



Minutes

Audit and Risk Management Committee

Wednesday, 16 June 2021, 5.30 pm

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Audit and Risk Management Committee

Minutes of the Audit and Risk Management Committee meeting
held in the City of Fremantle Administration Building at Fremantle Oval, 70 Parry
Street Fremantle
on **Wednesday, 16 June 2021** at 5.30 pm.

1. Official opening, welcome and acknowledgement

The Presiding Member declared the meeting open at 5:30 pm.

2. Attendance, apologies and leaves of absence

2.1. Attendance

Cr Andrew Sullivan	Deputy Mayor/South Ward
Cr Adin Lang	Presiding Member/City Ward
Cr Frank Mofflin	Deputy Presiding Member/Hilton Ward
Cr Hannah Fitzhardinge	Beaconsfield Ward
Cr Doug Thompson	North Ward
Cr Marija Vujcic	South Ward
Cr Jenny Archibald	East Ward
Cr Su Groome	East Ward (<i>arrived 6.02 pm</i>)
Mr Phillip Draber	External Advisor
Mr Glen Dougall	Acting Chief Executive Officer
Mr Matthew Hammond	Acting Director City Business
Mr Graham Tattersall	Walyalup Civic Centre Project Director
Mr David Janssens	Acting Director Infrastructure
Ms Emma Aiberti	Acting Manager Finance
Mr Craig Best	Manager Asset Management
Ms Charlie Clarke	Manager Governance
Ms Melody Foster	Executive Assistant
Ms Anne-Marie Bartlett	Meeting Support Officer

2.2. Apologies

Nil

2.3. Leave of absence

Nil

3. Disclosures of interests by members

Nil

4. Deputations

4.1 Special deputations

Nil

4.2 Presentations

Cr Su Groome entered the meeting at 6.02pm.

Representatives from the Auditor General's Office, Katie MacLachlan and Efthalia Samaras, were invited to discuss last year's financial statements and any issues the committee would like the auditor to look into this year. The Auditor gave an overview of the issues facing audits for local government in general and spoke to some areas of relevance for Fremantle.

Representative from Griffin Valuations, John Harvey, was invited to discuss their valuation methodology and answer any queries in relation to last year valuation changes. A list of valuation changes is included in the attachments for item ARMC2106-1.

5. Confirmation of minutes

COMMITTEE DECISION

Moved: Cr Adin Lang

Seconded: Cr Frank Mofflin

The Audit and Risk Management Committee confirm the minutes of the Audit and Risk Management Committee meeting dated 21 April 2021

Carried: 8/1

For

**Mayor Brad Pettitt, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge,
Cr Doug Thompson, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber**

Against

Cr Marija Vujcic

Cr Vujcic stated that she will continue to vote against the confirmation of minutes until electronic recordings of meetings become available to members of the public.

6. Elected member communication

Nil

7. Reports and recommendations

ARMC2106-1 CITY OF FREMANTLE VALUATION OUTCOMES JUNE 2020

Meeting date:	16 June 2021
Responsible officer:	Manager Finance
Decision making authority:	Council
Attachments:	<ol style="list-style-type: none">1. Valuation Movements Buildings June 20202. Valuation Movements Land June 20203. Valuation Movements Investment Property June 2020
Additional information:	Nil.

SUMMARY

To receive a report from Council valuers, Griffin Valuation, on the methodology and process for valuation and valuation movements for council land, buildings and investment property for the period ended 30 June 2020.

A representative from Griffin will be in attendance at the meeting to discuss the methodology with Committee and answer any queries committee members may have.

This report recommends that Council receive the verbal information provided by Griffin Valuations in relation to methodology for valuing City assets of land, building and investment property as at 30 June 2020.

BACKGROUND

As part of the Australian Accounting Standards entities are required to re-value their assets to market periodically. In the past this has occurred on a three year cycle in accordance with Local Government finance regulations.

At 30 June 2020, City assets in the area of land was reduced by \$54m from the 2017 values and buildings were increased by \$35m from their 2017 values. Investment property decreased by \$6m from their 2017 values.

FINANCIAL IMPLICATIONS

Nil

LEGAL IMPLICATIONS

Nil

CONSULTATION

Nil

OFFICER COMMENT

With the release of the audited financial statements for June, 2020, queries have been raised by various community and elected members as to the reasons for the changes to these valuations and whether there are any financial concerns as a result of these changes.

To assist elected members in better understanding the changes the City has invited a representative from Griffin Valuations to attend the committee meeting to discuss the various valuation changes and the methodology they used in determining the valuations for the period ended 30 June, 2020.

Schedules of the changes in each individual asset in each asset category (land, buildings, investment property) are attached to this agenda indicating where each of the changes have occurred to assist the committee in this discussion.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM ARMC2106-1 **(Amended officer's recommendation)**

Moved: Cr Adin Lang

Seconded: Mr Phillip Draber

Council:

- 1. Notes the list of changes to the City of Fremantle land, buildings and investment property assets as at 30 June 2020 attached with this agenda; and**
- 2. Receive the verbal and written presentation from Griffin Valuations in relation to the methodology used in undertaking the valuation assessment for the City's building, land and investment property assets as of 30 June 2020 and provided in the audited financial statements for the same period.**

Carried: 9/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge, Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber

ARMC2106-2 PURCHASING POLICY EXEMPTIONS FEBRUARY 2021 TO MAY 2021

Meeting date:	16 June 2021
Responsible officer:	Manager Finance
Decision making authority:	Council
Agenda attachments:	1. Purchasing Policy Exemption Details February 2021 to May 2021 (<i>confidential attachment under separate cover</i>)
Additional information:	Nil

SUMMARY

The purpose of this report is to inform Council of purchases made by the City that were exempt to the requirements of the Purchasing policy, during the period February 2021 to May 2021.

