

Audit & Risk Committee

Section 7.1A of the *Local Government Act 1995*

Committee Function: Regulation 16 of the Local Government (Audit) Regulations 1996

8 April 2021

MINUTES

To: The Members of the Audit & Risk Committee

Here within the Minutes of the Audit & Risk Committee of the Shire of Toodyay held on the abovementioned date in the Council Chambers at the Shire of Toodyay, 15 Fiennes Street, Toodyay.

Suzie Haslehurst
CHIEF EXECUTIVE OFFICER

Membership Composition	
Council Representation - Primary	Cr Ruthven, Cr Hart, Cr Madacsi and Cr Pearce
Council Representation - Deputy	Cr Bell and Cr Chitty
Community Representation	H McDonald-Appleby and J Robertson



Preface

When the CEO approves these Minutes for distribution they are in essence "Unconfirmed" until the following Audit & Risk Committee Meeting, where the Minutes will be confirmed subject to any amendments.

The "Confirmed" Minutes are then signed off by the Presiding Person.

Attachments that formed part of the Agenda, in addition to those tabled at the Meeting are incorporated into a separate attachment to these Minutes.

Unconfirmed Minutes


These minutes were approved for distribution on 9 April 2021.



Suzie Haslehurst
CHIEF EXECUTIVE OFFICER

Confirmed Minutes

These minutes were confirmed at a meeting held on10-6-2021.....

Signed: 

Note: The Presiding Member at the meeting at which the minutes were confirmed is the person who signs above.



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ATTACHMENTS with separate index follows Item 10.



1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

Cr Ruthven, Chairperson, declared the meeting open at 2.04pm.

2. RECORDS OF ATTENDANCE / APOLOGIES

Members

Cr Ruthven	Council Member (PM/Chairperson)
Cr Madacsi	Council Member (DPM/Deputy Chair)
Cr Hart	Council Member
Cr Pearce	Council Member
Ms H McDonald-Appleby	Community Member

Staff

Ms S Haslehurst	Chief Executive Officer
Mrs C Luangala	Manager Corporate Services
Mrs M Rebane	Executive Assistant

Visitors

Nil.

Apologies

Ms J Robertson	Community Member
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3. DISCLOSURE OF INTERESTS

The Chairperson advised that no disclosures of interest in the form of a written notice had been received prior to the commencement of the meeting.

4. CONFIRMATION OF MINUTES

4.1 Minutes of Meeting held on 4 March 2021.

OFFICER'S RECOMMENDATION/ARC RES. NO. 07/04/21

MOVED Cr Madacsi

That the Unconfirmed Minutes of the Audit & Risk Committee Meeting held on 4 March 2021 be confirmed.

MOTION CARRIED 5/0

5. INFORMATION ADDITIONAL TO THE AGENDA

5.1 Review of Audit & Risk Committee Status Report

This was reviewed.

6. BUSINESS LEFT OVER FROM PREVIOUS MEETING (if adjourned)

Nil.

7. OFFICER REPORTS

7.1 Policy F.3 – Purchasing Policy

Date of Report:	26 March 2021
Applicant or Proponent:	Shire of Toodyay
File Reference:	COC2
Author:	C Luangala – Manager Corporate and Community Services
Responsible Officer:	S Haslehurst– Chief Executive Officer
Previously Before Council:	N/A
Author's Disclosure of Interest:	Nil
Council's Role in the matter:	Executive
Attachments	1. Policy F.3

PURPOSE OF THE REPORT

To consider the revised F.3 Purchasing Policy for recommendation to Council.

BACKGROUND

At the Audit & Risk Committee held on 4 March 2021 the Committee had recommended that the F.3 Purchasing Policy be presented to Council as amended.

At the Agenda Briefing held on 16 March 2021 three amendments had yet to be made to the Purchasing Policy, noted as follows:

- *On page 105 at the first dot point “the word “an” replace the words “a more”*
- *On page 111 under the Heading 6.8 Opening of Tenders the word “the” be removed before the word “either”*
- *The sentence to read “Tenders are to be opened in the presence of either the CEO, or Manager Corporate and Community Services, or Manager Planning & Development, or the Manager Assets and Services and at least one other Shire Officer.”*

These amendments have been made to the document.

COMMENTS AND DETAILS

Council resolved at their Council Meeting on 23 March 2021 as follows:

That Council defers adopting the revised F.3 - Purchasing Policy as amended until a copy of the recent amendments to the policy have been brought to Council at the April 2021 Ordinary Council Meeting.

The Audit Committee is being presented with this policy to have one final review before presenting to Council at the April 2021 Council Meeting.

OFFICER'S RECOMMENDATION/ARC RES. NO. 08/04/21

MOVED Cr Madacsi

SECONDED Cr Hart

The Audit & Risk Committee recommends the following to Council:

That Council adopts the revised F.3 – Purchasing Policy as amended with the following amendments:

- Page 1 – First dot point – remove the words “a more” and replace with the word “an”;
- Page 1 – Second dot point – remove the word “internal”;
- Page 5 – Remove the word “will” and replace with the word “may” and remove the words “whenever possible”; and
- Page 15 – Add the word “continuously” before the words “improve review processes”.

MOTION CARRIED 4/1

In accordance with Section 5.21(4)(b) of the Local Government Act 1995, Cr Madacsi requested that the vote of all members present be recorded. Councillors Madacsi, Hart, Ruthven, Pearce voted for the motion. H McDonald Appleby voted against the motion as she had declared an impartiality interest in the matter.

7.2 Internal Audit / Assurance Cycles Plan

Date of Report:	24 March 2021
Applicant or Proponent:	Shire of Toodyay
File Reference:	COC2
Author:	C Luangala – Manager Corporate & Community Services
Responsible Officer:	S Haslehurst – Chief Executive Officer
Previously Before Council:	25 February 2020 OCM,
Disclosure of Interest:	Nil
Council's Role in the matter:	Executive
Attachments:	<ol style="list-style-type: none"> 1. Integrity in Procurement Plan; 2. Extract of February 2021 OCM minutes; and 3. DRAFT 10-year Assurance Cycles Plan.

PURPOSE OF THE REPORT

To consider a recommendation to Council in relation to a DRAFT 10-year Assurance Cycles Plan, as attached.

