accept tenders where the consideration under the resulting contract is \$225,000 (ex GST) or less and the item is identified in the adopted annual budget. Tenders exceeding that amount must be referred to Council for determination.

It would therefore be inconsistent to allow the CEO or any other employee to accept quotations over \$225,000: determination of these quotations should logically be made by Council.

Applying the same logic no employee should accept a quotation or sign off on a contract with a value above their purchasing limit.

Part 4 of the revised purchasing policy specifically attempts address the issues articulated above.

Part 5 of the revised purchasing policy articulates the requirements for preferred supplier panels to be established in accordance with Part 4, Division 3 the *Local Government (Functions and General) Regulations 1996*.

Part 6 of the revised purchasing policy addresses the issue of the Shire not having any guidance as to who has the authority to execute contracts on behalf of the Shire. It is recommended that the execution (or signing) of contracts must be in accordance with approved individual purchasing limits.

This report recommends that Council repeal FI-01 Corporate Purchasing Card Policy document (**ATTACHMENT 7**) noting that the policy is to be replaced by OP-58 Corporate Purchasing Card (**ATTACHMENT 8**).

Whilst it is Council's role to authorise the issue of a corporate card to the CEO, it is the CEO's role to authorise the issue of cards to Directors and other officers as required. It is also the CEO's responsibility to establish procedures for the use of cards to ensure adequate control is exercised over their use and that expenditure incurred on cards is included in the monthly schedule of accounts to be reviewed by Council.

As such, part 7 of the revised purchasing policy simply states that the CEO is issued with a corporate credit card with a monthly limit of \$5,000. OP-58 Corporate Purchasing Card establishes the procedures for the use of the cards to ensure adequate control is exercised over their use. Essentially the requirements that previously formed FI-01 Corporate Purchasing Card Policy have been transferred to OP-58 Corporate Purchasing Card.

The revised Admin-30 Ordering and Payment of Goods and Services document incorporates the following amendments to the purchasing limits (ability to approve purchase orders) of Shire staff.

Role	Limit
CEO	Purchases greater than \$150,000 in accordance with Delegated Authority or Council resolution
Directors	up to \$150,000
Managers	up to \$75,000
Team Leaders/Coordinators	up to \$3,000
General Requisitioners	No authority (limited to \$1)

All purchase order requisitions will also be referred for approval to the next appropriate higher position within the purchasing hierarchy. This addresses the procurement audit observation that “*Limited segregation of duties exists as the same individual can initiate a PO, approve a PO, goods receipt and approve an invoice*”.

The findings of the procurement audit, agreed management actions and progress towards implementing the agreed management actions are detailed below.

**Finding 1 - Limited guidance provided in the tender processes (Risk – Critical)**

**Deloitte observations** - there is currently no policy document in place that outlines the process for conducting a tender, contributing to an inconsistent tender process being applied throughout the Shire.

**Agreed management actions** – a tender process document has been developed and communicated to all relevant employees who are likely to be involved in a tender process. This document was presented to the Audit and Risk Committee in May 2016.

**Progress update** – as above, the agreed management action has been completed and the tender guidelines have been communicated and made available to all relevant staff.

**Finding 2 - Insufficient guidance to ensure consistent use of purchase orders across the organisation (Risk – Critical)**

**Deloitte observations** - a Purchasing Policy (AS-04, “Updated for Change In Regs”) has been created, however this version is silent on the requirement to use POs for spend categories and thresholds. The Admin-30 Ordering of Goods and Services procedure document states that POs are required for all spend except for card transactions, petty cash purchases, water, electricity or telephone usage invoices and cheque requests. Data analysis identified that 5,413 (\$10,419,390.80) invoices were received without raising POs. Owing to the lack of guidance within the Purchasing Policy and procedure documentation; a number of PO process gaps were identified.

**Agreed management actions** - the Shire’s existing procedure document (Admin-30, Ordering of Goods and Services) will be reviewed and updated to include the recommendations in the report.

Implementing the recommendations will result in significant changes to procedures, including the possible implementation of new programs within the Shire’s existing corporate finance software. As this will affect all purchasing officers and approvers a major communication and training plan will be developed and delivered. The anticipated date for implementation is 31 December 2016.

Procurement at the Shire is decentralised, ie the Shire does not have a dedicated procurement officer or section.



**Progress update** – the Shire’s purchasing policy and purchasing procedures have been reviewed. The review includes purchasing authority thresholds, quotation requirements and the process of approving purchase orders within the Shire’s financial accounting system.

The outcomes of this review are presented to this meeting of the Audit and Risk Committee.

**Finding 3 - Lack of robust conflict of interest process for employees involved in procurement activities (Risk – Important)**

**Deloitte observations** - while employees are required to declare their financial interests on an annual basis as part of the Credit Card process, there is no process in place to ensure that conflicts of interest are identified and appropriately managed throughout the procurement process.

**Agreed management actions** - in relation to recommendation a) all designated employees do submit primary and annual financial returns as required by the *Local Government Act*.

In relation to recommendation d) a draft “no gifts” policy applying to all Shire employees is currently being developed.

A process has been developed as part of the tender guidelines document to identify conflicts of interest and the management of interests during the procurement process.

The tender guidelines state that the evaluation process for tender must be free of bias and conflict of interest and any perception of bias or interest. Any connections between a panel member and a tenderer must be disclosed to the panel and the Chief Executive Officer (or Director of Infrastructure Services if the relevant delegation applies). Only in exceptional circumstances and following approval from the Chief Executive Officer shall a panel member continue to be included in the panel if there is a perceived association and bias.

**Progress update** – Agreed management actions have been completed. As stated above, the tender guidelines now provide clear direction as to how conflict of interests are to be managed in instances where procurement of goods and services is undertaken via a tender process.

The organisational practice for gifts was also revised and implemented in November 2016. The revised organisational practice in essence has introduced a no gift policy for all Shire employees. The organisational practice applies to all gifts that are offered from a person who:

1. Is undertaking or seeking to undertake an activity involving Shire discretion; or
2. It is reasonable to believe is intending to undertake an activity involving Shire discretion.

Gifts offered to Shire of Mundaring employees under these circumstances are now required to be refused. This is above and beyond the legislative requirements, which allow gifts of up to \$300 in these circumstances so as long as the gifts are declared on the Shire's gift register.

ELT also determined that no Shire employee can be engaged in private or contract work with the Shire. This ensures the principles of probity in procurement are observed and that the Shire demonstrates to the community at all times, fairness and impartiality, accountability and transparency of process, confidentiality and security of information and materials; and effective management of conflicts of interest.

The Shire's revised corporate purchasing card agreement and monthly reconciliation statement requires all cardholders to declare that they will not and have not used their card for purchases from any business that they have a direct or indirect financial interest in (as defined by the *Local Government Act 1995*).

#### **Finding 4 - Expense policy document has not been developed (Risk – Important)**

**Deloitte observations** - there is currently no expense policy in place, which outlines the process for incurring and reimbursing expenses.

**Agreed management actions** - a procedure document will be developed to outline the process for the reimbursement of work related expenses to Shire employees. The anticipated date for completion is 30 September 2016.

**Progress update** – Agreed management actions have been completed. An organisational practice was endorsed by the Executive Leadership Team and implemented and communicated to Shire employees in February 2017.

The new document and together with an attached claim form provides clear guidance on:

1. The situations when it is appropriate to use out of pocket expenses;
2. The types of expenses that will be reimbursed;
3. Who approves an expense claim;
4. The minimum documentation required to support expenses; and
5. The process and method for reimbursing the employee for approved expenses.

#### **Finding 5 - A robust contract management system is not in place (Risk – Important)**

**Deloitte observations** - there is currently no policy in place that details the process for creating, executing and managing contracts to ensure they are consistently and appropriately applied throughout the Shire.

**Agreed management actions** – a contract management procedural document will be developed outlining the process for creating, executing and management of contracts.

As the Shire does not have a central procurement or contract management section, consideration may need to be given to engaging the assistance of specialist external resources. Training for relevant employees will also be provided.

The Shire's finance software (Civica Authority) modules for "Contract and Tenders register" will be investigated with a view of possible implementation to aid with the Shire's contract management processes.

In relation to recommendation e) the Shire does have standard terms and conditions for contracts (available on the intranet) however the application of these standard terms and conditions is inconsistent. The existing terms and conditions template will be reviewed and refresher training will be provided to staff.

The anticipated date for implementation is 30 June 2017.

**Progress update** – Two days of contract management training (provided by an external consultant from the existing training budget) was arranged for twenty Shire employees who are involved or likely to be involved in the management of significant contracts. The two full days of training took place on 22 and 23 March 2017.