This report recommends that Council receive the Purchasing Policy Exemptions report for February 2021, March 2021, April 2021 and May 2021.

BACKGROUND

At the Ordinary Council Meeting of 25 November 2020, Council adopted a new purchasing policy. The policy contains a list of tender exemptions (exempt under Regulation 11(2) of the *Local Government (Functions and General) Regulations 1996*) and policy exemptions. Under this policy all exemptions used by the City are to be reported to the Audit and Risk Management committee.

FINANCIAL IMPLICATIONS

Nil

LEGAL IMPLICATIONS

Nil

CONSULTATION

Nil

OFFICER COMMENT

February 2021

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$25,620.00 for the month of February 2021.

The value of exemptions by category is:

Exemption Category	Value
Specialist Consultancy / Legal Advice and OEM Exemptions	\$20,000.00
Artist Exemptions	\$5,620.00
Total	\$25,620.00

Details regarding individual exemptions can be found in the confidential attachment.

The process for requesting Artist exemptions was amended to require exemptions before contracts or Purchase orders are awarded. This has resulted in artistic fees required for the Melbourne International Comedy Festival – Deadly Funny 2021 festival being agreed and paid for in advance. All costs were budgeted and approved at the 8 July 2020 special Council meeting.

March 2021

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$130,816.00 for the month of March 2021.

The value of exemptions by category is:

Exemption Category	Value
Specialist Consultancy / Legal Advice and OEM Exemptions	\$46,871.00
Artist Exemptions	\$83,945.00
Total	\$130,816.00

Details regarding individual exemptions can be found in the confidential attachment.

The process for requesting Artist exemptions was amended to require exemptions before contracts or Purchase orders are awarded. This has resulted in artistic fees required for the Fremantle Festival 2021:10 Nights in Port scheduled for July 2021 and the Revealed Festival of March / April 2021, being agreed and paid for in advance. All costs were budgeted and approved at the 8 July 2020 special Council meeting. Costs for the Revealed Festival are 100% grant funded.

April 2021

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$112,470.00 for the month of April 2021.

The value of exemptions by category is:

Exemption Category	Value
Sole Source Exemptions	\$62,370.00
Artist Exemptions	\$50,100.00
Total	\$112,470.00

Details regarding individual exemptions can be found in the confidential attachment.

The process for requesting Artist exemptions was amended to require exemptions before contracts or Purchase orders are awarded. This has resulted in artistic fees required for the Jacobus Capone event, Erth Theatre Events and the Indian Ocean Craft Triennale, being agreed and paid for in advance. All costs were budgeted and approved at the 8 July 2020 special Council meeting.

May 2021

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$129,479.75 for the month of May 2021.

The value of exemptions by category is:

Exemption Category	Value
Sole Source Exemptions	\$126,752.75
Artist Exemptions	\$2,727.00
Total	\$129,479.75

Details regarding individual exemptions can be found in the confidential attachment.

The process for requesting Artist exemptions was amended to require exemptions before contracts or Purchase orders are awarded. This has resulted in artistic fees required for the Wardarnji Festival, being agreed and paid for in advance. All costs were budgeted and approved at the 8 July 2020 special Council meeting.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM ARMC2106-2
(Officer’s recommendation)

Moved: Cr Adin Lang

Seconded: Cr Jenny Archibald

Council receive the information report for purchasing policy exemptions for the period February 2021 to May 2021 inclusive.

Carried: 9/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge, Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber

ARMC2106-3 OVERDUE DEBTORS REPORT AS AT 31 MAY 2021

Meeting date:	16 June 2021
Responsible officer:	Manager Finance
Decision making authority:	Council
Agenda attachments:	1. Summary of Overdue Debts above Threshold (<i>confidential attachment under separate cover</i>)
Additional information:	Nil

SUMMARY

This debtors report with a confidential attachment is provided to the Audit and Risk Management Committee together with details of overdue debts that exceed a threshold value of \$10,000.

This report recommends that Council receive the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 31 May 2021.

BACKGROUND

The report provides details to the Audit and Risk Management Committee on overdue debtors. The following information is provided on a quarterly basis:

- The amount of total debt outstanding for the period aged from current to over 90 days overdue with a comparison to the same period for the previous year.
- The value of debt that is in excess of ninety (90) days overdue and the combined value of those debt(s) which exceed \$10,000.
- All records of the uses of delegated authority, to waive or write off debts valued at \$1,000 or above per debtor, must be reported to the audit and risk management committee.
- A confidential report containing the individual debtor information in relation to the outstanding debtors exceeding 90 days with a combined value exceeding \$10,000 with comments, background and a comparison to the previous quarters report.
- Debtor day ratio - the average number of days required for the City to receive payment from its customers for invoices issued to them.