BACKGROUND

A key finding of the Audit Concluding Memorandum for the year ended 30 June 2020 was as follows:

Tender process not followed.

Finding - Our sample testing of payment transactions noted the Shire had utilised the Department of Fire and Emergency Services (DFES) Approved Contractor List purportedly under the State Government Common Use Agreement (CUA) to contract fire mitigation services.

Whilst the use of CUA framework as established and specifically managed by the Department of Finance (DoF) is exempted from tendering process, it appears this contractual framework may not necessarily apply to the DFES Approved Contractor List based on management's subsequent consultation with Western Australia Local Government Association (WALGA).

Consequently, the said services were contracted without going through the formal tendering process as required by Regulation 11 of the Local Government (Functions & General) Regulations 1996.

At the February 2021 Ordinary Council Meeting, Council resolved (Resolution NO. 33/02/21) as follows:

1. *Adopts the Integrity in Procurement Plan as attached as the Shire of Toodyay's response to the significant matter raised at the Audit of Financial Statements for the year ended 30 June 2020; and*
2. *Requests the Chief Executive Officer provide the report to the Minister in accordance with section 7.12A (4) of the Local Government Act 1995.*

An action item from the Integrity in Procurement Plan is as follows:

Third Line of Defence - ASSURANCE	Incident Response & Escalation	<ol style="list-style-type: none"> 1. Measure staff confidence and attitudes about its integrity, including confidence in speaking up about policy/ legislation breaches, misconduct and integrity matters. 2. Implement independent internal audit or other additional assurance.
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The intended outcome of this meeting is for the Audit and Risk Committee to develop an Assurance Cycles Plan for an assurance/ internal audit cycles over a 10-year period and present this to Council for adoption.

Costs to undertake the projects in the DRAFT Assurance Cycles Plan will be included in the annual budgets and Long-Term Financial Plan (LTFP). Further budget allocations may be required to implement recommendations from the assurance activities.

Some of the areas that could form the scope of Assurance Projects include the following:

- Conflict of Interest, Gifts, Benefits and Hospitality;
- Fraud, Corruption, Misconduct;
- Procurement;
- Contract Management;
- Records Management;
- Business Continuity;
- Human Resources;
- Information Management and Technology.

COMMENTS AND DETAILS

A recommended action of the adopted Integrity in Procurement Plan is improvements in the Third Line of Defence (Assurance) in relation to responding to or escalating incidents. This includes conducting staff training and implementing an independent internal audit or assurance process. The attached DRAFT 10-year Assurance Cycles Plan proposes areas of focus for such assurance activities as developed by the Audit & Risk Committee.

IMPLICATIONS TO CONSIDER

Consultative:

Consultation has occurred with the CEO and Managers.

Strategic:

A key factor in the Strategic Community Plan, Toodyay 2028 is Governance: The way the Shire leads and operates.

The strategic outcome is: *A Council that engages with the community and provides good governance on behalf of the community.*

S.1.1 states that the SCP will be used as the blueprint for Council Policy development and decisions.

Policy related:

F3 Purchasing, F16 Financial Governance, A19 Internal Control and A18 Risk Management policies may be relevant for this report. Please refer to the Audit and Risk Committee Charter, adopted by Council on 15 December 2020.

Financial:

If adopted by Council, a budget allocation will be included in Annual Budgets and the Long-Term Financial Plan to ensure sufficient resourcing is allocated for proposed Assurance activities.

Legal and Statutory:

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer to undertake Financial Management Reviews regularly (and not less than once in every three years).

Regulation 17 of the *Local Government (Audit) Regulations 1996* directs the Chief Executive Officer (CEO) to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management; internal control and legislative compliance at least once every 3 financial years and to report the results of the review to the Audit Committee.

Regulation 16 (a)(ii) of the *Local Government (Audit) Regulations 1996* states that the Audit Committee has functions to guide and assist the local government in carrying out its functions relating to other audits and other matters related to financial management.

Risk related:

Internal Audit is a risk mitigation strategy as it provides comfort and assurance around the risk and control environment in an organisation.

Workforce related:

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

The Audit Committee recommends the following to Council:

That Council adopts the DRAFT 10-year Assurance Cycles Plan, as attached.

Cr Pearce moved the Officer's Recommendation.

The Audit Committee recommends the following to Council:

That Council adopts the DRAFT 10-year Assurance Cycles Plan, as attached.

Clarification was sought.

Cr Madacsi moved an amendment to the motion as follows:

That the word "amended" replace the word "attached"

That the words "assessed annually" be included in the title of the Plan.

That other projects proposed in the Officer's Report be included in the Plan as follows:

Projects Proposed

Governance Review

Conflict of Interest, Gifts, Benefits and Hospitality;

Fraud, Corruption, Misconduct;

Records Management;

Information Management and Technology.

Procurement;

Contract Management;

Human Resources;

Business Continuity;

Other area to be determined

Timeline

Year 1 - FY21/22

Year 2 - FY22/23

Year 2 - FY22/23

Year 3 - FY23/24

Year 3 - FY23/24

Year 5 - FY25/26

Year 5 - FY25/26

Year 6 - FY26/27

Year 8 - FY28/29

Year 9 - FY29/30

Cr Pearce accepted the amendments to the motion.

Further clarification was sought.

The motion was put.

OFFICER’S RECOMMENDATION/ARC RES. NO. 09/04/21

MOVED Cr Pearce

The Audit & Risk Committee recommends the following to Council:

That Council adopts the DRAFT 10-year Assurance Cycles Plan, as amended.

That the words “assessed annually” be included in the title of the Plan.

That other projects proposed in the Officer’s Report be included in the Plan as follows:

<u>Projects Proposed</u>	<u>Timeline</u>
Governance Review	Year 1 - FY21/22
Conflict of Interest, Gifts, Benefits and Hospitality;	Year 2 - FY22/23
Fraud, Corruption, Misconduct;	Year 2 - FY22/23
Records Management;	Year 3 - FY23/24
Information Management and Technology.	Year 3 - FY23/24
Procurement;	Year 5 - FY25/26
Contract Management;	Year 5 - FY25/26
Human Resources;	Year 6 - FY26/27
Business Continuity;	Year 8 - FY28/29
Other area to be determined	Year 9 - FY29/30

MOTION CARRIED 5/0

8. OTHER BUSINESS / NEW BUSINESS OF AN URGENT NATURE

- CEO – Risk Management

Risk Dashboards refer to common risks found across local governments and what controls are in place.