No progress has been made as yet towards investigating the Shire's finance software (Civica Authority) module for "Contract and Tenders register". The project replacing the Shire's chart of accounts has commenced and is considered a priority in terms of importance and change management. It is anticipated that the chart of accounts project will be finalised by December 2017, after which key Shire staff will be better placed to consider the implementation and rollout of a contract and tenders register.

#### **Finding 6 - Financial Delegations of Authority have not been clearly communicated or applied consistently (Risk – Important)**

**Deloitte observations** - A DoA has been created, which delegates particular statutory powers from the Council to the CEO and sub-delegates. The power to create and award tenders has been delegated to the CEO and Director Infrastructure Services for plant related spend. However, the DoA does not:

1. State who can execute contracts on behalf of the Shire. Of the five tenders selected for testing, one of the contracts was executed by the Manager Operations Services with the remaining being executed by the CEO.; and
2. Outline the financial limits that are in place for the Shire.

**Agreed management actions** - an Organisational Practice Document will be developed and communicated to staff. The document will provide clarity as to who can sign contracts relating to tenders and circumstances other than tenders. The anticipated date for implementation is 30 September 2016.

**Progress update** – Agreed management actions have been completed. This action has been consolidated into the review of the purchasing policy and procedures, which have been presented to the Audit and Risk Committee in this report. The revised purchasing policies and procedure stipulate that the authority to execute contracts is aligned with purchasing authority limits.

**Finding 7 - System controls with Online Requisitioning System (OLR) are insufficient to support the purchasing system (Risk – Important)**

**Deloitte observations** - the OLR system has not been designed to effectively manage key aspect of the PO process, as all system warnings can be by-passed, with no independent release or subsequent review required (including spend over budget, duplicate invoices, variance between PO and invoice).

**Agreed management actions** - this is largely constrained by the Shire's finance software (Civica Authority) and will require discussions with the Shire's software provider. Where possible, the recommendations will be implemented by 31 December 2016.

**Progress update** – The revised Admin-30, Ordering of Goods and Services (**ATTACHMENT 9**) attempts to address some of the issues highlighted in Deloitte's observations e.g. variance between PO and invoice. However the agreed management actions are largely constrained by the Shire's finance software (Civica Authority). The project replacing the Shire's chart of accounts has commenced and is considered a priority in terms of importance and change management. It is anticipated that the chart of accounts project will be finalised by December 2017, after which key Shire staff will be better placed to further consider the implementation and rollout of system changes.

**Finding 8 - Purchasing card spend is not appropriately controlled (Risk – Important)**

**Deloitte observations** - The FI-01 Corporate Purchasing Card policy and the Admin-29 Issue and Use of Corporate Purchasing Cards procedure have been created to outline the process to issue and spend on the corporate cards. However, the credit card process as outlined within the policy and procedure is not robust as:

1. There is no requirement to submit a valid business case to support the approval to issue a Purchasing Card;
2. Purchasing Card spend limits are not aligned to the spend limits outlined in the Admin-30 Ordering of Goods and Services;
3. Purchasing Card spend does not require pre-approval (e.g. travel, training etc.); and
4. There is no requirement to review Purchasing Card spend on a regular basis to identify trends and anomalies.

**Agreed management actions** – the relevant Shire documents, FI-01 'Corporate Purchasing Card policy' and Admin-29 'Issue and Use of Corporate Purchasing Cards' will be updated to incorporate the recommendations.

A review of the number of purchase cards required will be undertaken, with a view to significantly reduce the number of cards. An analysis and review of credit limits for all cards will also be undertaken.

It should be noted that an initial review undertaken by Finance identified nine cards that have not been used in the past 12 months (not 35 cards as highlighted in the Deloitte report).

In relation to recommendation d) Admin-29 Issue and use of Corporate Purchasing Cards procedure does detail the roles and responsibilities of the individuals involved with the purchasing card process (e.g. Card holder, spend approver, Finance).

The Civica Authority purchasing card module will be investigated as this may assist with better management of card spend/approval processes.

The anticipated date for implementation is 30 November 2016.

**Progress update** – Agreed management actions have been completed. A review of the corporate purchasing card policy was undertaken. Upon further review, the Executive Leadership Team has determined that it would be more appropriate to incorporate this policy as part of the Shire's purchasing policy, whilst also introducing a new organisational practice specifically on Corporate Purchasing cards. The revised purchasing policy and the new organisational practice are presented to the Audit and Risk Committee as part of this report (AS-04, Purchasing Policy (**ATTACHMENT 6**) and OP-58 Corporate Purchasing Card (**ATTACHMENT 8**)).

The procedure on the issue and use of corporate purchasing cards was reviewed and approved by the Executive Leadership Team.

The revised document -

1. Provides greater clarity on the circumstances in which purchasing cards are to be used;
2. Includes standard card limits;
3. Requires a business case as part of the approval process for all new cards; and
4. Includes a requirement that the usage and expenditure of all cards be reviewed on a quarterly basis.

A review of the number of credit cards and credit card limits was also undertaken by Finance. The review highlighted an opportunity to significantly reduce the number of cards and credit limits through a greater utilisation of the Online Requisitioning System (OLR) and petty cash reimbursements for minor expenditure.

In May 2016 the Shire had 71 active cards. As of February 2017 this number had been reduced to 62 active cards with a total credit limit of \$315,000. The Executive Leadership Team considered and agreed to further reduce the number of cards by 19 (with credit limits totalling \$82,000) to leave a total of 43 cards. A further reduction to the credit limits of those remaining cards reduced the total credit card limit to \$83,000. A communication plan was developed and the reduction in card numbers and credit limits was implemented by 28 April 2017.

**Finding 9 - Limited review of system changes as audit logs are not reviewed (Risk – Moderate)**

**Deloitte observations** - all changes to OLR are required to be reviewed and approved by two individuals, with evidence maintained on a signed change request form. Within OLR however, it is possible for an individual to process a change without obtaining approval / release from a second individual. In addition, audit logs from OLR identifying changes that have been processed are not currently being reviewed.

**Agreed management actions** - the risks associated with this finding are considered minimal due to segregation of duties that the Shire has in place.

The following functions in the purchasing cycle have a clear separation of duties:

- Approving invoices for payment
- Entering invoices into the system for payment
- Approving the bank file (or signing cheque) for payment of funds (two approvers required).

The Civica Authority Accounts Payable Invoice approval program will be investigated as this may assist with meeting the requirement for approval of variances to purchase orders.

**Progress update** – No progress has been made as yet towards investigating the Shire's finance software (Civica Authority) module for Accounts Payable Invoice approval. The project replacing the Shire's chart of accounts has commenced and is considered a priority in terms of importance and change management. It is anticipated that the chart of accounts project will be finalised by December 2017, after which key Shire staff will be better placed to consider the implementation and rollout of the Accounts Payable Invoice approval module.

**Finding 10 - Vendor master data file maintenance (Risk – Moderate)**

**Deloitte observations** - there is currently no process in place to review the vendor master data file on a regular basis.

**Agreed management actions** – the vendor master file within the finance system will be 'cleaned up' over the next 12 months. It should be noted that duplicate vendors cannot be deleted from the finance system (for audit trail purposes), however they are flagged as "do not use" in the system. Some duplicates have arisen due to businesses changing ownership.

The anticipated date of completion is 30 June 2017.

**Progress update** – A finance officer currently working on the inactive creditors. Currently one third of inactive creditors have been reviewed and flagged as "do not use". There are approximately 1000 remaining creditors to be reviewed. This task has also been incorporated into the end of month checklist. The anticipated completion date of this review is 30 June 2017.

#### **Finding 11 - Petty cash policy not in place (Risk – Minor)**

**Deloitte observations** - petty cash is used across four locations, with a float totalling approximately \$500. Each location is responsible for distributing cash to employees and obtaining the relevant supporting receipts, with replenishments occurring centrally. There is currently no petty cash policy in place to outline the roles and responsibilities in relation to petty cash. The current process gaps have been identified:

1. There is no guidance as to when petty cash should be used.
2. The one individual is responsible for issuing petty cash, replenishing petty cash and completing petty cash reconciliations.
3. There is no requirement to conduct regular cash counts.

**Management comments** - An Organisational Practice does exist, OP-32 “Petty Cash”. This document will be reviewed and the recommendations of the report will be incorporated where gaps exist in the current document. It should be noted that whilst one individual is responsible for issuing petty cash, replenishing petty cash and completing petty cash reconciliations, all petty cash reconciliations are checked and approved by an independent finance staff member.

The anticipated date for completion is 30 September 2016.

**Progress update** – the agreed management action has been completed. The organisation practice for petty cash has been reviewed and approved by the Executive Leadership team. The revised document provides greater guidance as to when petty cash should be used and also includes a requirement for regular cash counts of petty cash floats.