FINANCIAL IMPLICATIONS

It is a requirement that annual financial statements include an allowance for impairment of receivables owed to the local government to be recognised as a cost to the budget in the year in which the impairment is made.

As at year ending 30 June 2020 an amount of \$584,675 was held as an allowance for impairment of receivables. As at the 31 May 2021 the current allowance held as impairment is \$19,476 with \$565,199 being written off to date.

During this financial year the following reportable write-offs and waivers have been processed against this account:

Total Write-offs	\$419 GST Exempt
Total Waivers	<u>\$564,780</u> + GST
	\$565,199

Since the last report, 4 occurrences of delegated authority to waive or write off debts valued at \$1,000 or above per debtor by officers has occurred. Currently \$98,507 has been identified for potential write-off/waiver.

Summary of Sundry Debtor's Debts Written-off

Debtor No.	Name	Amount	Business Unit	Delegated Officer or Council
	TOTAL	NIL		

Summary of Rates Debtors Debts Written-off

PID No.	Name	Amount	Business Unit	Delegated Officer or Council
	TOTAL	NIL		

Summary of Sundry Debtor's Debts Waived

Debtor No.	Name	Amount	Business Unit	Delegated Officer or Council
2092471	Bird Books Pty Ltd	10,550	Commercial Property 2019/20 & 2020/21	Director - City Business
2093091	Jina Lee	3,039	Commercial Property 2019/20 & 2020/21	
2090107	Fremantle Arts Centre Café	8,514	Commercial Property 2019/20 & 2020/21	
2090138	Moore & Moore Food & Drink	11,745	Commercial Property 2019/20 & 2020/21	
2090834	David Giles Art Gallery	5,893	Commercial Property 2019/20 & 2020/21	
2090700	Mr Glen Martin Cowans	5,018	Commercial Property 2019/20 & 2020/21	
2019979	The Italian Club Fremantle	4,549	Commercial Property 2019/20	
2090779	Van Thang Doan	8,370	Commercial Property 2019/20	
2092434	Coolchest Pty Ltd	11,470	Commercial Property 2019/20	

Debtor No.	Name	Amount	Business Unit	Delegated Officer or Council
2090054	Royal Fremantle Golf Course Pty Ltd	10,546	Commercial Property 2019/20	
2090062	Fremantle Markets Pty Ltd	76,435	Commercial Property 2019/20	Chief Executive Officer
2092551	Beach Partnerships T/A COAST Port Beach	62,145	Commercial Property 2019/20	Chief Executive Officer
2090010	Clancy's Fish Pub	20,608	Commercial Property 2019/20	
2090484	Gino's Café Pty Ltd	51,750	Commercial Property 2019/20	
2093041	Sierra Orenda Pty Ltd	24,893	Commercial Property 2019/20	
2090061	Dome Fremantle	65,969	Commercial Property 2019/20	
2091161	Australian Touristic Attractions Pty Ltd	20,735	Commercial Property 2019/20	
2092866	George Ricca Enterprises Pty Ltd	3,781	Commercial Property 2019/20	Manager Economic Development and Marketing
2093116	Rose Megirian	2,493	Commercial Property 2019/20	
2092140	Rebecca Michelle Baumann	1,535	Commercial Property 2019/20	
2092471	Bird Books Pty Ltd	2,083	Commercial Property 2019/20	
2090107	Fremantle Arts Centre Café	1,681	Commercial Property 2019/20	
2090138	Moore & Moore Food & Drink	2,319	Commercial Property 2019/20	
2090834	David Giles Art Gallery	1,164	Commercial Property 2019/20	
2090024	Port Jarrah Furniture Fremantle Gallery	20,765	Commercial Property 2019/20 & 2020/21	Chief Executive Officer
2090028	Tom Edward Fay	6,247	Commercial Property 2019/20 & 2020/21	
2090042	Bakpak Freo Pty Ltd	56,542	Commercial Property 2019/20 & 2020/21	
2090061	Dome Fremantle	14,992	Commercial Property 2020/21	
2090138	Moore & Moore Food & Drink	6,226	Commercial Property 2019/20 & 2020/21	
2092095	Art on the Move	7,621	Commercial Property 2020/21	
2092551	Beach Partnerships T/A COAST Port Beach	23,057	Commercial Property 2019/20 & 2020/21	Manager Economic Development and Marketing
2092836	Tanya Schultz	2,102	Commercial Property 2019/20 & 2020/21	
Various	Less than reporting threshold	2,555	Various	Various under Delegation
2093091	Jina Lee	1,200	Commercial Property 2020/21	Manager Economic Development and Marketing
2090138	Moore & Moore Food & Drink	2,490	Commercial Property 2020/21	
2090024	Port Jarrah Furniture Fremantle	4,117	Commercial Property 2020/21	
	TOTAL	565,199		

LEGAL IMPLICATIONS

Section 6.12 (1) (c) of the *Local Government Act 1995* provides authority for the Council to write off outstanding monies.