It is intended to hold a workshop with staff and then the Audit and Risk Committee after which updates will be provided to the Audit and Risk Committee on a six-monthly basis. This was overtaken by a document that came out of the Reg. 17 review. There is not an up-to-date Risk Register in this organisation.

Intentions are to revisit the dashboard and look at what the risks are, where we are at managing the risks and ensuring that we make note of areas for improvement. Opportunity for continuous improvement.

Action: CEO will provide information to the Committee once progressed.

9. NEXT MEETING

The next Audit & Risk Committee Meeting is scheduled for 10 June 2021, commencing at 2.00pm.

10. CLOSURE OF MEETING

The Chairperson declared the meeting closed at 3.00pm.

Attachments to Minutes

Audit and Risk Committee

Thursday 8 April 2021

INFORMATION ADDITIONAL TO THE AGENDA

5.1 Updated Audit and Risk Committee Status Report	1
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REPORTS TO BE TABLED

7.1 F.3 Purchasing Policy	4
Attachment 1 – REVISED F.3 - Purchasing Policy	4
7.2 Internal Audit / Assurance Cycles Plan	20
Attachment 1 – Integrity in Procurement Plan;	20
Attachment 2 – Extract of February 2021 OCM minutes; and	21
Attachment 3 – DRAFT 10-year Assurance Cycles Plan	26

ARC STATUS REPORT
Audit & Risk Committee

Supporting Officer
Manager Corporate & Community Services



Meeting Date	Purpose	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary / Comments made
08/04/2021	7.2 Internal Audit / Assurance Cycles Plan	<p>That Council adopts the DRAFT 10-year Assurance Cycles Plan, as amended.</p> <p>That the words “assessed annually” be included in the title of the Plan.</p> <p>That other projects proposed in the Officer’s Report be included in the Plan as follows:</p> <p><u>Projects Proposed</u></p> <p>Governance Review</p> <p>Conflict of Interest, Gifts, Benefits and Fraud, Corruption, Misconduct;</p> <p>Records Management;</p> <p>Information Management and Technology Procurement;</p> <p>Contract Management;</p> <p>Human Resources;</p> <p>Business Continuity;</p> <p>Other area to be determined</p>				
08/04/2021	7.1 Policy F.3 – Purchasing Policy	<p>The Audit Committee recommends the following to Council:</p> <p>That Council adopts the revised F.3 – Purchasing Policy as amended with the following amendments:</p>				

ARC STATUS REPORT
Audit & Risk Committee

Supporting Officer
 Manager Corporate & Community Services



Meeting Date	Purpose	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary / Comments made
		<ul style="list-style-type: none"> Page 1 – First dot point – remove the words “a more” and replace with the word “an”; Page 1 – Second dot point – remove the word “internal”; Page 5 – Remove the word “will” and replace with the word “may” and remove the words “whenever possible”; and Page 15 – Add the word “continuously” before the words “improve review processes”. 				
04/03/2021	7.2 F.3 Purchasing Policy	That Council adopts the revised F.3 - Purchasing Policy as amended.	16/03/2021	Council	t.b.a.	Council Resolution No. 71/03/21: That Council defers adopting the revised F.3 - Purchasing Policy as amended until a copy of the recent amendments to the policy have been brought to Council at the April 2021 Ordinary Council Meeting.

ARC STATUS REPORT
Audit & Risk Committee

Supporting Officer
Manager Corporate & Community Services



Meeting Date	Purpose	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary / Comments made
04/03/2021	Cr Ruthven – Risks and Compliance	The Audit & Risk Committee has identified risks associated with the lack of full participation of all Elected Members as defined in the Act.	ASAP	Shire President		These identified risks will be raised by the Shire President at the next Concept Forum.

F.3 Purchasing Policy

Introduction

This policy is intended to provide clear direction to staff when carrying out the purchasing of goods and services for the Shire of Toodyay and to ensure that purchasing is undertaken in an efficient, effective, economical and sustainable manner.

Application

This Policy applies to all employees at the Shire of Toodyay and it is a requirement that all employees adhere to this Policy. Breaches of this Policy may result in disciplinary action.

This Policy:

- Provides the Shire of Toodyay with ~~an~~more effective way of purchasing goods and services.
- Ensures that purchasing transactions are carried out in a fair and equitable manner.
- Strengthens integrity and confidence in the purchasing system.
- Ensures that the Shire of Toodyay receives value for money in its purchasing.
- Ensures that the Shire of Toodyay considers the environmental impact of the ~~procurement~~procurement.
- Ensures the Shire of Toodyay is compliant with all regulatory obligations.
- Promotes effective governance and definition of roles and responsibilities.
- Ensures that the Shire of Toodyay considers the environmental impact of the procurement process across the life cycle of goods and;
- Provides for guidelines for preferential purchasing agreements with organisations which are regional.
- Upholds respect from the public and industry for the Shire of Toodyay's purchasing practices that withstand probity.

Policy Intent

- To provide compliance with the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996*.
- To deliver a best practice approach and procedures to ~~internal~~ purchasing for the Shire of Toodyay.
- To ensure consistency for all purchasing activities that integrates within all Shire of Toodyay operational areas.
- To allow for preferential treatment for Toodyay businesses who wish to do business with Council.

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- To maximise potential expenditure from Council to the community and businesses located within the Shire of Toodyay.
- To ensure the future sustainability of the Shire of Toodyay and its community.

1. Ethics and Integrity

All officers and employees of the Shire of Toodyay shall observe the highest standards of ethics and integrity in undertaking purchasing activities and act in an honest and professional manner that supports the standing of the Shire of Toodyay.

[The Shire has adopted a Statement of Business Ethics that outlines what the Shire expects from suppliers and what suppliers can expect from the Shire.](#)

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:

- (a) Full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money;
- (b) All purchasing practices shall comply with relevant legislation, regulation and requirements consistent with the Shire of Toodyay policies, [Statement of Business Ethics](#) and ~~its~~ Code of Conduct;
- (c) Purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently;
- (d) All processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements;
- (e) Any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed;
- (f) Any information provided to the Shire of Toodyay by a supplier shall be treated as commercial-in-confidence and shall not be released unless authorised but the supplier or relevant legislation; and
- (g) Where appropriate the Shire will consider environmental and social impacts along with value for money outcomes when making purchasing decisions.