#### **VOTING REQUIREMENT**

Simple majority

**COMMITTEE RECOMMENDATION  
RECOMMENDATION**

**ARC3.05.17**

*Moved by:*                      *Cr Brennan*                      *Seconded by:*                      *Cr Lavell*

1. That Council adopts the revised AS-04 Purchasing Policy (**ATTACHMENT 6**);
2. That Council repeals FI-01 Corporate Purchasing Card Policy (**ATTACHMENT 7**), noting that this policy is to be replaced by the organisation practice document OP-58 Corporate Purchasing Card (**ATTACHMENT 8**); and
3. That the Audit and Risk Committee notes the progress in the implementation of the agreed management actions based on the recommendations from the Deloitte Procurement Audit report.

**CARRIED 6/0**

**For:**                      *Cr Bertola, Cr Brennan, Cr Jeans, Ms Stewart, Cr Lavell, Cr Perks*

**Against:**              *Nil*

**Next Report**



**Attachment 6**

**Report 8.3**

**11 pages**

## Shire of Mundaring

# POLICY

### PURCHASING POLICY

<b>Policy Ref:</b>	<b>AS-04</b>
--------------------	--------------

<b>Adopted:</b>	C16.04.07	<b>Date:</b>	24 April 2007
<b>Amended:</b>	C5.06.12	<b>Date:</b>	12 June 2012
<b>Reviewed:</b>	Once per Electoral Cycle	<b>Date:</b>	February 2017
<b>Procedure Ref:</b>	Admin-29 Admin-30 Admin-31	<b>Delegation Ref:</b>	CE-151
<b>Policy Ref:</b>	Code of Conduct		
<b>Statute Ref:</b>	<i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996</i>		
<b>Local Law Ref:</b>	n/a		

#### PURPOSE

This policy commits Shire of Mundaring to maintaining purchasing practices that:

- Provide the Shire with an effective and consistent way of purchasing goods and services;
- Ensure openness, transparency, fairness and equity throughout the purchasing process;
- Support the Shire's economic development by ensuring goods and services are sourced from local suppliers where possible;
- Achieve a balance between operational efficiency and robust compliance to mitigate fraud and misconduct risks; and
- Ensure compliance with the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996*.

## 1. PURCHASING PRINCIPLES

### 1.1 Code of Conduct

All employees of the Shire are bound by the Shire's Code of Conduct when undertaking purchasing activities and shall:

- ensure that any actual or perceived conflicts of interest are identified, disclosed and appropriately managed;
- observe the highest standards of ethics and integrity; and
- act in an honest and professional manner at all times.

## 1.2 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:

- **Accountability** - the responsible employee will be accountable for all purchasing decisions and the efficient, effective and proper expenditure of public monies to achieve the best outcome for the Shire and value for money;
- **Regulatory Compliance** - all purchasing practices shall comply with relevant legislation, regulations and the Shire's policies, procedures and Code of Conduct;
- **Open Competition** - purchasing is to be undertaken on a competitive basis to ensure that all potential suppliers are treated impartially, honestly and consistently;
- **Integrity** - any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed;
- **Transparency** - all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation;
- **Professionalism** – subject to legislative requirements and only to the extent required, any information provided to the Shire by a supplier shall be treated as commercial-in-confidence and shall not be released unless authorised by the supplier or relevant legislation;
- **Value for Money** – the responsible employee will ensure procurement decisions achieve the best possible outcome for the amount of money spent; and
- **Support of Local Businesses** – value for money assessment must recognise the role of Council in keeping jobs and profits in the Shire and the keeping the local economy prosperous and competitive, thereby providing ongoing benefits to the local community.

## 1.3 Buy Local Policy

Local supplier/contractor:      has had a permanent office and permanent staff in the Shire of Mundaring district for a period of six months prior to quotations being sought.

As much as practicable, employees must:

- where appropriate, consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
- consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- ensure that procurement plans address local business capability and local content;
- 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 – all Requests must be structured to encourage local businesses to bid; and

- provide adequate and consistent information to potential suppliers.

To this extent, a qualitative weighting may be afforded in the evaluation of quotes and tenders where suppliers are located within the boundaries of the Shire, or substantially demonstrate a benefit or contribution to the local economy.

#### **1.4 Value for money**

Value for money is a key policy objective. It ensures that the Shire achieves the best possible outcome at competitive prices. This does not necessarily mean selecting the bid that offers the lowest initial price.

Purchasing decisions will be assessed on a value for money basis, giving full consideration to:

- The advantages of dealing with local businesses;
- Local content;
- The whole-of-life cost of the purchase or contract;
- Compliance with specifications, guidelines and requirements;
- Supplier capability to fulfil the specified requirements – legal, financial, experience etc;
- Net benefits to the Shire including the benefits of maintaining an ongoing, innovative and competitive local business environment;
- Environmental impacts and ethical standards; and
- Opportunities for local employment growth or retention.

#### **1.5 Sustainable procurement**

Sustainable procurement is defined as giving priority to the procurement of goods and services that have less environmental and social impacts than competing products and services.

In accordance with its sustainability objectives, the Shire is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise negative environmental and social impacts. Sustainable considerations must be balanced against value for money outcomes.

## 2. PURCHASING THRESHOLDS

The following table prescribes the purchasing methodology to be selected based on the purchasing value.

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

- Exclusive of GST;
- The actual or expected value of a contract over the full contract period, including all options to extend. Alternatively the extent to which it could be reasonably expected that the Shire will continue to purchase a particular category of goods, services or works and what total value could be reasonably expected to be purchased. Best practice is that if a purchasing threshold is reached within **three years**, then the purchasing requirement under the relevant higher threshold must apply, including for tenders;
- Must incorporate any variation to the scope of the purchase and be limited to a 10% tolerance of the original purchasing value.

The responsible employee is expected to demonstrate due diligence in seeking quotations and may determine that the process outlined for higher transaction value may be appropriate to a purchase despite it being of a lower value. Commonly a sufficient number of quotes would be sought according to the type and nature of purchase, not purely its value. The value dictates the minimum requirements for the purchase. In addition it is recommended to use professional discretion and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.

Purchasing value (exclusive of GST)	Method to be used	Authority to accept the quotation or tender and sign off on the purchase
Up to \$3,000	<p>Obtain <b>at least one verbal quotation</b>.</p> <p>Written notes detailing the verbal quotation must be:</p> <ul style="list-style-type: none"> <li>recorded in the records system; and</li> <li>attached to the requisition order.</li> </ul> <p>Alternative suppliers are encouraged to be used to ensure best value for money and adequate market share.</p>	<ol style="list-style-type: none"> <li>Responsible employee initiates purchase order (PO) through OLR;</li> <li>Coordinator or Team Leader confirms policy requirements by approving PO.</li> </ol> <p>If no Coordinator or Team Leader, Manager signs off.</p>
\$3,001 to \$10,000	<p>Obtain at least <b>two written quotations</b> containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>the invitation to quote sent to each supplier;</li> <li>the evaluation of each quotation;</li> <li>the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>Scanned and recorded in the records system; and</li> </ul>	<ol style="list-style-type: none"> <li>Responsible employee initiates purchase order (PO) through OLR;</li> <li>Manager confirms policy requirements by approving PO.</li> </ol>

	<ul style="list-style-type: none"> <li>• attached to the requisition order.</li> </ul>	
\$10,001 to \$75,000	<p>Obtain at least <b>three written quotations</b> containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>• the invitation to quote sent to each supplier;</li> <li>• the evaluation of each quotation;</li> <li>• the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>• Scanned and recorded in the records system; and</li> <li>• attached to the requisition order.</li> </ul>	<ol style="list-style-type: none"> <li>1. Responsible employee evaluates each quotation;</li> <li>2. Manager reviews and signs evaluation report;</li> <li>3. Employee initiates PO through OLR;</li> <li>4. Manager confirms policy requirements by approving PO;</li> <li>5. Manager signs the contract, if applicable.</li> </ol>
\$75,001 to \$149,999	<p>Undertake a formal Request for Quotations (RFQ) seeking a minimum of three RFQ respondents one being a local supplier where available containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p>	<ol style="list-style-type: none"> <li>1. Evaluation panel to consist of minimum two employees;</li> <li>2. Manager reviews evaluation report and recommends it to Director;</li> <li>3. Director approves and signs off;</li> <li>4. Employee initiates PO through OLR;</li> <li>5. Director confirms policy requirements by approving PO;</li> </ol>

