



Town of Port Hedland

MINUTES

OF THE

AUDIT AND FINANCE COMMITTEE OF THE TOWN OF PORT HEDLAND COUNCIL

HELD ON

TUESDAY 24 MAY 2011

COMMENCING AT 1PM

**IN COUNCIL CHAMBERS
McGREGOR STREET, PORT HEDLAND**

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*Natalie Octoman
Director Corporate Services*

Our Commitment

To enhance social, environmental and economic well-being through leadership and working in partnership with the Community.

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ITEM 1 OPENING OF MEETING**1.1 Opening**

The Chairperson declared the meeting open at 1:10pm and acknowledged the traditional owners, the Kariyarra people.

ITEM 2 RECORDING OF ATTENDANCE AND APOLOGIES**2.1 Attendance**

Councillor Arnold A Carter (Chairman)
Mayor Kelly A Howlett
Councillr Michael (Bill) Dziombak

Mr Paul Martin	Chief Executive Officer
Ms Natalie Octoman	Director Corporate Services
Mr Eber Butron	Director Planning and Development
Mr Gordon MacMile	Director Community Development
Ms Josephine Bianchi	Governance Co-ordinator

2.2 Apologies

Councillor Stan R Martin

2.3 Approved Leave of Absence

Nil

ITEM 3 RESPONSE TO PREVIOUS QUESTIONS - ON NOTICE

Nil

ITEM 4 PUBLIC TIME

1:10pm Chairperson opened Public Question Time

4.1 Public Questions

Nil.

1:10pm Chairperson closed Public Question Time

1:10pm Chairperson opened Public Statements Time

4.2 Public Statements

Nil

1:10pm Chairperson closed Public Statements Time

ITEM 5 QUESTIONS FROM MEMBERS WITHOUT NOTICE

Nil

ITEM 6 DECLARATION BY MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING

Mayor K A Howlett	Cr M (Bill) Dziombak
Cr A A Carter	

ITEM 7 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

7.1 Confirmation of Minutes of Audit and Finance Committee of Council held on Wednesday 11 May 2011.

AFC201011/14 Officer's Recommendation/Audit and Finance Committee Decision

Moved: Cr K A Howlett

Seconded: Cr M Dziombak

That the Minutes of the Audit and Finance Committee Meeting of Council held on Wednesday 11 May 2011 be confirmed as a true and correct record of proceedings.

CARRIED 3/0

ITEM 8 ANNOUNCEMENTS BY CHAIRMAN WITHOUT DISCUSSION

Nil

ITEM 9 PETITIONS/DEPUTATIONS/PRESENTATIONS/ SUBMISSIONS

Nil

Budget Shortfall Discussion

During the third quarter budget review an approximate \$1.1 million shortfall was initially identified, reducing to about \$0.4 million after taking into account loan funds approved by Council for the Wallwork Road Bridge project. After a critical examination of all accounts, particularly salaries, the shortfall was eliminated and a surplus of approximately \$1.4 million was generated. This was mainly through the assumption that additional funds would be coming in this financial year for the work already undertaken on the Wallwork Road sidetrack, and an increase in leasing income.

The net carryover amount is \$2,351,869. This incorporates both revenue and expenditure for projects that are committed, but will not be complete by 30 June 2011. These funds have been "set aside" so that this carryover will not impact on next year's budget process.

The final surplus estimated for 2010/11 is \$1,446,391 which is recommended to be carried forward to next financial year to assist in funding the initial unfunded carryover identified in the September budget review, and the \$100,000 identified in the December budget review. During the 1 December 2010 Special Meeting of Council, it was recommended:

"That Council:

...iv) approves the \$2,679,421 as carryover funds committed for the 2011-12 financial year therefore reducing any discretionary funding that may be available. "

During the 23 February 2010 Ordinary Meeting of Council, it was recommended:

"That Council:

...iii) Accepts the Finance and Audit Committee recommendation for Council to approve the \$100,000 for Foreshore Parks Planning as carryover funds committed for the 2011/12 financial year therefore reducing any discretionary funding that may be available."

The estimated surplus of \$1,446,391 will assist in funding the combined \$2,779,421 carried forward in the September and December budget reviews. While not eliminating the overall budget impact, it will certainly assist given that only \$1,333,030 will now impact on any discretionary funds that may be available.

Consultation

The Budget review was prepared by the Executive team, after meeting with each Manager, where all revenue and expenditure accounts within that Manager's responsibility was reviewed in detail.

Statutory Implications

Local Government Act 1995 states (in part):

"...(c) is authorised in advance by the mayor or president in an emergency.

** Absolute majority required.*

(1a) In subsection (1) -

-additional purpose~ means a purpose for which no expenditure estimate is included in the local government's annual budget.