2. Value for Money

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire of Toodyay. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing and service benchmarks.

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

- (a) All relevant whole-of-life costs and benefits, whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs, such as, but not limited to, holding costs, consumables, deployment, maintenance and disposal.

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- (b) The technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality;
- (c) Financial viability and capacity to supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- (d) A strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive ~~quotation~~quotations wherever practicable.

Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

3. Purchasing Thresholds

Where the value of procurement (excluding GST) for the value of the contract over the full contract period (including options to extend) is, or is expected to be:

AMOUNT OF PURCHASE	POLICY
Up to \$10,000	Direct purchase from suppliers.
\$10,001 - \$49,999	Obtain at least two written quotations.
\$50,000 - \$2449,999	Obtain at least three written quotations containing price and specification of goods and services (with procurement decision based on all value for money considerations). Formal Request for Quotation (RFQ) documents are to be issued by Business Units and a record of the details of written quotations received is to be made in accordance with the Purchasing Policy.
\$2450,000 and above	Conduct a public tender process or apply Regulation 11(2) of the <i>Local Government (Functions and General) Regulations 1996</i> .

Up to \$10,000

Where the value of procurement of goods or services does not exceed \$10,000 direct purchase from the supplier may be made. However, it is recommended to use professional discretion and occasionally undertake market testing to ensure best value is maintained. This instance should only apply for a single, simple purchase where the cost of seeking competitive quotes would be unreasonable on a cost to benefit analysis basis (e.g.e.g.: purchasing library books or minor catering supplies).

Record keeping requirements must be maintained in accordance with record keeping policies.

\$10,001 - \$49,999

This category is for the procurement of goods or services where the value of such procurement ranges between \$10,001 and \$49,999.

At least two written quotations are required. Where this is not practical e.g.: due to limited suppliers, it must be noted through records relating to the process. This purchasing method is suitable where the purchase is in a known market or is relatively small and low risk.

\$50,000 to \$249,999

For the procurement of goods or services where the value exceeds \$50,000 but is less than \$249,999, it is required to obtain at least three written quotes.

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

Formal Request for Quotation (RFQ) documents are to be issued by the responsible officer and a record of the details of written quotations received is to be made. Record keeping requirements must be maintained in accordance with record keeping policies. For procurement of goods and services in this range, the selection should not be based on price alone, and it is required to consider some of the qualitative factors such as quality, stock availability, accreditation, time for completion or delivery, warranty conditions, technology, maintenance requirements, the organisation's capability, previous relevant experience and any other relevant factors as part of the assessment of the quotes.

NOTES: The general principles relating to written quotations in this category are:

- (a) An appropriately detailed specification should communicate requirement(s) in a clear, concise and logical fashion.
- (b) The request for written quotation may include:
 - (i) Written Specification;
 - (ii) Selection Criteria to be applied;
 - (iii) Price Schedule;
 - (iv) Conditions of responding;
 - (v) Validity period of offer.
- (c) Invitations to quote should be issued simultaneously to ensure that all parties receive an equal opportunity to respond.
- (d) Offer to all prospective suppliers at the same time any new information that is likely to change the requirements.
- (e) Responses should be assessed to compliance, then against the section criteria, and then value for money and all evaluations documented.
- (f) Respondents should be advised in writing as soon as possible after the final determination is made and approved.

4. WALGA Preferred Suppliers

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Officers ~~may~~ will utilise the WALGA Preferred Supplier list ~~whenever possible~~ to ensure that all purchasing is carried out in a cost effective and time efficient manner that provides maximum benefit to the Council.

5. Ordering Thresholds

The following Officers are authorised to ~~sign~~ approve purchase orders, contract extensions after a contract is finalised and variations on behalf of the Council within the limits stated provided such proposed purchases are contained within the ~~Budget and are~~ Budget, are within the officer's area of activity, adhere to the purchasing threshold provisions in section 3 of this policy and subject to delegation ES1.

Title	Maximum
Chief Executive Officer	As delegated by Council
Manager Planning & Development	\$75,000
Manager Community Development	\$75,000
Manager Corporate <u>& Community</u> Services	\$75,000
Manager Assets <u>Works</u> & Services	\$75,000
Works Supervisors <u>& Engineering Technical Officer</u>	\$25,000
Senior Building Surveyor	\$25,000
Community Emergency Services Manager (emergency purposes only)	\$5,000

All orders raised are to have the following items included:

- (a) The name of the provider of goods or services;
- (b) The details of the goods or services being provided;
- (c) The total value of the order being raised;
- (d) The account or job number being utilised for the expenditure;
- (e) The name of the person requesting the order; and
- (f) The name and signature of the person authorising the order.

6. Regulatory Compliance

6.1 Tender Exemption

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In the following instances, public ~~tenderstenders'~~ procedures are not required (regardless of the value of expenditure):

- (a) An emergency situation as referred to in Section 11(2)(a) of the Local Government (Functions and General) Regulations 1996;
- (b) The purchase is under a contract of WALGA (Preferred Supplier Arrangements), Department of Treasury and Finance (permitted Common Use Arrangements), Regional Council, or another Local Government;
- (c) The purchase is under auction which has been authorised by Council;
- (d) The contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- (e) Any of the other exclusions under Regulation 11(2) of the Local Government (Functions and General) Regulations 1996 that apply.

6.2 Sole Source of Supply (Monopoly Suppliers)

The procurement of goods and/or services available from only one private sector source of supply (i.e.: manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply. Every endeavour to find alternative sources must be made. Written confirmation of this must be kept on file for later audit.

Note: The application of the provision "sole source of supply" should only occur in limited cases and procurement experience indicates that generally no more than one supplier is able to provide the requirements.

6.3 Anti-Avoidance

The Shire of Toodyay shall not enter two or more contracts of a similar nature for the purpose of splitting the value of the contracts to take the value of consideration below an amount with the intention of avoiding the need to publicly tender or meet the standards of set thresholds.