	<p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>the invitation to quote sent to each supplier;</li> <li>the evaluation of each quotation;</li> <li>the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>Scanned and recorded in the records system; and</li> <li>attached to the requisition order.</li> </ul>	<p>6. Director signs the contract, if applicable.</p>
\$150,000 and above	<p>Conduct a <b>public Request for Tender (RFT)</b> process in accordance with the provisions of the <i>Local Government Act 1995</i> (the Act), the <i>Local Government (Functions and General) Regulations 1996</i> (the Regulations) and the Code of Conduct;</p> <p>Refer to the Shire of Mundaring Tender Guidelines for detailed guidelines.</p> <p>State-wide advertising must include the local newspapers;</p> <p>or</p> <p>purchase from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA). See Part 4 of this Policy, there is still a requirement to undertake a formal Request for Quotations (RFQ) seeking a minimum of three RFQ respondents containing price and specification or technical description of proposed purchase.</p>	<p>Delegation CE-151:</p> <ul style="list-style-type: none"> <li>CEO can accept tender where the consideration under the resulting contract is \$225,000 (excluding GST) or less and the item is identified in the adopted budget</li> <li>CEO can accept regular supply tenders and tenders for plant and vehicles for items identified in the adopted budget</li> <li>Director Infrastructure Services (DIS) – as for CEO, but tender must be relevant to DIS area of responsibility.</li> </ul> <p>All other tenders must be accepted by Council, who can authorise the CEO as part of their decision to sign the contract.</p> <p>In line with the above delegation contracts resulting from a tender process and valued at \$225,000 (ex GST) or less over the term of the contract, can be signed off by the CEO or DIS.</p>



### **3. TENDERS**

For the procurement of goods or services where the value exceeds \$150,000, the shire is required under s. 3.57 of the Act and Regulation 11(1) of the Regulations to publicly invite tenders or purchase from a tender exempt contract.

Please refer to the Shire of Mundaring **Tender Guidelines** for guidance with tender processes.

### **4. PURCHASING FROM WALGA PREFERRED SUPPLIERS OR STATE GOVERNMENT COMMON USE ARRANGEMENT (CUA)**

A tender exemption may apply if a purchase is obtained through the WALGA Preferred Supplier Program or the State Government CUA. Both programs can also be accessed for purchases requiring quotations.

The intent of the exemption is not to bypass the purchasing or tender requirements, but to save time, money and effort in advertising purchasing intentions and evaluating quotations when this task has already been completed by WALGA or CUA.

In order to ensure accountability, regulatory compliance, open competition, integrity, transparency and value for money these requirements must be strictly observed for all purchases from WALGA Panels or CUA:

1. All quotations from WALGA preferred suppliers must be obtained through the WALGA e-quotes facility;
2. Contracts resulting from quotations through WALGA preferred suppliers or CUA suppliers are limited to a maximum term of 12 months.
3. All purchasing from WALGA preferred suppliers or CUA is subject to the same thresholds and approval authorities as above. Contracts valued at more than \$225,000 (excluding GST) over three years must be presented for approval to Council.
4. Conflict of interest and confidentiality declarations, as well as evaluation of submissions must be completed and recorded as per the Tender Guidelines.

### **5. PANELS OF PRE-QUALIFIED SUPPLIERS**

#### **5.1 Policy Objectives**

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 Shire 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 Shire has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

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

## **5.2 Establishing a Panel**

Should the Shire 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 Shire.
- 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 Shire 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 Shire 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 reg. 24AD(5)(d) and (e) when establishing the Panel.

## **5.3 Distributing Work Amongst Panel Members**

To satisfy reg. 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 Shire intends to:

- i. Obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases, in accordance with Clause 0; 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 7.3(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 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 Shire 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 Shire may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in section 5.1 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.

#### **5.4 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 must all be captured on the Shire's electronic records system. A separate file is to be maintained for each quotation process made under each Panel that captures all communications between the Shire and Panel members.

#### **5.5 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 Plan which describes how the contract will be managed; and
- Copies of framework agreements entered into with pre-qualified suppliers.

The Shire 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 Shire.

## **6. AUTHORITY TO EXECUTE CONTRACTS**

Execution (or signing) of contracts must be in accordance with approved individual purchasing limits.

	Maximum value of contract over its term (excluding GST)
Managers	Up to \$75,000
Directors	Up to \$150,000
CEO	Greater than \$150,000 and up to \$225,000 in accordance with Delegated Authority
Council to authorise CEO	All contracts over \$225,000

## **7. CORPORATE CREDIT CARDS**

The CEO is issued with a corporate credit card with a monthly limit of \$5,000. The corporate credit card is to be used only for business related expenditure. The card must not be used for personal, non-work related expenditure or to obtain cash advances.

Whilst Council must authorise the issue of a corporate card to the CEO, the CEO can authorise the issue of cards to Directors and other officers as required. The CEO is to establish procedures for the use of cards to ensure adequate control is exercised over their use and that expenditure incurred on cards is included in the monthly schedule of accounts to be reviewed by Council.

**Attachment 7**

**Report 8.3**

**2 pages**

## Shire of Mundaring

# POLICY

### CORPORATE PURCHASING CARD

<b>Policy Ref:</b>	<b>FI-01</b>
--------------------	--------------

<b>Committee Rec:</b>	SGC4.02.09	<b>Date:</b>	9 Feb 2009
<b>Adopted by:</b>	C2.02.09	<b>Date:</b>	24 Feb 2009
<b>Amended:</b>		<b>Date:</b>	
<b>Reviewed:</b>	C17.02.13	<b>Date:</b>	26 February 2013
<b>Procedure Ref:</b>	PFI-01	<b>Delegation Ref:</b>	CEO - 17
<b>Statute Ref:</b>	<i>Local Government Act 1995 – s. 5.74, s 6.5(a) and s 2.7(2) (a) and (b).</i> <i>Local Government (Financial Management) Regulations 1996 – r. 11(1) (a).</i>		
<b>Local Law Ref:</b>	N/A		

### PURPOSE

To provide clear direction on the use of the Corporate Purchasing Card by employees of the Shire of Mundaring.

### POLICY

Issue and use of Corporate Purchasing Card:

- a) The Chief Executive Officer (CEO) has delegated responsibility for the issuing of Corporate Purchasing Cards to the Director Corporate Services.
- b) The Director Corporate Services can authorise the issue of cards to Directors and other officers as required. Council must authorise the issue of a corporate card to the CEO.
- c) Purchasing limits will be determined by the Director Corporate Services, except for the CEO whose purchasing limit will be set by Council. A monthly spend per card limit will be determined for each card holder.
- d) Cards are to be used only for business related expenditure. Cards must not be used for personal, non-work related expenditure or to obtain cash advances.
- e) Only the CEO is authorised by Council to incur business entertainment expenditure on the card.
- f) The use of the cards does not negate the requirement to comply with the Shire's Purchasing Policy (AS-04), Procedure for Ordering Goods and Services (FI-03) and Procedure for Quotations for Purchase of Goods and Services (FI-04).

- g) The CEO is to establish procedures for the use of cards to ensure adequate control is exercised over their use and that expenditure incurred on cards is included in the monthly schedule of accounts to be reviewed by Council. Refer to Procedure PFI-01: Corporate Purchasing Cards.
- h) Custodians of Corporate Purchasing Cards are responsible for the use of their card. No other officer may use the card.
- i) Cardholders cannot incur and certify their own expenditure when arranging payment of the monthly invoice to the card supplier.
- j) All cardholders are designated employees under the *Local Government Act 1995* s. 5.74 and have therefore a statutory obligation to complete Primary and/or Annual Returns.

## **Attachment 8**

### **Report 8.3**

**2 pages**



## Shire of Mundaring

# ORGANISATIONAL PRACTICE

### CORPORATE PURCHASING CARD

<b>OP Ref:</b>	<b>OP-58</b>	<b>File Ref:</b>	<b>FI.BNK 5</b>
----------------	--------------	------------------	-----------------

<b>Responsible Service:</b>	Finance and Governance	<b>Date:</b>	March 2017
<b>Reviewed by:</b>		<b>Date:</b>	
<b>Amended by:</b>		<b>Date:</b>	
<b>Policy Reference:</b>	AS-04	<b>Delegation Ref:</b>	CEO-17
<b>Procedure Ref:</b>	Admin-29		
<b>Legislation:</b>	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i>		

#### PURPOSE:

To provide clear direction on the use of the Corporate Purchasing Card by employees of the Shire of Mundaring.