In accordance with section 5.42 and 5.44 of the *Local Government Act 1995* the following delegated authority applies:

- The Chief Executive Officer has delegated authority to write off debts (not including rates or infringement) considered unrecoverable up to 100,000 per account where in the opinion of the Chief Executive Officer all other reasonable avenues of recovery have been exhausted.
- Directors and Managers have various sub-delegated authority to write off debts (not including rates or infringement) considered unrecoverable up to 20,000 per account where in the opinion of the Director or Manager all other reasonable avenues of recovery have been exhausted.

All records of the uses of this delegated authority, to waive or write off debts valued at 1,000 or above per debtor, must be reported to the Audit and Risk Management Committee.

Any amount in excess of 100,000 is to be written off by Council resolution. A council resolution authorising the write-off of any bad debt does not prevent Council from reinstating the debt if the future circumstances change and the debt becomes collectable.

CONSULTATION

Nil

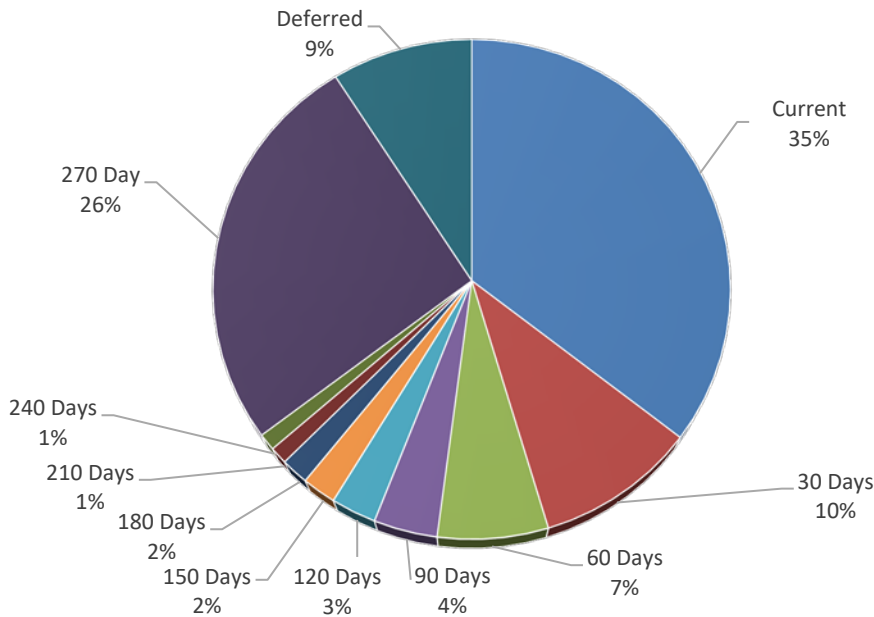
OFFICER COMMENT

The total of debtors outstanding as at 31 May 2021 is \$1,289,694. A breakdown of aged debt for the current period compared to prior year for the same period is tabled below.

Period Ending June	Current	30 Days	60 Days	90+ Days	Total
July 20 – May 21	35%	10%	7%	48%	100%
	458,229	126,953	86,413	618,099	1,289,694
July 20 – May 21 Excl. Commercial Properties	46%	12%	5%	37%	100%
	334,261	86,725	39,982	266,596	727,564
July 19 – May 20	332,894	220,627	207,067	369,689	1,130,277

Of the total debt balance, the amount outstanding for 90+ days is 618,099 or 48%. Below is a graph of the aged debt balances as at 31 May 2021.

Sundry Debtors



Compared to the report of overdue debtors as at 31 March 2021, presented to Audit and Risk Management Committee at the 21 April 2021 meeting, the total value of outstanding debtors has increased by 232k.

Outstanding debt over 90 days has increased from 588k at the end of the previous quarter to 618k. The number of overdue debtors above the reporting threshold of 10,000 is 12 with a total value of 537,559

In accordance with delegated authority, any debts over 100,000 will be submitted to Audit and Risk Management Committee for approval and all recorded use of delegated authority by Chief Executive Officer, Directors and Managers will be reported to Audit and Risk Management Committee.

The confidential attachment contains debtor information in relation to the 537,559 of outstanding debtors exceeding 90 days with a combined value exceeding 10,000 with comments and background.