6.4 Tender Criteria

The Shire of Toodyay shall, before tenders are publicly invited, determine the criteria for deciding which tender should be accepted.

An evaluation panel will may be established prior to the advertising of a tender and include a mix of skills and experience relevant to the nature of the purchase.

6.5 Advertising Tenders

Tenders are to be advertised in a Sstate-wide publication as a minimum and in local media where possible. The tender must remain open for at least fourteen days after the date the tender is advertised. Care must be taken to ensure that fourteen full days are provided as a minimum.

The notice must include:

- (a) A brief description of the goods or services required;

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- (b) Information as to where and how tenders may be submitted;
- (c) The date and time after which tenders cannot be submitted;
- (d) Particulars identifying a person from whom more detailed information as to tendering may be obtained;
- (e) Detailed information shall include:
 - (i) Such information as the Shire of Toodyay decides should be disclosed to those interested in submitting a tender;
 - (ii) Detailed specifications of the goods or services required;
 - (iii) The criteria for deciding which tender should be accepted;
 - (iv) Whether or not the Shire of Toodyay has decided to submit a tender; and
 - (v) Whether or not tenders can be submitted by facsimile or other electronic means, and if so, how tender may be submitted.

6.6 Issuing Tender Documentation

Tenders will not be made available (counter, mail, internet, referral or other means) without a robust process to ensure the recording of details of all parties who acquire the documentation.

This is essential as if clarifications, addendums or further communication is required prior to the close of tenders, all potential tenderers must have equal access to this information in order for the Shire of Toodyay not to compromise its Duty to be fair.

6.7 Tender Deadline

A tender that is not received in full in the required format by the advertised Tender Deadline shall be rejected.

6.8 Opening of Tenders

No tenders are to be removed from the tender box, or opened (read or evaluated) prior to the Tender Deadline.

Tenders are to be opened in the presence of either the CEO, Manager Corporate and Community Services, Manager Planning & Development, ~~Manager Community Development~~ or the Manager Works-Assets & Services and at least one other Council Officer. The details of all tenders received and opened shall be recorded in the Tenders Register.

Tenders are to be opened in accordance with the advertised time and place.

There is no obligation to disclose or record tendered prices at the tender opening and price information may be regarded as commercial-in-confidence to the Shire of Toodyay. Members of the public are entitled to be present.

The Tenderer's Offer form, Price Schedule and other appropriate pages from each tender shall be printed, date stamped and initialled by at least two Shire Officers present at the opening of tenders.

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6.9 No Tender Received

Where the Shire of Toodyay has invited tenders and no compliant submissions have been received, direct purchases can be arranged on the basis of the following:

- (a) A sufficient number of quotations are obtained;
- (b) The process follows the guidelines for seeking quotations between \$50,000 and \$2149,999 (listed above);
- (c) The specification for goods and/or services remains unchanged;
- (d) Purchasing is arranged within six months of the closing date of the lapsed tender; and
- (e) Council Approval

6.10 Tender Evaluation

Tenders that have not been rejected by the evaluation panel shall be assessed by means of a written evaluation against the pre-determined criteria to determine which tender is most advantageous.

~~6.11 Addendum to Tender~~

~~If, after the tender has been publicly advertised, any changes, variations or adjustments to the tender document and/or the conditions of tender are required, the Shire of Toodyay may vary the initial information by taking reasonable steps to give each person who has sought copies of the tender documents notice of the variation.~~

6.12 Addendum to Tender

If, after the tender has been publicly advertised, any changes, variations or adjustments to the tender document and/or the conditions of tender are required, the Shire of Toodyay may vary the initial information by taking reasonable steps to give each person who has sought copies of the tender documents notice of the variation.

6.13 Minor Variation

If after the tender has been publicly advertised and a successful tenderer has been chosen but before the Shire of Toodyay and tenderer have entered into a Contract, a minor variation may be made by the Shire of Toodyay.

A minor variation will not alter the nature of the goods and/or services procured, nor will it materially alter the specification or structure provided for by the initial tender.

6.14 Notification of Outcome

Each tenderer shall be notified of the outcome of the tender by the Chief Executive Officer (under Delegated Authority) or following Council resolution within 21 days. Notification shall include:

- (a) The name of the successful tenderer.
- (b) The total value of consideration of the winning offer or schedule of rates.

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The details and total value of consideration for the winning offer must also be entered into the Tenders Register at the conclusion of the tender process. If no tender was accepted it must be advertised "that no tenders were accepted."

7. Records Management

All records associated with the tender process or a direct purchase process must be recorded and retained.

For a tender process this includes:

- (a) Tender documentation;
- (b) Internal documentation;
- (c) Evaluation documentation;
- (d) Enquiry and response documentation; and
- (e) Notification and award documentation.

For a direct purchasing process this includes:

- (a) Quotation documentation;
- (b) Internal documentation; and
- (c) Order forms and requisitions.

Record retention shall be in accordance with the minimum requirements of the *State Records Act 2000*, and the Shire of Toodyay's internal records management procedures.

8. Regional Price Preference Effect on Purchasing Thresholds Tenders

A supplier of goods or services who submits a tender/quotation is regarded as being a local tenderer if:

- (a) The supplier has a physical business premises (in the form of an office, depot, shop, outlet, headquarters or other premises where goods or services are being supplied from), located within the Shire. This does not exclude suppliers whose registered business is located outside the Shire but undertake the business from premises located in the Shire;
- (b) A business having permanent staff that are based at the business premises located within the Shire;
- (c) Management or delivery of the majority of the outcomes will be carried out from the business premises located in the shire; and
- (d) In order for the policy to apply, the supplier is required to provide to the Shire sufficient evidence which demonstrates compliance with the above criteria.

Regional* Preference will be provided to tenderers by assessing the tender from that Shire of Toodyay tenderer as if the price bids were reduced by:

Part 1

- (a) 10% - where the contract is for goods or services, up to a maximum price reduction of \$50,000.
- (b) 5% - where the contract is for construction (building) services, up to a maximum price reduction of \$25,000.

Part 2

Although goods or services that form a part of a tender submitted by a Shire of Toodyay tenderer (who is a regional tenderer by virtue of the Local Government (Functions & General) Regulations 1996, regulation 24B(2)(b)) may be:

- (a) Wholly supplied from regional sources; or
- (b) Partly supplied from regional sources, and partly supplied ~~from~~, non-regional sources,

Only those goods or services identified in the tender as being from regional sources may be included in the discounted calculations that form part of the assessments of a tender when a regional price preference policy is in operation.