#### Issue and use of Corporate Purchasing Card:

- a) The Director Corporate Services has responsibility for the issuing of Corporate Purchasing Cards.
- b) The Director Corporate Services can authorise the issue of cards to Directors and other officers as required. Council must authorise the issue of a corporate card to the CEO.
- c) Purchasing card limits will be determined by the Director Corporate Services, except for the CEO whose purchasing card limit will be set by Council. A monthly spend per card limit will be determined for each card holder.
- d) Cards are to be used only for business related expenditure. Cards must not be used for personal, non-work related expenditure or to obtain cash advances.
- e) Only the CEO is authorised by Council to incur business entertainment expenditure on the card.
- f) The use of the cards does not negate the requirement to comply with the Shire's Purchasing Policy (AS-04), Procedure for Ordering and Payment of Goods and Services (Admin 30) and Procedure for Quotations for Purchase of Goods and Services (Admin 31).

- g) The CEO is to establish procedures for the use of cards to ensure adequate control is exercised over their use and that expenditure incurred on cards is included in the monthly schedule of accounts to be reviewed by Council. Refer to Procedure Admin 29: Issue and use of Corporate Purchasing Cards.
- h) Custodians of Corporate Purchasing Cards are responsible for the use of their card. No other officer may use the card.
- i) Cardholders cannot incur and certify their own expenditure when arranging payment of the monthly invoice to the card supplier.
- j) All cardholders are designated employees under the *Local Government Act 1995* s. 5.74 and have therefore a statutory obligation to complete Primary and/or Annual Returns.
- k) The Director Corporate Services has approved issuing of a Corporate Purchasing Card to the Community Emergency Services Manager (employed by DFES)

<b>This practice was approved by:</b> <b>Paul O'Connor</b> <b>Director Corporate Services</b>	<b>Date:</b> May 2017
---	-----------------------

## **Attachment 9**

### **Report 8.3**

**8 pages**

# PROCEDURE

## ORDERING AND PAYMENT OF GOODS AND SERVICES --ON LINE REQUISITIONING AND CONTRACTS

**Procedure Ref:** Admin-30 **File Code:** OR.OPP 3

**Originating Officer:** Manager Finance Services **Date:** 4 March 1996

**Reviewed:** Manager Finance and Governance **Date:** MarchMay 2017

**Approved By:** Director Corporate Services  
**Responsible** Director Corporate Services

**Officer:Approved By:** AS-04 Purchasing Policy  
**Policy**

**Reference:Responsibl**  
**e-Officer:**

### PURPOSE

To set guidelines applicable to ordering goods and services including raising purchase orders, and signing contracts and authorising payment.

### 4.Authority to order

Authority limitations apply to any purchases including signing of contracts and lease documents. These are recommended by the Executive Leadership Team (ELT) and authorised by the Chief Executive Officer (CEO).

### Table – Limits to apply:

Role	Limit
CEO	<u>&gt;\$150,000 in accordance with Delegated Authority or Council resolution</u> <u>&gt;Uu\$100,000</u>
Directors	<u>up to \$1050,000</u>
Managers	<u>up to \$5075,000</u>
Team Leaders/Coordinators	<u>up to \$23000</u>
General Requisitioners	No authority (limited to \$1)

The following quotation ranges will apply to all [purchases and contracts](#)::

<a href="#">RequisitionPurchase Value</a>	<a href="#">Number of Quotations</a>
Up to <del>\$5</del> 3000	<del>None</del> <a href="#">At least one verbal quotation</a>
<del>\$5</del> 3000 <del>1</del> to <del>\$109,000</del> 999	<del>1 written or 1 verbal quote</del> <a href="#">At least two written quotations</a>
<del>\$2</del> 10,000 <del>1</del> to <del>\$99,999</del> 5075,000	<del>3 written quotes based on written specifications</del> <a href="#">At least three written quotations</a>
<del>\$5</del> 075,001 to \$149,999	<a href="#">Undertake a formal request for quotation (RFQ) seeking a minimum of three respondents</a>
> <del>\$100,000</del> 150,000 and <a href="#">above</a>	<del>Tender and contract award procedures apply</del> <a href="#">Conduct a public request for Tender (RFT)</a>

## ~~2.~~ [Capital Versus Operational Expenditure Purchases](#)

### ~~2.1~~ [Capital Expenditure Purchases](#)

~~Capital Expenditure is budgeted separately to Operating Expenditure. Capital Expenditure is incurred for the acquisition of non-current assets, that is, items that have a useful life greater than one (1) year and which have a value exceeding \$3,000 (subject to review and change by the ELT).~~

~~Because they will provide benefits for more than one (1) year, the cost of non-current assets is “capitalised” in the year of acquisition and depreciated or amortised over the useful life of the asset.~~

### ~~2.2~~ [Operating Expenditure Purchases](#)

~~All purchases of goods or services that do not fall into the definition of Capital Expenditure are Operating Expenses.~~

[All purchases except where using petty cash or corporate purchasing card will require to be approved prior to committing the Shire by:](#)

- [Signing a contract or lease document in line with above Authority limit](#)
- [Undertaking a public Request for Tender](#)
- [Raising an on-line requisition using the Authority system resulting in an approved purchase order.](#)

[Requisitioners cannot approve their own purchase orders. All requisitions will be referred for approval to the next appropriate higher position within their hierarchy for approval.](#)

## Assessment of a formal request for quotation

Requests for quotations are to be evaluated by a minimum of two employees with a report prepared fully detailing outcomes as per Purchasing Policy AS-04. Managers are required to review the report and submit a recommendation to their Director who will approve and sign off. The employee will then raise a requisition attaching all relevant quotations.

## **Signing of Contracts**

All contracts are to be executed in line with the above Authority Limits. The CEO or Director Infrastructure (underin accordance with Delegation CE-151) can execute contracts up to \$225,000 (excluding GST) when the item is identified in the adopted budget. Contracts in excess of \$225,000 need to be approved by Council, as part of their decision Council can authorise the CEO to sign the contract.

## Creation, approval and management of purchase orders

### Types of requisitions / purchase orders

#### 1.1 1.1One-off purchase order

Requisitions are to be raised in Authority (OLR) resulting in approved system generated purchase orders for all goods and services purchased except for:

- Purchases made via corporate purchasing card
- Purchases made via petty cash
- Payment of utility services (e.g. water, electricity, gas, telephone).

Employees must ensure all purchases of goods and services are undertaken in accordance with Shire's Quotation Procedure (Admin-31 – Quotations for Purchase of Goods and Services) and that the requisition includes:

- A detailed description of the goods or services being purchased
- A relevant cost code where an approved budget has been allocated
- Multiple lines or quantities if applicable
- Attachments of quotes obtained as per above table
- Where purchase is resulting from an approved tender reason for insufficient quote needs to be "As per Tender No....."

- Where insufficient quotes have been obtained a memo/email detailing Director's approval to proceed must be attached to the requisition.

#### 1.1.2 ~~1.2~~ 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 ~~calendar~~ year. The full value of the commitment is restricted to the amount in the approved budget, ~~in need~~ allowing for a spread over more than one supplier. Standing order numbers will need to be quoted to the supplier for inclusion on their invoice. Do not provide a printed copy of "Standing Purchase Order" to suppliers. Standing orders will be expedited by Finance at the end of each financial year and will need to be re-established by the requisitioner in the new financial year.

#### 1.3 ~~1.3~~ 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 Shire's stakeholders or core function
- will seriously impair the reputation of the Shire in the local and wider community.

In such cases, the requisitioner will initially make a purchase commitment with a third party without following all the processes in this procedure. The ~~OLR~~requisition is to be raised ~~on the system~~ in OLR as soon as possible following the initial commitment.

### Roles and responsibilities

#### 2.1 Requisitioner

- Must undertake OLR training with Finance
- :
- Ensures all Purchasing policies and procedures are fully complied with at all times
- Provides the supplier with a copy of the approved Purchase Order. PO number is to be quoted on supplier's invoice
- Enters a goods receipt against the approved Purchase Order once the Ggoods or Sservice is received;

- Should there be a variance greater than 10% or \$2,000 from the approved Purchase Order a second requisition will need to be entered and approved detailing reason for variance.;

## 2.2 Approver

- Must approve requisitions ensuring all Purchasing policies and procedures are fully complied with at all times
- Must take responsibility ~~to~~for ensuring that an alternate approver is set up in OLR if they are taking any period of leave in excess of three days. An email request is to be sent to the Team Leader Finance at least two days prior to leave commencing advising period of leave and alternate approver details. (An alternate approver will still be required even if there is no-one acting in this position.)

## 2.3 Finance

- Accounts Payable Finance Officer will provide initial and ongoing training and support to all OLR users
- Finance staff will review requisitions prior to paying invoices to ensure all Purchasing policies and procedures have been complied with including all relevant quotes are attached. Should there be any non-compliance, payment of the invoice will be placed on hold. An email will then be sent to both the Requisitioner and Approver seeking a valid reason ~~as to why~~ which will need to be confirmed by their Director. Once this has been received payment will be processed;

Goods receipt amounts will be matched to ~~S~~supplier's invoice and processed for payment in line with their terms set up in Authority Creditor Master. Any variance greater than 10% or \$2,000 will be referred back to the Requisitioner;

- Purchase orders will be reviewed six monthly to ensure all obsolete orders are expedited.

