



Meeting attachments

Audit and Risk

Management Committee

Wednesday 20 April 2022 5.30pm



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**Meeting attachments – Audit and Risk Management Committee
20 April 2022**

**ARMC2204-3 WALYALUP CIVIC CENTRE – PROJECT UPDATE
ATTACHMENT 1 – Risk Register Summary (April)**

ITEM	RISK / OPPORTUNITY EVENT	RISK / ISSUE	DATE RAISED	INITIAL RISK			INITIAL RISK (E/H/M/L)	MITIGATION STRATEGY	OWNER	RESPONSIBLE	TARGET DATE	STATUS	RESIDUAL RISK				FURTHER NOTES / OUTCOMES <small>(red text = updated from previous register)</small>	EVIDENCE
				Consequence (1,2,3,4,5)	Likelihood (1,2,3,4,5)	Assessment							Control Effectiveness (1,2,3,4,5)	Percentage Reduction	Assessment	Residual Risk Rating (E/H/M/L)		
MAY / JUNE 2021 - LIQUIDATION EVENT (LE) - Summary Level Only																		
BUILDING / PHYSICAL																		
1	Building (Unmanned) Security and protection	Site unmanaged - building and materials left unsecured	24-May-21	4	4	16	E	Increased security on site. Also added additional CCTV and requested daily site presence.	CoF	PD, PT	25-May-21	closed	1	80%	3.2	L	Normal site management / security arrangements implemented, includes motion detection and temp security cameras.	Ongoing site security precautions in place - process & procedures documented as part of the site management plan.
2	Work Stoppage	Works abruptly stopped / Contractors left site - uncertainty on ownership materials and equipment.	24-May-21	3	4	12	E	CoF actively engaged Lawyers and liaised with EY. CoF assessed progress documentation / materials paid for, outstanding / in transit and on site. City to take possession of site.	CoF	PD, PT	asap	closed	1	80%	2.4	L	CoF formally taken possession of site 21 May 21, new contractor CDI Group taken possession of site as of 19 July 21.	Works progressing.
3	Site Impacts / adjacent works	Site overlaps and interfaces with MG group - Newman Court / William St and High Street works - ongoing.	24-May-21	2	3	6	M	CoF liaised with MG and agreed work site boundaries and interim management arrangements.	CoF	PD, PT	25-May-21	closed	1	80%	1.2	L	Site boundaries defined and overlaps / control measures agreed / actively monitored by Project Team.	Updated Site Management Plan / project meeting minutes.
4	Contractors - work continuity	Key personnel and contractors left mid-works, project progress, detail and knowledge unavailable.	24-May-21	4	4	16	E	CoF actively engaged with the Pindan project team, all relevant documents collated from site - including contractor deeds / T&Cs, warranties and progress claims.	CoF	PD, PT	28-May-21	closed	1	80%	3.2	L	Key personnel secured / retained by CoF.	Project team on site - leading works.
5	Contractors - work continuity	Contractors move to other works - CoF unable to re-engage or face delays or cost increases / amended T&Cs.	24-May-21	4	4	16	E	CoF immediately employed the main Pindan project team, the team actively engaged with contractors and maintained dialogue. Follow up correspondence from the City and a meeting provided to provide assurance and CoF commitment to complete works.	CoF	PD, PT	15-Jun-21	closed	1	80%	3.2	L	All deeds / T&Cs, warranties log of claims secured.	All contractors re-engaged and active where remaining works.
6	Building open to weather damage	Building open with key elevations not complete - facade not installed.	25-May-21	4	5	20	E	Contractor Novation deeds passed to CoF and novation formally effected (15 June 21). Officers seek Council approval to engage project subcontractors as sole suppliers via novation deeds and individual agreements and tender for a Managing Contractor to progress the works asap. NOTE: Some early works commenced (as PUBLIC WORKS) to address immediate building risk.	CoF	PD, PT	31-Aug-21	closed	1	90%	2	L	Building now wind and weather tight.	Roofing finished, all key windows and facades installed and pressure tested.
HEALTH & SAFETY																		
7	OSH Management - daily	No immediate or interim site arrangements in place	24-May-21	4	4	16	E	Site unoccupied - interim management arrangements and security implemented until project team established and onsite with updated / agreed plan.	CoF	PD, OSH TL, PT	1-Nov-21	closed	1	80%	3.2	L	PC/Occupancy Certificate achieved - Building occupied.	Building Managed through FM, service leads and Operational Management plans.
8	Health & Safety Management Plan	No formal / adopted H&S Management in place	24-May-21	4	4	16	E	CoF and project Team reviewed the Pindan OSH management plan and updated / integrated with CoF requirements. Consultant site / plan review conducted, Worksafe inspection (routine) taken place - no issues or concerns raised. Documents reviewed by CoF OSH Team Leader.	CoF	PD, OSH TL, PT	16-Jun-21	closed	1	80%	3.2	L	see above.	Project OSH Management Plan.
FINANCIAL																		
9	Insurance	Works insurance covered as part of the Pindan contracted work. Cover cease at liquidation. Building uninsured.	24-May-21	5	4	20	E	Agreement reached with EY (via LGIS) that the existing insurance provisions shall remain in place until 30 June 21. CoF liaising with LGIS and brokers 'Chase' to establish appropriate new cover for the remainder of works in progress. FY 21/22.	CoF	PD, PT.	30-Jun-21	closed	1	90%	2	L	Project Works Cover / Building and 3rd party cover, works compensation in place.	Policies in place - CDI policies (copies) provided.