9. Panels of Pre-Qualified Suppliers

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

- (a) The Shire of Toodyay determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- (b) There are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- (c) The purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- (d) The Panel will streamline and continuously improve procurement processes; and
- (e) The Shire of Toodyay 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.

9.1 Establishing a Panel

Should the Shire of Toodyay 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 years and for a maximum length of four years. ~~time deemed appropriate by the Shire of Toodyay.~~

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 of Toodyay will endeavour to appoint at least three suppliers to each category, on the basis that best value for money is demonstrated. Where less than three 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 of Toodyay must state the expected number of suppliers it intends to put on the panel.

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

9.2 Distributing Work amongst Panel Members

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

- (a) Obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases; or
- (b) Purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or
- (c) Develop a ranking system for selection to the Panel, with work awarded.

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,

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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 of Toodyay may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds of this Policy. When a ranking system is established, the Panel must not operate for a period exceeding twelve months.

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

9.3 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 made through eQuotes, or any other electronic quotation facility.

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.

For the creation of a Panel, this includes:

- (a) The Procurement initiation document such as a procurement business case which justifies the need for a Panel to be created;
- (b) Procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel;
- (c) Request for Applications documentation;
- (d) Copy of public advertisement inviting applications;
- (e) Copies of applications received;
- (f) Evaluation documentation, including clarifications sought;
- (g) Negotiation documents such as negotiation plans and negotiation logs;
- (h) Approval of award documentation;
- (i) All correspondence to applicants notifying of the establishment and composition of the Panel such as award letters;
- (j) Contract Management Plans which describes how the contract will be managed; and

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(k) Copies of framework agreements entered into with pre-qualified suppliers. The Shire of Toodyay 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 of Toodyay.

10. Risk

Purchase and procurement is to take into consideration a risk assessment of the product or service to ensure potential hazards are identified and mitigation strategies determined, before the product or service is introduced into the workplace.

The Shire of Toodyay must utilise the following industry experts for advice on procurement matters:

- WALGA
- Department of Local Government, Sport and Cultural Industries
- Professional services such as legal experts and auditors

11. Environmental Purchasing

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

- (a) Preference is to be given to the purchase of products that are recycled and/or contain recycled material with a recyclable content of more than 20% (recycled materials being defined as post-consumer material, domestic material and post-consumer industrial material as defined by Australian Standard AS 1986) from Australian waste provided:
- (i) The product is suitable for the purpose intended;
 - (ii) The quality of the product is equivalent to its new material counterpart; and
 - (iii) The cost is comparable to its new material counterpart or not more than 5% greater including any other printing costs.
- (b) Preference is to be given to goods or services that aim to minimise impacts on the environment.
- (c) Purchase of electrical equipment should be Energy Star compliant. The highest star rating should be sought within the designated price range with a minimum rating of four required. Higher star ratings may be afforded a 5% allowance when comparing pricing with lesser rated products.
- (d) Purchase of water using appliances should be AAA rated. Higher rated appliances may be afforded a 5% allowance when comparing pricing with lesser rated products.

Where the Shire intends to procure goods and services, the following considerations should be given:

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- (a) The selection of vehicles featuring the highest fuel efficiency available based on the required vehicle type and within the designated price range;
- (b) The use of renewable energy and technologies for new buildings and refurbishments whenever possible;
- (c) Demonstrated environmental best practice in energy efficiency and/or consumption which can be demonstrated through suitable rating systems and eco-labelling;
- (d) Demonstrated environmental best practice in water efficiency;
- (e) Products that can be refurbished, reused, recycled or reclaimed shall be given priority, and those that are designed for ease of recycling, re-manufacture or otherwise to minimise waste;
- (f) Products that are environmentally sound in manufacture, use and disposal;
- (g) Products that are made using minimal amounts of raw materials from an unsustainable resource; and
- (h) Products that are free of toxic or polluting materials and that consume minimal energy during the production stage.

12. Contract Extensions and Variations

Contract variations are amendments to a contract that change the original terms or conditions. Variations are usually used to alter the scope of the supply or services provided or to change pricing. Where a contract variation to provide goods and services that is inconsistent with the scope of the original contract, or significantly alters the scope of the original contract, a separate procurement process would be required. Contracts could be extended only if the terms of the original contract included extension options and should be subject to a documented performance assessment.

The Shire of Toodyay will:

- a) provide include comprehensive guidance to staff on recording of contract information and management of contract extensions and variations, so that better practices are consistently applied across the organisation;
- b) maintain a register of contracts to help effectively manage contract extensions and variations. The register should be reviewed annually, to identify contracts that are due to expire, so that appropriate action starts well before the contract expiry date;
- c) ensure the register of contracts includes all key information relating to contracts. The level of information should be based on an assessment of the significance, number and complexity of contractual arrangements;
- d) ensure that records of key decisions are retained in accordance with recordkeeping plans and are readily available;
- e) continuously improve review processes relating to contract extensions, including timely and documented reviews of contractor performance before exercising contract extension options;
- f) ensure that contract variations are supported by adequate documentation describing the nature and reasons for the variations, including the associated cost, time and scope implications. The cumulative impact of variations on a contract should also be reviewed and an assessment made of whether a separate procurement process should be undertaken;

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g) ensure that all contract extensions and variations are approved in accordance with approved delegations, to ensure that all contracting decisions are subject to appropriate levels of scrutiny.

Regional* applies to local government areas neighbouring the Shire of Toodyay.