### a. 2.3Emergency Orders

~~Emergency Orders are only relevant to the following situations:~~

~~Where "Emergency" is defined as an actual or impending event that:~~

- ~~• may cause injury or loss of life;~~
- ~~• may potentially result in destruction of property;~~
- ~~• causes loss or disruption to the Shire's stakeholders or core function; and~~



- ~~will seriously impair the reputation of the Shire in the local and wider community.~~

~~Emergency orders can only be processed outside the procurement process when any of the above events is likely to occur.~~

~~In such cases, the requisitioner will initially make a purchase commitment with a third party without following all the processes in this procedure. The OLR requisition is to be raised on the system as soon as possible following the initial commitment when the requisitioner has access to the respective systems controlling procurement (OLR and Authority).~~

#### **~~b. 2.4 Standing Orders~~**

~~These are commitments made against a particular supplier for goods or services that are regularly procured over a specified period, usually one financial calendar year. Items will be 'called off' at the officer's discretion and the full value of the commitment is restricted to the amounts in the approved budget.~~

#### **~~c. 2.5 Alternate Approvers~~**

~~In the event of known prolonged absence (annual or sick leave in excess of three days), the officer whose authority is to be delegated, and the alternate officer to whom delegations is to be made, must be notified to the Payroll Officer with sufficient time to undertake the necessary hierarchical and permissions maintenance.~~

### **~~2. Responsibilities of Authorised Officers~~**

#### **~~3.1 Budget Provisions~~**

~~Officers cannot issue orders for any item unless the budget makes provision for that expenditure.~~

~~If there's no budget allowance, then the expenditure would be unauthorised. If the matter, the subject of the order, is required, then Council must first approve it.~~

~~If in doubt, obtain a ruling from your Director or the Manager Finance Services.~~

#### **~~3.2 Placing of Orders~~**

~~OLR requisitions resulting in system generated purchase orders are to be raised for all goods and services purchased other than purchase card transactions, petty cash purchases, water, electricity or telephone usage invoices and cheque requests.~~

~~Authorised Officers shall order all goods and services in accordance with Shire's Quotation Procedure (FI-04 – Quotations for Purchase of Goods and Services), and only using the OLR system.~~

~~Where the value of goods or services to be purchased exceeds One Hundred Thousand Dollars (\$100,000), the Local Government Tender Regulations require the Local Government Council to formally advertise tenders for supply.~~

~~Authorised Officers generating a Purchase Order from an authorised OLR requisition must ensure that a proper description of the goods and services being ordered is written on the order. In cases where goods and services are ordered from the annual tenders approved by Council or from a successful quotation received in accordance with the Quotation Procedure, the originator of the Purchase Order form will indicate on the form the words “**As per Tender No.....**” or “**As per Quotation No.....or date**” as appropriate.~~

~~Where, due to unforeseen circumstances, an exact price cannot be obtained and there is no annual tender or quotation available, the Officer originating the requisition will have to assess the costing of the goods or services to be ordered and place an estimated upper limit with the words “**Not to exceed \$.....**”.~~

~~The system-generated Purchase Order will be faxed, handed, mailed or emailed to the supplier.~~

### ~~3.3~~ **Planning Approval**

~~It is the responsibility of the Officer originating a Purchase Order to verify that when they are dealing with a business with an address within the Local Government boundaries, that the business has received planning approval to operate.~~

### ~~3.4~~

### **Payment of Creditor Invoices**

~~When an invoice is received from the supplier, (sometimes delivered with the goods, though mainly received by mail), it is matched with the Purchase Order Receipt. If no order number is quoted on the invoice, it is to be returned to the supplier. If the details do not match, further follow up is made with the requisitioner or supplier to determine the reason for the variance. This is to be documented/authorised as per Authority limitations. The invoice and other sundry documents such as delivery notes, etc are stapled together, and returned to the Accounts Payable section and retained until archived.~~

~~Any utility invoice or fees demanded from government or related bodies are to be processed as non OLR commitments, with the required form completed in order to effect and authorise payment.~~

~~Any unmatched invoices accepted by the requisitioner after follow up with the supplier are to be authorised within specified authority limits.~~

## **Cross**

### **References to other Associated Procedures**

#### **Reference documents and other associated procedures**

~~4.1 Signing of Cheques — Signing of Cheques/Approving Electronic Funds Transfers Procedure — FI-05.~~

~~4.2 Quotations for Purchase of Goods and Services — Quotations for Purchase of Goods and Services Procedure — FI-04.[Admin-31](#).~~

<b>This procedure was approved by:</b> <b>Paul O'Connor</b> <b>Director Corporate Services</b>
--

<b>Date:</b> <a href="#">May 2017</a>
---------------------------------------

## **Attachment 10**

### **Report 8.3**

**8 pages**

## Shire of Mundaring

# PROCEDURE

### QUOTATIONS FOR PURCHASE OF GOODS AND SERVICES

Procedure Ref: Admin-31

Originating Date:	29 March 1994	Date:	
Originating Officer:	Manager Finance Services	Date:	
Reviewed by:	<u>Annually Manager Finance and Governance</u>	Date:	<u>21 Oct 2009</u> <u>May 2017</u>
Approved By:	Director Corporate Services		
Responsible Officer:	Director Corporate Services		
Policy Reference:	<u>AS-04 Purchasing Policy</u>		

#### PURPOSE

To set guidelines~~this procedure is~~ applicable ~~prior for to officers~~ ordering goods and services ~~for all areas~~.

#### PROCEDURE

~~For the purchase of goods and services, the following thresholds and procedures are to be followed:~~

#### PURCHASING THRESHOLDS

All purchases shall be made through a competitive process, either using the Shire's procurement process or purchasing from a tender exempt organisation that has been established using a competitive public process such as WALGA's Preferred Supply Contracts or a State Government Common Use Agreement (CUA).

Where a tender exempt arrangement is in place, the Shire must seek multiple quotations from Preferred Suppliers to ensure best value for money.

The following table prescribes the purchasing methodology to be selected based on the value of the purchase, exclusive of GST.

<u>Purchase Value (exclusive of GST)</u>	<u>Method to be Used</u>
<u>Up to \$3000</u>	<p><u>Obtain <b>at least one verbal quotation.</b></u></p> <p><u>Written notes detailing the verbal quotation must be:</u></p> <ul style="list-style-type: none"> <li><u>recorded in the records system</u></li> <li><u>attached to the requisition order.</u></li> </ul> <p><u>Alternative suppliers are encouraged to be used to ensure best value for money and adequate market share.</u></p>
<u>\$3001 to \$10,000</u>	<p><u>Obtain at least <b>two written quotations</b> containing price and specification or technical description of proposed purchase.</u></p> <p><u>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of Policy AS-04.</u></p> <p><u>Records must be kept of:</u></p> <ul style="list-style-type: none"> <li><u>the invitation to quote sent to each supplier</u></li> <li><u>the evaluation of each quotation</u></li> <li><u>the decision to accept a quotation and the reason(s) why.</u></li> </ul> <p><u>Written quotes must be:</u></p> <ul style="list-style-type: none"> <li><u>Scanned and recorded in the records system</u></li> <li><u>attached to the requisition order.</u></li> </ul>
<u>\$10,001 to \$75,000</u>	<p><u>Obtain at least <b>three written quotations</b> containing price and specification or technical description of proposed purchase.</u></p> <p><u>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of Policy AS-04.</u></p> <p><u>Records must be kept of:</u></p> <ul style="list-style-type: none"> <li><u>the invitation to quote sent to each supplier</u></li> <li><u>the evaluation of each quotation</u></li> <li><u>the decision to accept a quotation and the reason(s) why.</u></li> </ul>