10	Project Bank Account (PBA)	Administrators (EY) frozen the PBA - CoF / Contractors access to funds and payments, retention monies and April payment pending.	24-May-21	4	3	12	E	CoF liaising with EY and CBA re lifting the suspension of the PBA. All contractors paid to date - March. Retention monies held in the PBA. April claim certified but not processed through the PBA for payment - only \$200 allocated to Pindan in the April claim. CoF to consider direct payment to contractors for April.	CoF	PD, PT.	31-Aug-21	closed	1	80%	2.4	L	PBA suspension lifted by EY. CoF now have access to main account and the retention account.	Accounts accessed and monitored.
11	Project Budgets / Contingencies	CoF budget remains against the contracted works (@ circa \$3.6m) remaining contingency available (@ circa \$500k). Unsure of actual cost to complete.	24-May-21	4	4	16	E	Project team reviewing works and costs to complete. Full cost review exercise underway. All cost implications to be held against the insurance bonds.	CoF	PD, PT.	1-Dec-22	ongoing	1	80%	3.2	L	Cost to complete actively monitored through project team QS and project Managers - Admin team dedicated to tracking costs and commitments (inc weekly review). Current estimated construction outturn cost @ \$46,807,128 (ex GST). NB. Bonds cashed @ \$3.6m.	TechnOne - WBS in place with WO's for specific post liquidation events. All costs/commitments and contractor payments tracked and certified. Remaining draw-down schedule produced - final accounts being collected and reviewed.
12	Bonds	Bond security, access and ability to draw - Bonds are in place for - performance @ 5% contract value, facade bonds @ \$1.6m for material supply. Other for significant materials / works (Lifts?)	24-May-21	4	3	12	E	CoF immediately moved to cash in all relevant insurance bonds to protect against works performance and materials.	CoF	PD, PT.	28-May-21	closed	1	80%	2.4	L	All bonds secured by the CoF 28-May-21	payment remittance received for all performance and Material (façade) bonds.
13	Increased Contractor costs	The hold in work activity and delays resulting from the LE may lead to contractors or suppliers applying additional charges (eg. storage or mobile-mob).	24-May-21	3	4	12	E	Active liaison with contractors ongoing. Novation deeds have secured - the majority of costs under existing Pindan T&Cs. (batch one contractors). Batch two are unsecured agreements - see below.	CoF	PD, PT.	1-Nov-21	closed	1	80%	2.4	L	The project team have secured all contractors to complete the contracted works (on original Pindan costs), continuity and price security.	TechnOne - New WBS in place with WO's for specific post liquidation events. All costs/commitments and contractor payments tracked and certified.
14	Increased Contractor costs	The LE with Pindan may break the existing contract / T&Cs with batch two subcontractors / suppliers - the CoF may face delays or revised costs from contractors with new terms.	24-May-21	3	3	9	H	Active liaison with contractors ongoing. Batch two areas are low risk - mainly supply and rates for agreed works.	CoF	PD, PT.	1-Nov-21	closed	1	80%	1.8	L	As above - all Batch 2 contractors are secured and active.	TechnOne - New WBS in place with WO's for specific post liquidation events. All costs/commitments and contractor payments tracked and certified.
15	NEW: COVID Supply chain delays, labour shortages.	Suppliers and contractors costs are increasing and works / delivery timeframes are increasing. This is putting pressure on works program and PC delivery.	13-Oct-21	2	3	6	M	Project team actively liaising with contractors and suppliers and rechecking programs / delivery lead times etc.	CoF	PD, PT.	1-Jul-22	ongoing	2	60%	2.4	L	Regular proactive liaison underway across all areas. Some delays are occurring for contractor availability for defect rectification. (minor items).	CDI Group Maintenance (and defects) system capturing all issues / potential outstanding works - retention/purchase held against completion of all works.
16	Prolongation Costs	The LE will prolong the works on site, this will lengthen consultant engagement and extend fees on a pro-rata basis.	24-May-21	3	4	12	E	The CoF have engaged with the relevant consultants re prolongation costs. These are agreed to be applied on a pro-rata basis but will reflect activity / work level fluctuations.	CoF	PD, PT.	1-Nov-21	closed	1	80%	2.4	L	Costs locked against PC - achieved November 2021.	TechnOne - New WBS in place with WO's for specific post liquidation events. All costs/commitments and contractor payments tracked and certified.
17	Tenancy delays	Disruption and delays may impact availability of tenancy space and / may jeopardise executing / attracting new tenants.	24-May-21	3	3	9	H	CoF are actively liaising with the prospective tenants. These areas of the building will be prioritised for clearing and access to minimise potential tenancy delay.	CoF	PD, PT.	1-Dec-22	ongoing	2	60%	3.6	L	Area 3 - CoF Visitor Centre - opened January 2022. Newman Court tenancies agreed - fit out staged in consultation with tenants. Other areas under negotiation/seeking proposals. (Separate fit-out budget for tenancies).	No additional project costs or provisions (relating to LE) included.
RESOURCING																		
18	CoF Staff availability	CoF staff and internal workforce planning had not anticipated active delivery involvement in the project beyond August 21.	24-May-21	2	3	6	M	Infrastructure Managers have reviewed workload and updated their respective workforce planning (and FY works programming).	CoF	PD, PT.	1-Nov-21	closed	1	80%	1.2	L	Construction works complete - defects managed through FM.	Defects logged and managed through FM and CDI procure' system.