Reference Information

Related Documents [Shire of Toodyay Delegation Register](#)
Related Legislation *Local Government Act 1995 (WA)*
 Local Government (Functions and General) Regulations 1996
 Records Management Act 2000

Associated Forms and Attachments

Document Control Information

Document Category	Finance
Document Title	Purchasing Policy
Document ID	
Version No.	
Archived and Previous Version	
Access Restrictions	
Author (position title)	Manager Corporate and Community Services
Approved By	Chief Executive Officer
Date of Approval (OCM)	
Date of Last Review	Amended Council Meeting 15 November 2007 Reviewed Council Meeting 21 May 2009 Amended Council Meeting 13 May 2010 Amended Council Meeting 18 September 2012 Amended Council Meeting 22 July 2014 Amended Council Meeting 22 November 2016 Amended Council Meeting 22 January 2019
Date of Next Review	

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	Identification & Assessment	Organisational culture / codes of conduct	Delegations of authority		
		People Management	Procurement	Financial Integrity	Governance
First Line of Defence - PEOPLE & PRACTICES	Management & Controls	1. Undertake mandatory training for all staff in the requirements of the organisation Code of Conduct and values.	1. Provide specific training to Councillors and staff working in high risk roles (e.g. finance, procurement, integrity) in relation to purchasing policy, fraud and corruption, accountability requirements and reporting suspected misconduct.	1. The CEO, Senior Employees and Councillors foster and model behaviours that reflect the organisational values, performance expectations, and a positive integrity culture.	1. Deliver Accountable and Ethical Decision Making (AEDM) training (or equivalent) and refresher training to staff, volunteers and elected members. 2. Have integrity as a standing agenda item for its leadership team to provide a forum to interrogate data, and identify and respond to emerging trends.
Second Line of Defence - OVERSIGHT	Monitor & Review	1. Develop a clear escalation and reporting process ensures effective and responsive reporting and investigations are initiated when there is a suspected breach in integrity / purchasing policy. 2. Use staff performance processes to discuss and reinforce its values and conduct expectations.	1. Develop and implement a Statement of Business Ethics. 2. Develop and implement a procedure to ensure the Statement of Business Ethics is reviewed at least every 4 years.	1. Develop a clear and documented process to assess potential misconduct that guides decision making about when to notify the Public Sector Commission and Corruption and Crime Commission of minor misconduct and serious misconduct (respectively), using their online reporting tools. 2. Undertake risk assessments which include non-compliance with legislation, fraud, corruption and misconduct risks in procurement.	1. Review regularly the integrity risk profile to ensure it is responsive to emerging risks and recommendations made by integrity bodies. 2. Review risk management policies and frameworks, including updating corporate risk registers. 3. Review and update Internal Control Policy.
Third Line of Defence - ASSURANCE	Incident Response & Escalation	1. Measure staff confidence and attitudes about its integrity, including confidence in speaking up about policy/ legislation breaches, misconduct and integrity matters. 2. Implement independent internal audit or other assurance.	1. Implement independent internal audit or other assurance.	1. Implement independent internal audit or other assurance.	1. Implement independent internal audit or additional other assurance. 2. Perform root-cause analysis into Inquiry findings on financial management.

10.2.5 Report on significant matters raised at the Audit of Financial Statements for the Year Ended 30 June 2020

Date of Report:	8 February 2021
Applicant or Proponent:	Shire of Toodyay
File Reference:	COC2
Author:	C Luangala – Manager Corporate & Community Services
Responsible Officer:	S Haslehurst – Chief Executive Officer
Previously Before Council:	15 December 2020 OCM
Disclosure of Interest:	Nil
Council's Role in the matter:	Executive
Attachments:	1. Integrity in Procurement Plan.

PURPOSE OF THE REPORT

To consider the adoption of the Integrity in Procurement Plan following the report on significant matters raised in the Audit of Financial Statements for the year ended 30 June 2020.

BACKGROUND

At the 15 December 2020 Ordinary Council Meeting (OCM) Council resolved (Res. No.358/12/20) that Council *receives the confidential report titled Audit Concluding Memorandum.*

At the same OCM Council also made another resolution (Res. No. 359/12/20) as follows:

That Council:

1. *Receives the Independent Auditor's Report to Councillors of the Shire of Toodyay; and*
2. *Receives the Management Report for the year ended 30 June 2020; and*
3. *Receives and accepts the Financial Report for the year ended 30 June 2020.*

In accordance with Section 7.12A (4) of the *Local Government Act 1995*, the Shire is required to submit a report to the Minister a report addressing any significant matters raised by the auditors within 3 months of receiving the audit report.

COMMENTS AND DETAILS

In the confidential Audit Concluding Memorandum, the auditors documented the following significant issue:

TENDER PROCESS NOT FOLLOWED –

Our sample testing of payment transactions noted the Shire had utilised the Department of Fire and Emergency Services (DFES) Approved Contractor List purportedly under the State Government Common Use Agreement (CUA) to contract fire mitigation services. Whilst the use of CUA framework as established and specifically managed by the Department of Finance (DoF) is exempted from tendering process, it appears this contractual framework may not necessarily apply to the DFES Approved Contractor List based on management's subsequent consultation with Western Australia Local Government Association (WALGA). Consequently, the said services were contracted without going through the formal tendering process as required by Local Government Functions & General Regulation 11.

Auditor's Recommendation was as follows:

The Shire should seek final confirmation from the Department of Local Government, Sport & Cultural Industries as to whether the use of the DFES Approved Contractor List is part of the State Government CUA framework and hence as an exemption from following the tender requirements. This will help to ensure proper compliance with the relevant legislative requirements in the future and the Shire receives maximum value for its money when goods/services are appropriately sourced.

Auditor's Conclusion was as follows:

As per the Department of Local Government, Sport and Cultural Industries' inquiry report issued on 14th October 2020, the Shire has breached Local Government (Functions and General) Regulation 11 as a result of not inviting tenders for the procurement of fire mitigation services.

In response to the above finding, the attached Integrity in Procurement Plan has been developed for Council's consideration.

The attached strategy has been developed based on the Public Sector Commission's Integrity Strategy for WA Public Authorities 2020 – 2023, which identifies the following key areas for improvement:

1. Plan and act to improve integrity - Effective governance systems and frameworks are established;
2. Model and embody a culture of integrity - A culture of integrity exists and is reinforced and communicated by leaders;
3. Learn and develop integrity knowledge and skills - Individual and authority integrity knowledge, skills and competence are grown;
4. Be accountable for integrity - Prevention, detection and response to integrity matters are everyone's personal and professional responsibilities.

The attached Integrity in Procurement Plan identifies proposed actions in the 3 tiers/ Lines of Defence for Risk Management:

- First Line of Defence - People & Practices.
- Second Line of Defence – Oversight.
- Third Line of Defence – Assurance (independent).