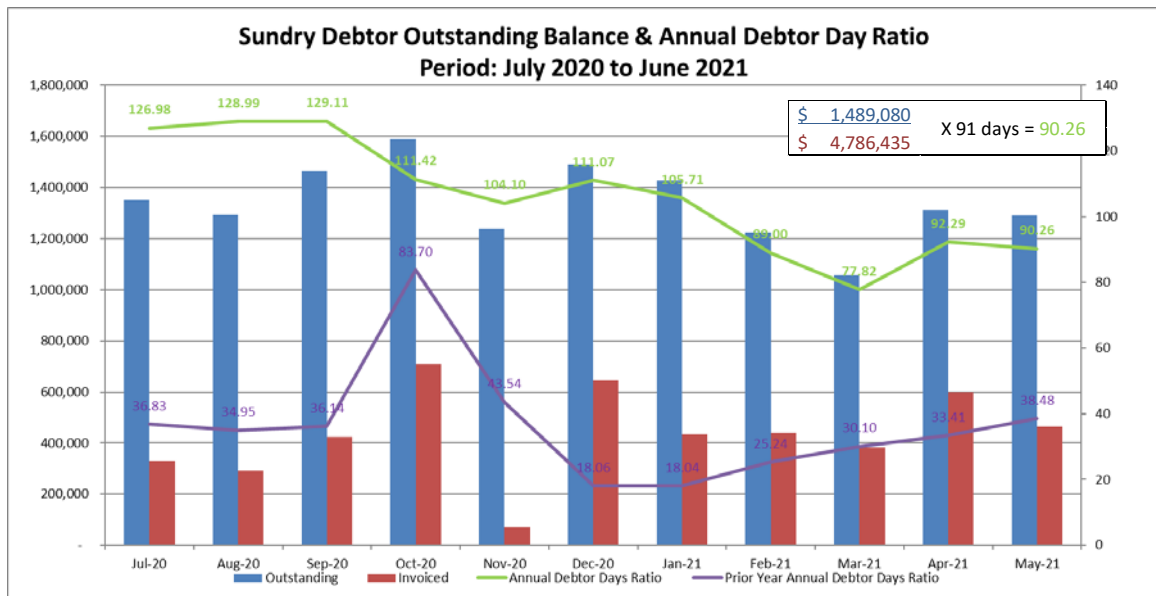
Debtors Outstanding

The debtor day ratio measures how quickly cash is being collected from debtors. The longer it takes for an organisation to collect, the greater the number of debtor days.

The calculation of the ratio considers the total amount outstanding at the end of the period over the total amount invoiced to that period for the financial year by the total number of days from 1 July to the end of the period. See calculation in graph below.

Prior financial year information is presented together with the current financial year as a comparative to demonstrate the City’s ability to collect funds owed to the City when due.

At July 2020, 1,067,654 of invoices raised in 2019/20 were outstanding resulting in outstanding debt exceeding the amount invoiced during July 2020. Identified write-offs/waivers amounted to 565k and have resulted primarily from the City’s commercially leased properties.



At reporting date, the debtor day ratio was 90.26 an increase from the prior reporting period. Of outstanding debt, 36% related to current invoices that were not yet due.

Key Performance Indicators

The Audit Risk Management Committee recommended a performance measure be included to provide a reporting date ‘snapshot’ of performance against agreed indicators.

Internal debt management procedures have been reviewed resulting in Officers engaging with debtors earlier where an amount is considered to have an increased risk of default. Upon review of debt levels over prior financial years, Officers consider reasonable and recommend the following targets against which to report.

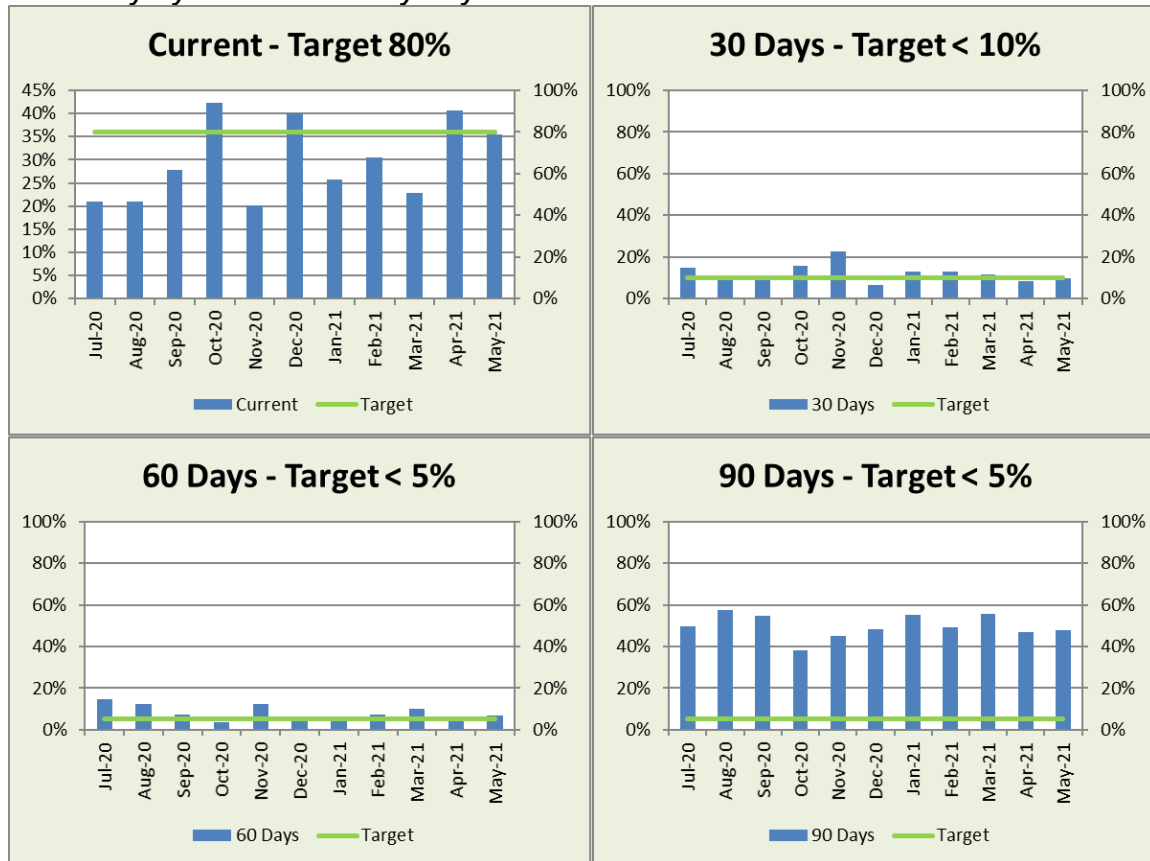
Key Performance Targets				
Current	30 Days	60 Days	90 Days	Total
80%+	<= 10%	<=5%	<=5%	100%