19	Project Team / knowledge and experience	Loss of the site project team (Pindan) will create a significant void in project knowledge and contractor relationship management / continuity. Significant risks, costs and delays inevitable.	24-May-21	4	5	20	E	CoF to immediately move to engage the key Pindan site project team. Risks remains in terms of staff retention - construction market running very hot - numerous approaches for staff occurring.	CoF	PD, PT.	1-Nov-21	closed	1	80%	1	L	Construction works complete - project team finished.	FM team now manage the building (in-house).
20	Consultant Support (Lead Architect and Specialists)	Consultants have not forecast active delivery involvement beyond July 21 - resourcing and availability could be a challenge.	24-May-21	2	3	6	M	CoF liaised with all consultants on availability / resourcing going forward.	CoF	PD, PT.	8-Jun-21	closed	1	80%	1.2	L	resource availability confirmed.	Consultants active and engaged.
REPUTATIONAL / COMMUNICATIONS																		
21	Community concern and or negative publicity over LE especially potential cost blow-outs and delays.	The halt in works could extend or become more damaging, the could increase costs and management risk.	24-May-21	3	4	12	E	CoF commits team to provide status updates. Timing and link to key events important.	CoF	PD, PT.	1-Nov-21	closed	1	80%	2.4	L	Project updated via the Audit and Risk Committee. Building opening events have successfully taken place. Commis plan and updates to continue - ongoing activation program in place.	Updates and Reports.
22	CoF staffing - Morale	The delay (and any poor publicity) may have a negative impact on staff morale and change readiness.	24-May-21	2	3	6	M	Staff updates provided, Change champion tour arranged to highlight the advance stage of the internal works.	CoF	PD, PT.	1-Nov-21	closed	1	80%	1.2	L	Building occupied - cultural change activities remain through P&C.	COFI updates / staff feedback is very positive.
TIMING / PROGRAM																		
23	Agreed PC (contractually) was 12 March 2021. The revised program PC from Pindan (not accepted) was reset at 12 July 21 immediately prior to the LE.	The LE will create a delay in work program. This may become more significantly prolonged if certain actions and safeguards are not enacted quickly.	24-May-21	4	4	16	E	Risk mitigations and actions for the project team are focussed on minimising time delays. The engagement of the project team and the early Council approval for sole source supplier arrangements have significantly reduced the risk as it has allowed some works to progress, also the necessary works for weather protection are greatly assisting progress. New Managing Contractor onboard and driving quality and completion.	CoF	PD, PT.	22-Nov-21	closed	1	80%	3.2	L	PC / Occupancy achieved October 2021 Service offering / building opened 22 November.	Construction team meeting have stopped, Facilities Team Meeting continue from an operational perspective.
LEGACY / FUTURE ISSUES																		
24	Handover - Liabilities and warranties may be jeopardised as a result of the LE.	Contractors provide warranties for materials and services, this is a significant exposure as part of the handover process. There is a risk of loss of cover / warranty provision.	24-May-21	4	4	16	E	Warranties and insurances are mainly covered off through the provisions of the novation deeds. Contract arrangements (without novation deeds) - agreed to be included as part of the remaining works and payments.	CoF	PD, PT.	1-Nov-21	closed	1	80%	3.2	L	Contract arrangements (without novation deeds) inc all guarantees and warranties are established and agreed as included as part of the remaining works and payments. Operation & Maintenance (OM) Manuals are developed, and held by Facilities Management. A target budget allocation is to be retained and held in anticipation of any potential main building / issues / works / defects - via Pindan or self delivered, that are not covered by subcontractor works. Forecast against years 1-6.	Deeds and warranties. Operation & Maintenance (OM) Manuals.
25	Snagging process and commissioning / system balancing and BMS.	At PC the building will undergo an intensive snagging audit, there may be issues with allocation and coordinating returns and rectification. Similarly with commissioning if the are faults or performance issues.	24-May-21	3	3	9	H	Consultants have already been informed to prepare for the PC / snagging process - contractors identified where critical for PC. CDI Group have provided a dedicated process / system for snagging and fault rectifications - feeding future maintenance planning.	CoF	PD, PT.	1-Dec-21	closed	1	80%	1.8	L	Plant initiation and commissioning has been completed.	Commissioning and status reports.
26	Defects Liability Period, longer term defects.	Once the building reaches PC there is a 12 defects period and no main contractor to assess, coordinate / facilitate returns and rectification.	24-May-21	3	3	9	H	The contract for the MC includes provision to supervise DLP. The CDI Group have agreed a 12 month (DLP) maintenance support service as part of the contract.	CoF	PD, PT.	Nov 22	ongoing	1	80%	1.8	L	Budgets and retentions are retained to address the outstanding defects - CDI Group are supporting the FM through the closure process.	Contract Agreement, CDI - procure system.