Implementation of the attached Plan has commenced, with Workplace Behaviours training (March 2021) for staff to be delivered by insurance providers LGIS.

The workshop for staff will cover:

- *Understanding the provisions of the legislative framework;*
- *Clarifying the required personal behaviours;*
- *Engaging with the Code of Conduct;*
- *Understanding Conflicts of Interest;*
- *Supporting positive workplace behaviours;*
- *Ensuring Confidentiality;*
- *Understand the rights and responsibilities of employers and staff in a Local government context;*
- *Formal and informal ways to address issues and grievances.*

Further training with the Public Sector Commission will be organised after adoption of the attached Plan.

IMPLICATIONS TO CONSIDER

Consultative:

Consultation has occurred with the CEO and Managers.

Strategic:

A key factor in the Strategic Community Plan, Toodyay 2028 is Governance: The way the Shire leads and operates. The strategic outcome is: *A Council that engages with the community and provides good governance on behalf of the community.*

Policy related:

Nil.

Financial:

The attached Plan is a mitigation strategy for financial risk, particularly, procurement risk. To fully implement the proposed plan, Council will need to allocate additional funds to undertake proposed activities. For example, the Third Line of Defence - Assurance will need to be undertaken by an independent consultant to ensure probity standards are met.

Legal and Statutory:

In accordance with section 7.12A (4) & (5) of the *Local Government Act 1995*,

(4) *A local government must —*

- (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.*

Risk related:

All recommendations included in the Plan and Reviewing and updating Finance policies are risk mitigation strategies.

Work related

Nil.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That Council:

1. Adopts the Integrity in Procurement Plan as attached as the Shire of Toodyay's response to the significant matter raised at the Audit of Financial Statements for the year ended 30 June 2020; and
2. Requests the Chief Executive Officer provide the report to the Minister in accordance with section 7.12A (4) of the *Local Government Act 1995*.

Cr Ruthven moved the Officer's Recommendation.

Clarification was sought.

Cr McKeown objected to the motion.

Cr Hart seconded the motion.

Debate commenced.

Further clarification was sought.

The motion was put.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION NO. 33/02/21

MOVED Cr Ruthven

SECONDED Cr Hart

That Council:

1. Adopts the Integrity in Procurement Plan as attached as the Shire of Toodyay's response to the significant matter raised at the Audit of Financial Statements for the year ended 30 June 2020; and

2. Requests the Chief Executive Officer provide the report to the Minister in accordance with section 7.12A (4) of the *Local Government Act 1995*.

MOTION CARRIED 7/1

In accordance with Section 5.21(4)(b) of the Local Government Act 1995, Cr Rayner requested that the vote of all members present be recorded. Councillors Hart, Bell, Chitty, Rayner, Pearce, Madacsi and Ruthven voted for the motion. Councillor McKeown voted against the motion.

DRAFT 10-year Assurance Cycles Plan
Assessed Annually

Projects to be actioned	Legislation Reference	Due Dates	Approximate Costs
Financial Management Systems and Procedures Review - At least once every 3 years, review the appropriateness and effectiveness of the systems and procedures established under FM Reg.5. CEO to report Review results to Council via the Audit Committee. Last completed (OCM decision date): 28/08/2018 Due by: 28/08/2021	FM.Reg.5 (2) (c)	Year 1 - FY21/22	\$30,000 and higher
Governance Review		Year 1 - FY21/22	\$25,000
Regulation 17 Review - Review the appropriateness and effectiveness of the Risk Management system, Legislative Compliance and Internal Controls and procedures at least once every 3 calendar years. CEO to report Review results to Council via the Audit Committee. Last completed (OCM decision date): August 2018 Due by: 28/08/2021	Audit.Reg.17	Year 1 - FY21/22	\$30,000 and higher
Conflict of Interest, Gifts, Benefits and Hospitality;		Year 2 - FY22/23	
Fraud, Corruption, Misconduct;		Year 2 - FY22/23	
Records Management;		Year 3 - FY23/24	
Information Management and Technology.		Year 3 - FY23/24	

DRAFT 10-year Assurance Cycles Plan
Assessed Annually

Projects to be actioned	Legislation Reference	Due Dates	Approximate Costs
Financial Management Systems and Procedures Review - At least once every 3 years, review the appropriateness and effectiveness of the systems and procedures established under FM Reg.5. CEO to report Review results to Council via the Audit Committee.	FM.Reg.5 (2) (c)	Year 4 - FY24/25	\$30,000 and higher
Regulation 17 Review - Review the appropriateness and effectiveness of the Risk Management system, Legislative Compliance and Internal Controls and procedures at least once every 3 calendar years. CEO to report Review results to Council via the Audit Committee.	Audit.Reg.17	Year 4 - FY24/25	\$30,000 and higher
Procurement;		Year 5 - FY25/26	
Contract Management;		Year 5 - FY25/26	
Human Resources;		Year 6 - FY26/27	
Financial Management Systems and Procedures Review - At least once every 3 years, review the appropriateness and effectiveness of the systems and procedures established under FM Reg.5. CEO to report Review results to Council via the Audit Committee.	FM.Reg.5 (2) (c)	Year 7 - FY27/28	\$30,000 and higher
Regulation 17 Review - Review the appropriateness and effectiveness of the Risk Management system, Legislative Compliance and Internal Controls and procedures at least once every 3 calendar years. CEO to report Review results to Council via the Audit Committee.	Audit.Reg.17	Year 7 - FY27/28	\$30,000 and higher
Business Continuity;		Year 8 - FY28/29	
Other area		Year 9 - FY29/30	

DRAFT 10-year Assurance Cycles Plan
Assessed Annually

Projects to be actioned	Legislation Reference	Due Dates	Approximate Costs
Financial Management Systems and Procedures Review - At least once every 3 years, review the appropriateness and effectiveness of the systems and procedures established under FM Reg.5. CEO to report Review results to Council via the Audit Committee.	FM.Reg.5 (2) (c)	Year 10 - FY30/31	
Regulation 17 Review - Review the appropriateness and effectiveness of the Risk Management system, Legislative Compliance and Internal Controls and procedures at least once every 3 calendar years. CEO to report Review results to Council via the Audit Committee.	Audit.Reg.17	Year 10 - FY30/31	