Qtr 4 - July 2020 to May 2021				
Aged Debt Category	Current	30 Days	60 Days	90 Days
Target	80%	10%	5%	5%
Value	458,229	126,953	86,414	618,099
Percentage	35.53%	9.84%	6.70%	47.93%
Performance				
	Target achieved		Target exceeded	

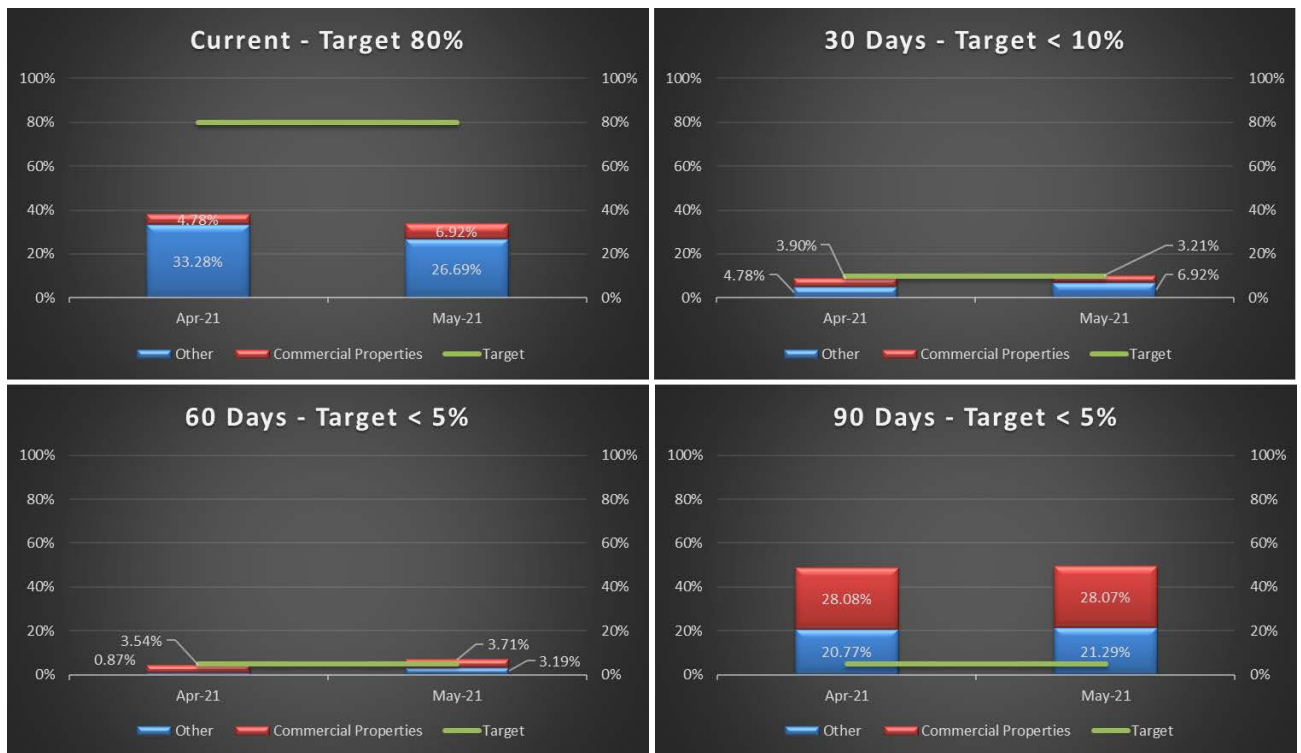
Of total overdue debt, Commercial Properties account for 44% (562,130k) and 63% of these debts extend 90 days & beyond. Deferred payment arrangements are currently in place for 114,414k or 20% of total overdue Commercial debts. City officers are liaising with all commercial tenants to provide assistance, including payment arrangements, where appropriate.

The following charts demonstrate performance against the recommended target for each aged debt category by period to reporting date for this financial year. As discussed above, much of the longer-term debt relates to the commercial tenants during the COVID shutdown period. Further write-offs for commercial debt are to be expected and the City’s Economic Development team is monitoring the COVID environment and scenario planning any impact that may result in Western Australia.

Summary by total debtors by days



Summary by debtor type by days



VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council receive the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 31 May 2020.