	<p><u>Written quotes must be:</u></p> <ul style="list-style-type: none"> <li>• <u>Scanned and recorded in the records system</u></li> <li>• <u>attached to the requisition order.</u></li> </ul>
<u>\$75,001 to \$149,999</u>	<p><u>Undertake a formal Request for Quotations (RFQ) seeking a minimum of three RFQ respondents one being a local supplier where available containing price and specification or technical description of proposed purchase.</u></p> <p><u>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of Policy AS-04.</u></p> <p><u>Records must be kept of:</u></p> <ul style="list-style-type: none"> <li>• <u>the invitation to quote sent to each supplier</u></li> <li>• <u>the evaluation of each quotation</u></li> <li>• <u>the decision to accept a quotation and the reason(s) why.</u></li> </ul> <p><u>Written quotes must be:</u></p> <ul style="list-style-type: none"> <li>• <u>Scanned and recorded in the records system</u></li> <li>• <u>attached to the requisition order.</u></li> </ul>
<u>\$150,000 and above</u>	<p><u>Conduct a <b>public Request for Tender (RFT)</b> process in accordance with the provisions of the <i>Local Government Act 1995</i> (the Act), the <i>Local Government (Functions and General) Regulations 1996</i> (the Regulations) and the Code of Conduct;</u></p> <p><u>Refer to the Shire of Mundaring Tender Guidelines for detailed guidelines.</u></p> <p><u>State-wide advertising must include the local newspapers;</u> <u>or</u> <u>purchase from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA). See Part 4 of Policy AS-04, there is still a requirement to undertake a formal Request for Quotations (RFQ) seeking a minimum of three RFQ respondents containing price and specification or technical description of proposed purchase.</u></p> <p><u><b>The Shire of Mundaring Tender Guidelines are an integral part of Policy AS-04.</b></u></p>

## Principles

For the purchase of goods and services, the following procedures are to be followed and record keeping requirements must be maintained in accordance with record keeping policies:

### 1.1 Verbal quotations for purchases up to \$3000

It is recommended to use professional discretion and regularly undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.

The general principles for obtaining verbal quotations are:

- ensure that the requirement / specification is clearly understood by the employee seeking the verbal quotation(s)
- ensure that the requirement is clearly, accurately and consistently communicated to each of the suppliers being invited to quote
- written notes detailing each verbal quotation must be recorded.

The Shire can still access a tender exempt contract for these types of purchases.

### 1.2 Written quotations for purchases over \$3,001 and up to \$10,000

The general principles for obtaining written quotations are:

- ensure that the requirement / specification is clearly understood by the employee seeking the quotation(s)
- an appropriately detailed email should communicate requirement(s) in a clear concise and logical fashion including time frame for quote responses should be assessed for compliance, suitability and then value for money
- respondents should be advised in writing (email) as soon as possible after the final determination is made and approved.

The responsible officer is expected to demonstrate due diligence seeking quotes and to comply with any record keeping and audit requirements.

The Shire can still access a tender exempt contract for these types of purchases.

### 1.3 Written quotations for purchases over \$10,001

The general principles for obtaining written quotations are:

- An appropriately detailed specification should communicate requirement(s) in a clear concise and logical fashion
- The Request for Quotation (RFQ) should include as a minimum:
  - Written specification
  - Selection criteria to be applied



- Price schedule
- Conditions of response
- Validity period of the offer
- Invitations to quote should be issued simultaneously to ensure that all parties receive an equal opportunity to respond
- Offer to all prospective suppliers at the same time any new information that is likely to change the requirements
- Responses should be assessed for compliance, then against the selection criteria, and then value for money and all evaluations documented
- Respondents should be advised in writing as soon as possible after the final determination is made and approved.

The responsible officer is expected to demonstrate due diligence seeking quotes and to comply with any record keeping and audit requirements.

The Shire can still access a tender exempt contract for these types of purchases.

#### **1.4 Public Request for Tender (RFT)**

For the procurement of goods or services where the value exceeds \$150,000, the shire is required under s. 3.57 of the Act and Regulation 11(1) of the Regulations to publicly invite tenders or purchase from a tender exempt contract.

Please refer to the Shire of Mundaring Tender Guidelines for guidance with tender processes.

#### **Due diligence**

The responsible employee is expected to demonstrate due diligence in seeking quotations and may determine that the process outlined for higher transaction value may be appropriate to a purchase despite it being of a lower value. Commonly a sufficient number of quotes would be sought according to the type and nature of purchase, not purely its value. The value dictates the minimum requirements for the purchase. In addition it is recommended to use professional discretion and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.

#### **Non Compliance**

Where the above requirements cannot be met a detailed report or email is to be submitted to the relevant Director stating reason for non-compliance and seeking formal approval to proceed. Director's approval must be obtained prior to raising a purchase order and attached to the requisition.

#### **~~1. Up to but not exceeding \$5,000 for all goods and services:~~**

- ~~• source of purchase to be at the officer's discretion after consideration of value for money and sustainability principles;~~

- ~~• the supplier shall be provided with a completed order form, and~~
- ~~• purchasing card may be used where appropriate.~~

**~~2. From \$5,000 to \$19,999 for all goods and services:~~**

- ~~• one written quotation is required after consideration of value for money and sustainability principles; or~~
- ~~• one verbal quotation, where the preferred supplier has been appointed under a Registration of Interest process and fixed rates have been supplied;~~
- ~~• sufficient information has been provided to the supplier to ensure that the quotation is sufficient for the performance of the task; and~~
- ~~• the successful supplier shall be advised in writing and be subject to any specific terms and conditions.~~

**~~3. From \$20,000 to \$99,999 for all goods and/or services:~~**

- ~~• three written quotations are required;~~
- ~~• written specifications shall be prepared to ensure that all parties are quoting on exactly the same product or service;~~
- ~~• a written summary note containing details of quotations received and reasons for selecting the successful supplier shall be attached to the payment requisition request;~~
- ~~• unsuccessful suppliers shall be advised in writing; and~~
- ~~• the successful supplier shall be advised in writing and be subject to any specific terms and conditions.~~

**~~4. \$100,000 and above for goods and/or services:~~**

- ~~• A public tender process as required by the *Local Government Act 1995* and *Local Government (Functions and General) Regulations 1996*.~~
- ~~• Written specifications shall be prepared to ensure that all parties are quoting on exactly the same product or service.~~
- ~~• Unsuccessful suppliers shall be advised in writing.~~
- ~~• The successful supplier shall be advised in writing and be subject to any specific terms and conditions.~~

~~Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases under the \$100,000 threshold (excluding GST). If a decision is made to seek~~

~~public tenders for contracts of less than \$100,000, a Request for Tender process that entails all the procedures for tendering must be followed in full.~~

#### ~~Variation to Points 1—4~~

- ~~(a) For goods or services for which there is only one source of supply; or~~
- ~~(b) for goods or services where it is impracticable to obtain more than one quotation;~~

~~the documentation shall be presented to the relevant Director for approval before an order is issued.~~

### ~~5. Local Purchasing~~

~~When issuing a contract for the execution of work or the purchasing of goods and services, they are to be awarded on the following basis providing they are competitive in regard to specification, service, delivery and price:~~

- ~~i) Those organisations substantially trading from a recognised business address in the District;~~
- ~~ii) those organisations substantially trading from a recognised business address in the Eastern Metropolitan Region. (Local Governments of Swan, Bassendean, Bayswater, Belmont and Kalamunda); and~~
- ~~iii) Western Australian Companies and Australian-made products.~~

### ~~6. General Conditions~~

- ~~a) In deciding on the successful supplier, due consideration should be given to:
  - ~~i) meeting the quality and standard of requirements of the quote; and~~
  - ~~ii) price.~~~~
- ~~b) When requesting a quotation, it is to be made clear that only their original quote will be considered. Under no circumstances are officers to engage in “bartering” activities playing one supplier off with another in order to gain the best price.~~

### ~~7. Cross references to other associated Procedures~~

~~7.1 Ordering of Goods and Services — FI-03~~

~~7.2 Signing of Cheques — FI-05~~

**This procedure was approved by:  
Paul O'Connor  
Director Corporate Services**

**Date:** ~~21 October 2009~~ May  
2017

## 8.4 Review of Policy AS-03 – Appointment of Acting Chief Executive Officer

---

<b>File Code</b>	OR.OPP 1
<b>Author</b>	Danielle Courtin, Governance Coordinator
<b>Senior Employee</b>	Paul O'Connor, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil

---

### SUMMARY

As part of the review of all policies, OPs and procedures Policy AS-03 – Appointment of Acting Chief Executive Officer – has been reviewed and is presented to the Audit and Risk Committee for consideration.

### BACKGROUND

Policy AS-03 was last reviewed in May 2007 and has now been the subject of an in-depth review.

Reference is made to delegation CE-119 – Appointment of Acting CEO, through which Council provides authority to the Chief Executive Officer to appoint an Acting CEO in accordance with Policy AS-03.

### STATUTORY / LEGAL IMPLICATIONS

In accordance with Section 2.7(2)(b) of the *Local Government Act 1995* it is the role of Council to determine the Local Government's policies.

### POLICY IMPLICATIONS

Nil

### FINANCIAL IMPLICATIONS

Nil

### STRATEGIC IMPLICATIONS

Mundaring 2016 Strategic Community Plan:

Priority 1: Governance

Objective 2: Transparent, responsive and engaged processes for Shire decision making.