ARMC2204-4 PURCHASING POLICY EXEMPTIONS JANUARY TO FEBRUARY 2022

ATTACHMENT 1 - Purchasing Policy Exemption Details January 2022 to February 2022

Approved Exemptions - January to February 2022

No.	Supplier	Reason for Exemption	Length of Contract	Value (ex GST)	Date Approved	Approving Authority
Artist Exemptions						
1	Grevious Bodily Calm	2 x50min sets of live performance for Sunday Music at FAC. 2pm-4pm	One-Off	\$ 2,200.00	20-Jan-22	Director Community Development
2	Tjarlirli Art	FAC is contracted by the Department of Local Government, Sport and Cultural Industries under a separate contract to deliver Revealed, with funding and that contract includes a budget allocation for the Creative Development. The payment to each Art Centre is calculated based on travel, accommodation, materials, tutor fees to run workshops at art centres. All costs are charged to the Revealed budget IP200804.	One-Off	\$7,000.00	22-Feb-22	Director Community Development



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No.	Supplier	Reason for Exemption	Length of Contract	Value (ex GST)	Date Approved	Approving Authority
3	Noura Kevorkian	Written essay for exhibition catalogue about the work of Fremantle artist Tania Ferrier, to be published to coincide with an exhibition in August 2022.	One-Off	\$1,500.00	22-Feb-22	Director Community Development
Subscription (excluding software)						
4	Royal Fremantle Golf Course	Grounds maintenance of Fremantle Public Golf Course in accordance with the Licence Agreement.	2 Years	\$ 96,000.00	12-Jan-22	Director Infrastructure
Sole Source of Supply						
5	Westshell Pty Ltd	Hire of the Tourist Wheel and tickets for the Perth Festival period (11 Feb - 6 March 2022) for the display of a major artwork by Sam Bloor as part of the exhibition Undertow.	1 Month	\$ 3,300.00	3-Feb-22	CEO
6	ESRI Australia Pty Ltd	Geospatial Mapping Software, ESRI, Workforce, CRM.	12 Months	\$ 49,950.00	3-Feb-22	CEO
7	Erth Visual & Physical Theatre Inc	Erth will be engaged to provide artists and artistic assets to work with Fremantle based creatives and the community. The company will also provide project design services.	3 Months	\$ 16,000.00	10-Feb-22	CEO

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No.	Supplier	Reason for Exemption	Length of Contract	Value (ex GST)	Date Approved	Approving Authority
8	IAS Fine Art Logistics Pty Ltd.	Storage of the City of Fremantle Art Collection including 25 cubic meters of works and objects for climate storage and 35.26 cubic metres of works and objects for non-climate storage.	6 Months	\$ 30,000.00	25-Feb-22	CEO

Total (ex GST) 205,950.00

Artist \$10,700.00

Subscription \$96,000.00

Sole Source \$99,250.00