AMENDMENT 1

Moved: Mr Phillip Draber

Seconded: Cr Doug Thompson

To add a part 2 and 3 to read as follows:

Council:

1. Receive the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 31 May 2020.
2. *Request officers bring back to the Audit and Risk Management Committee a profile of the value of waivers on commercial property over the last two years (FY20/21 & FY19/20) to see what the (essentially COVID) impact on the City of Fremantle has been in relation to the commercial properties.*

- 3. *Request officers provide a finalised list of commercial property waivers to the next Audit and Risk Management Committee.***

Amendment carried: 9/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge, Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber

AMENDMENT 2

Moved: Cr Doug Thompson

Seconded: Cr Adin Lang

To add a part 4 to read as follows:

- 4. *Reduce the delegated authority to the Chief Executive Officer for debt write offs by 50%.***

Amendment carried: 9/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge, Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber

COMMITTEE RECOMMENDATION ITEM ARMC2106-3 **(Amended officer's recommendation, as amended)**

Moved: Cr Adin Lang

Seconded: Mr Phillip Draber

Council:

- 1. Receive the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 31 May 2020.**
- 2. *Request officers bring back to the Audit and Risk Management Committee a profile of the value of waivers on commercial property over the last two years (FY20/21 & FY19/20) to see what the (essentially COVID) impact on the City of Fremantle has been in relation to the commercial properties.***
- 3. *Request officer provide a finalised list of commercial property waivers to the next Audit and Risk Management Committee.***
- 4. *Reduce the delegated authority to the Chief Executive Officer for debt write offs by 50%.***

Carried: 9/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge, Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber

ARMC2106-4 TENDERS AWARDED UNDER DELEGATION FEBRUARY 2021 TO MAY 2021

Meeting date: 16 June 2021
Responsible officer: Manager Finance
Decision making authority: Council
Agenda attachments: Nil
Additional information: Nil

SUMMARY

The purpose of this report is to summarise tenders awarded under delegation by various delegated Officers and Committee's, during the period February 2021 to May 2021.

This report recommends that Council receive the report on tenders awarded under delegation between February 2021 and May 2021.

BACKGROUND

Tenders awarded by the City are awarded under the following delegations, approved at Council on 8 July 2021:

Delegated Authority	Amount of Delegation
Finance, Policy Operations and Legislation Committee (FPOL)	\$500,000+ (if within budget)
CEO	Up to \$500,000
Directors	Up to \$500,000

Items identified under 'Officer Comment' of this report detail tenders awarded under delegation.

FINANCIAL IMPLICATIONS

All tenders were awarded within budget approved at Council on 8 July 2021.

LEGAL IMPLICATIONS

All tenders awarded met the requirements of Regulations 11A – 24AJ of the *Local Government (Functions and General) Regulations 1996* and S3.57 of the *Local Government Act 1995*.

Under delegation 2.11 Expressions of interest and tenders or the City's Delegated Authority Register, the Chief Executive Officer is required to report the use of this delegation to the Audit and Risk Management Committee.

CONSULTATION

Nil

OFFICER COMMENT

Below is a list of Tenders awarded under delegation between February 2021 and May 2021

February 2021

Tender Description	Awarded By	Contractor(s)	Contract Value
N/A	N/A	N/A	N/A

March 2021

Tender Description	Awarded By	Contractor(s)	Contract Value
N/A	N/A	N/A	N/A

April 2021

Tender Description	Awarded By	Contractor(s)	Contract Value
N/A	N/A	N/A	N/A

May 2021

Tender Description	Awarded By	Contractor(s)	Contract Value
FCC575/21*	FPOL 12 May 2021*	Safeway Building & Renovations Pty Ltd*	\$860,000*

*Note – following negotiation with Safeway Building and Renovations Pty Ltd around the final scopes of work, Safeway Building & Renovation confirmed their inability to undertake the works for the price offered and withdrew their tender. The City has subsequently rejected all responses, due to all responses being over the allocated project budget.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM ARMC2106-4
(Officer's recommendation)

Moved: Cr Adin Lang

Seconded: Mr Phillip Draber

Council receive the report on Tenders Awarded under delegation for February 2021 to May 2021.

Carried: 9/0

**Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge,
Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber**

**ARMC2106-5 INFORMATION REPORT - NEXT STEPS TO COMPLETE
WALYALUP CIVIC CENTRE**

Responsible officer: Director Infrastructure
Attachments: 1. Nil
Additional information: 1. Risk assessment (Confidential) **electronic only**

At the Special Meeting of Council of 8 June 2021, for the continued progress of the Walyalup Civic Centre construction, Council agreed to:

1. *Note the City's legal advice in respect to the direct engagement of contractors, previously contracted to Pindan Ltd PTY, as Sole Source suppliers.*
2. *Note the advice from the probity auditor in respect to the City's approach and engagement of contractors for the completion of WCC construction contract.*
3. *As a result of the unique nature and current status of the project, approve Sole Source supply arrangements under Regulation 11 (2)(f) of the Local Government (Function and General) Regulations 1996, for the engagement of contractors as detailed in confidential Attachment 1, to complete the project works as the City has good reason to believe that no other contractor would be prepared to assume the obligations to carry out and complete the works of any current subcontractor, assuming liability for what has been done, at the price that remains payable under the terms of the existing subcontract and taking over existing warranties required under the existing contract.*
4. *Approve CEO delegation to formally terminate the Construction Contract with Pindan Pty Ltd at the appropriate time.*
5. *Approve CEO delegation to authorise project expenditure to complete the project works up to the available value of the retained performance bonds (\$3,673,056.40).*
6. *Approve officers progress with a Managing Contractor arrangement for the oversight of completion of the project works and to immediately commence the tender process on this basis.*
7. *Request that the Walyalup Civic Centre project continue to be monitored through regular updates to the City's Audit and Risk Committee.*

Officers are now initiating works with the contractors approved by Council as sole suppliers (item 3 above). Initial works are commencing but are restricted to items such as minor fit out works, cabinetry and licenced trades and do not yet involve any formal 'construction' works.