Strategy 1.2.1: Increase transparency and responsiveness of Shire administration processes.

### SUSTAINABILITY IMPLICATIONS

Nil

## RISK IMPLICATIONS

Up to date policies encourage good governance, ensuring transparency, accountability, effectiveness and efficiency.

## EXTERNAL CONSULTATION

Nil

## COMMENT

This policy was last reviewed in 2007, therefore a thorough review was warranted.

The following changes are proposed:

1. A concise and simple version of the policy is proposed, as a lot of information included in the current version is operational and/or covered by the *Local Government Act 1995*.
2. Title to be changed to "Acting Chief Executive Officer".

**ATTACHMENT 11** is a tracked changes version, and **ATTACHMENT 12** is the proposed final version.

## VOTING REQUIREMENT

Simple majority

## RECOMMENDATION

That Council adopts the reviewed Policy AS-03 – Acting Chief Executive Officer (**ATTACHMENT 12**).

### COMMITTEE RECOMMENDATION MOTION

**ARC4.05.17**

Moved by: Cr Brennan      Seconded by: Cr Lavell

*That Council adopts the reviewed Policy AS-03 – Acting Chief Executive Officer as amended (**Amended ATTACHMENT 12**) including an additional point 4 as follows:*

4. *The CEO is to advise the Shire President of any appointments made under this policy arrangement.*

### CARRIED 6/0

**For:** Cr Bertola, Cr Brennan, Cr Jeans, Ms Stewart, Cr Lavell, Cr Perks

**Against:** Nil

**Next Report**

## **Attachment 11**

### **Report 8.4**

**3 pages**

## Shire of Mundaring

# POLICY

### **APPOINTMENT OF ACTING CHIEF EXECUTIVE OFFICER**

Policy Ref: AS-03

<b>Committee Rec:</b>	PROC6.04.07	<b>Date:</b> 12 Apr 2007
<b>Adopted:</b>	C2.05.07	<b>Date:</b> 22 May 2007
<b>Amended by:</b>		<b>Date:</b>
<b>Reviewed:</b>	Once per Electoral Cycle	<b>Date:</b> xx Nov 2016
<b>Procedure Ref:</b>	N/a	<b>Delegation Ref:</b> CE-119
<b>Statute Ref:</b>	Local Government Act 1995 – s. 5.36	
<b>Local Law Ref:</b>	n/a	

#### Purpose

To ~~allow the proper guide the~~ appointment of an Acting Chief Executive Officer in the absence of the Chief Executive Officer ~~during leave absences due to annual, long service or extended sick leave.~~

#### Definitions

**CEO** means the Chief Executive Officer of the Shire of Mundaring

**“annual leave”** means annual, ~~long service or personal~~ leave in excess of ~~five~~ 5 working days;

~~“long service leave” means long service leave in excess of 5 days;~~

~~“extended sick leave” means sick leave in excess of 5 working days;~~

~~“council” means the Council of the Shire of Mundaring;~~

~~“local government” means the Shire of Mundaring; and~~

**“senior employee”** means an employee or a person belonging to a class of employee designated as ‘senior employee’ by the local government within the terms of s 5.37 of the *Local Government Act 1995* (‘the Act’).

#### BACKGROUND

~~Section 5.36 of the Local Government Act 1995 (the Act) requires that a local government is to employ a person to be the CEO of the local government.~~

~~There are special constraints under s5.36(2) of the Act which apply to the employment of a person as CEO, and it is considered those provisions apply also to the appointment of a person as Acting CEO where the appointment is made directly by resolution of the council, and where the person is not an existing employee of the local government who will perform the role of Acting CEO while employed under the employee’s existing Contract of Employment. This Policy does not purport to deal~~



~~with the employment of a person who is not an existing employee of the local government directly by resolution of the Council.~~

~~The intent of this Policy is to deal with the appointment of an existing senior employee of the local government to perform the role of Acting CEO during the temporary absence of the existing CEO on extended sick leave; annual leave or long service leave.~~

~~If an existing employee of the local government is required to perform the role of Acting CEO, this can be achieved by:~~

- ~~1. resolution of the council on each occasion; or~~
- ~~2. the CEO under delegated authority from the council; or~~
- ~~3. the CEO by virtue of his/her authority under s 5.41 and s 5.44 of the Act, but an employee exercising the authorities so delegated to him/her would not be able to exercise the CEO's power of delegation.~~

~~It is intended that this Policy will operate in the area covered by 2 above, where the council delegates authority to the CEO to appoint an existing senior employee as Acting CEO, in which case the senior employee so appointed as Acting CEO would be able to exercise the CEO's power of delegation.~~

## ~~Policy~~

- ~~1. It is intended that the Directors of Infrastructure Services, Corporate Services, Statutory Services and Community Services (senior employees) will carry out the role of Acting CEO during periods of absence of the CEO due to annual or extended sick leave, and that they will do so on a rotational basis of periods of 6 months commencing from the adoption of this Policy, with the first rotation ending 30 September 2007.~~
- ~~2. It is intended that a senior employee will only be appointed as Acting CEO under the terms of this Policy if:~~
  - ~~i) the employee has performed the duties of his/her substantive position for a period of 12 months;~~
  - ~~ii) in the opinion of the CEO the employee has satisfactorily performed his/her duties over the previous 12 months;~~
  - ~~iii) in the opinion of the CEO and the employee, the employee has the capacity to perform the duties of Acting CEO along with his/her current duties satisfactorily; and~~
  - ~~iv) this Policy does not apply to an employee who is temporarily acting in the role of a Director.~~
- ~~3. It is the intent of this Policy that the council will resolve to delegate to the CEO the power to appoint senior employees as Acting CEO in the circumstances contemplated by this Policy.~~
- ~~4. The CEO is to ensure that future contracts for senior employees reflect the terms and the intentions of this Policy.~~

## Policy

1. In accordance with the requirements of the *Local Government Act 1995*, section 5.36(2)(a), the Council has determined that the persons appointed as the permanent incumbent to the position of a Director are suitably qualified to perform the role of Acting Chief Executive Officer.
2. Directors will be appointed to the role of Acting Chief Executive Officer at the discretion of the CEO, subject to performance and dependent on availability and operational requirements. Generally, Directors will be appointed to the position on a rotational basis.
3. Appointment to the role of Acting Chief Executive Officer shall be made in writing for a defined period that does not exceed three months. A Council resolution is required for periods exceeding three months.

***Amended Attachment 12***

***Report 8.4***

***1 page***

## Shire of Mundaring

# POLICY

### ACTING CHIEF EXECUTIVE OFFICER

Policy Ref: AS-03

**Adopted:** C2.05.07 **Date:** 22 May 2007  
**Reviewed:** Once per Electoral Cycle **Date:** Feb 2017  
**Policy Ref:** OR-16 Designated Senior Employees **Delegation Ref:** CE-119  
**Statute Ref:** Local Government Act 1995 – s. 5.36  
**Local Law Ref:** n/a

#### Purpose

To allow the proper appointment of an Acting Chief Executive Officer in the absence of the Chief Executive Officer during leave absences.

#### Definitions

**CEO** means the Chief Executive Officer of the Shire of Mundaring

**Director** means the employee permanently appointed to the position of Director Corporate Services, Director Strategic and Community Services, Director Infrastructure Services or Director Statutory Services.

**leave** means annual, long service or personal leave in excess of five working days

~~**senior employee** means an employee or a person belonging to a class of employee designated as 'senior employee' by the local government within the terms of s 5.37 of the Local Government Act 1995 ('the Act').~~

#### Policy

1. In accordance with the requirements of the *Local Government Act 1995*, section 5.36(2)(a), the Council has determined that the persons appointed as the permanent incumbent to the position of a Director are suitably qualified to perform the role of Acting Chief Executive Officer.
2. Directors will be appointed to the role of Acting Chief Executive Officer at the discretion of the CEO, subject to performance and dependent on availability and operational requirements. Generally, Directors will be appointed to the position on a rotational basis.
3. Appointment to the role of Acting Chief Executive Officer shall be made in writing for a defined period that does not exceed three months. A Council resolution is required for periods exceeding three months.

**9.0 ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**10.0 URGENT BUSINESS (LATE REPORTS)**

*Nil*

**11.0 CONFIDENTIAL REPORTS**

Nil

**12.0 CLOSING PROCEDURES**

**12.1 Date, Time and Place of the Next Meeting**

The next meeting will be held on Tuesday, 15 August 2017 at 5.30pm in the Committee Room.

**12.2 Closure of the Meeting**

*The Presiding Person declared the meeting closed at 6.04pm.*