In addition to the above the project team have established an updated governance structure and implemented additional financial controls to ensure all work costs are captured in relation to the original scope of works and also the works required as a result of the Pindan liquidation event. This approach shall also include monitoring and tracking of expenditure against the retained insurance bonds.

In order to further progress construction works the project team require the engagement of a registered builder, accordingly the City has now issued a Request for Tender – this includes the following activities and timelines:

Description of Task	Action and <u>Approximate</u> Timeframe
Issue a Public Tender for a Managing Contractor to complete the final elements of the project	Issued 10 June 2021 via Tenderlink. Submissions close Monday 28 June 2021 at 2pm
Evaluate responses to tender	Commencing Tuesday 29 June 2021 with an aim to be complete no later than Friday 18 July 2021 (internal review and recommendation)
Present Report to Council recommending award of contract to preferred Managing Contractor	OCM Wednesday 28 July 2021. As previously discussed, if evaluation is quicker then a SCM may be called.
Negotiate with preferred Managing Contractor	Thursday 29 July 2021 to Friday 13 August 2021.
Execute Contract	No later than 13 August 2021
Works commence on site	29 August 2021
Practical Completion / Commissioning	12 November 2021
Library relocate	Late November 2021
Administration relocate	Staged through December 21
End of 12-month defects liability period ends	11 November 2022

Once the Managing Contractor is engaged the project team have prepared to facilitate a risk workshop with key stakeholders. Working from the existing risk register, the workshop will focus on the current issues and challenges and develop an updated risk profile / position with new risk mitigation measures and controls.

All updated processes and procedures in relation to the current financial management of the project will be reviewed and tested as part of the risk workshop.

It is currently anticipated that the estimated costs to complete the project will be covered with the remaining project budget and use of the retained insurance bonds.

Officers will retain the project as high priority on the corporate risk register and continue to provide updates to the Audit and Risk Committee (and all key stakeholders) as per normal requirements.

Also attached for information, is a copy of the original risk assessment undertaken for this project. It is intended that a review of this assessment will be undertaken as part of the implementation of these next steps.

COMMITTEE RECOMMENDATION ITEM ARMC2106-5
(Officer's recommendation)

Moved: Cr Adin Lang

Seconded: Cr Jenny Archibald

Council note the progress, current arrangements and activities, in respect to the management of the Walyalup Civic Centre project, as outlined in this report.

Carried: 9/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge, Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber

ARMC2106-6 INFORMATION REPORT – JUNE 2021

EXPLORING RECENT INQUIRIES INTO LOCAL GOVERNMENT

Responsible officer:	Manager Governance
Attachments:	1. Report exploring recent inquiries into local government
Additional information:	Nil

Section 8.3(1) of the *Local Government Act 1995* (the Act) gives the Director General of the Department of Local Government, Sport and Cultural Industries (the Department) the authority to inquire into all local governments and their operations and affairs.

The Director General may, by written authorisation, authorise a person to inquire into and report on any aspect of a local government or its operations or affairs.

In the past eight months there have been four authorised inquiries by the Department, into local government in Western Australia:

The Town of Cambridge in late 2020 and the Cities of Cockburn and Subiaco and the Shire of Wiluna in early 2021.

The attached report explores these inquiry reports for common themes.

OFFICER'S RECOMMENDATION

Council receive the following information reports for June 2021:

1. Exploring recent inquiries into local government.

AMENDMENT

Moved: Cr Doug Thompson

Seconded: Cr Adin Lang

To add a part 2 to read as follows:

2. *Recommend that all Councillors read the "Exploring recent inquiries into Local Government Report" and that it be included in the recommended reading list for newly elected Councillors.*

Amendment carried: 9/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge, Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber

COMMITTEE RECOMMENDATION ITEM ARMC2106-6
(Amended officer's recommendation)

Moved: Cr Adin Lang

Seconded: Cr Doug Thompson

Council:

1. Receive the following information reports for June 2021:
 - a. Exploring recent inquiries into local government.
2. *Recommend that all Councillors read the "Exploring recent inquiries into Local Government Report" and that it be included in the recommended reading list for newly elected Councillors.*

Carried: 9/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin, Cr Hannah Fitzhardinge,
Cr Doug Thompson, Cr Marija Vujcic, Cr Jenny Archibald, Cr Su Groome, Mr Phillip Draber

8. Motions of which previous notice has been given

Nil

9. Urgent business

Nil

10. Late items

Nil

11. Confidential business

ARMC2106-7 RISK REPORT – JUNE 2021

Meeting date: 16 June 2021
Responsible officer: Director City Business
Decision making authority: Council
Agenda attachments: Nil
Additional information: Nil

REASON FOR CONFIDENTIALITY

This report is **CONFIDENTIAL** in accordance with Section 5.23(2) of the *Local Government Act 1995* which permits the meeting to be closed to the public for business relating to the following:

- (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting

12. Closure

The Presiding Member declared the meeting closed at 7.44 pm.