(2) Where expenditure has been incurred by a local government -

(a) pursuant to subsection (1)(a), it is to be included in the annual budget for that financial year; and

(b) pursuant to subsection (1)(c), it is to be reported to the next ordinary meeting of the council."

Strategic Planning Implications

Nil

Budget Implications

The proposed budget amendments ensure that the Council's budget remains balanced for the 2010/11 financial year.

Officer's Comment

With 2010/11 coming to a close, it was imperative that all accounts be critically examined in order to estimate the final position. While an initial deficit was identified during the review, it has been eliminated through this examination process and resulted in an overall surplus that is not recommended to be spent on projects, but carried forward to assist in funding the September carryover that will impact on the discretionary funding allocation process.

A summary on the effect on the cash surplus with the above options recommended by Executive included is list below:

	Original Budget	Amended Budget	Total Adjustments	Proposed New Amended Budget
Operating Expenditure	36,098,834	38,553,922	(2,221,402)	36,332,520
Operating Revenue	(82,362,786)	(90,930,481)	24,129,684	(66,800,797)
Non Operating Expenditure	96,949,942	126,211,903	(26,506,080)	99,705,823
Non Operating Revenue	(42,065,913)	(63,162,119)	799,538	(62,362,581)
<i>Sub-Total</i>	<i>8,620,077</i>	<i>10,673,225</i>	<i>(3,798,260)</i>	<i>6,874,965</i>
Add Back Non Cash items	(4,535,573)	(4,458,754)	0	(4,458,754)
CFWD Projects from 2009-10	(4,084,504)		0	
Surplus BFWD from 2009-10		(6,214,471)	0	(6,214,471)
CFWD Projects to 2011-12			2,351,869	2,351,869
CFWD Surplus to 2011-12			1,446,391	1,446,391
Cash (Surplus) / Deficit	0	0	0	0

MOVEMENT SUMMARY					
	Adjustments	Council Decisions	Accounting Adjustments	Carryover into 2011-12	Total
Operating Exp	(993,348)	108,000	0	(1,336,054)	(2,221,402)
Operating Revenue	530,816	0	0	23,598,868	24,129,684
Non Operating Exp	(1,282,275)	1,725,000	0	(26,948,805)	(26,506,080)
Non Operating Revenue	100,416	(1,635,000)	0	2,334,122	799,538
Total	(1,644,390)	198,000	0	(2,351,869)	(3,798,260)

A detailed listing of proposed budget amendments is attached.

As all budget allocations require an absolute majority decision, the Committee has the power to only recommend budget amendments to Council. Once the Committee has made a recommendation, a report containing its recommendation will be presented to Council.

Attachments

1. Summary of Schedule 2.
2. Detailed budget amendments in Schedule 2 order – attached under separate cover
3. Detailed budget amendments in the order of Operating Expenditure, Non Operating Expenditure, Operating Revenue and Non Operating Revenue – attached under separate cover

Officer's Recommendation

That the Audit and Finance Committee:

- i) Notes that the initial shortfall has been recouped through various funding strategies implemented by the Executive team;
- ii) Recommends to Council to amend the 2010/11 Budget as per the attached list, resulting in a balanced budget; and
- iii) Recommends to Council to carry forward the surplus funds totaling \$1,446,391 to the 2011/12 financial year.

AFC201011/15 Audit and Finance Committee Decision

Moved: Cr K A Howlett

Seconded: Cr M Dziombak

That the Audit and Finance Committee:

- i) Notes that the initial shortfall has been recouped through various funding strategies implemented by the Executive team;
- ii) Recommends to Council to amend the 2010/11 Budget as per attachment 2, resulting in a balanced budget; and
- iii) Recommends to Council to carry forward the surplus funds totaling \$1,453,620 to the 2011/12 financial year.

CARRIED 3/0

ATTACHMENT 1 TO AGENDA ITEM 10.1.1.1

BUDGET REVIEW

ATTACHMENT 1

MARCH 2011

Schedule	Business Unit	Original Full Year Budget	Amended Budget	Adjustments	Council Approvals	Accounting Adjustments	Carry Over into 2011-12	Proposed Full Year Budget (March Review)	Change
3	Rates	(18,198,301)	(17,994,252)	406,263	-	18,832	-	(17,569,157)	425,095
4	Members	1,568,649	1,651,610	33,900	-	(19,247)	(25,000)	1,641,263	(10,347)
4	Financial Services	63,192	122,436	(63,599)	-	72,364	-	131,201	8,765
4	Corporate Support	139,450	158,389	159,860	75,000	(135,755)	-	257,494	99,105
4	Corporate Management	-	-	(54,399)	-	54,399	-	-	-
5	Fire Prevention	6,290	6,690	600	-	-	-	7,290	600
5	Animal Control	690,306	700,187	8,149	-	3,449	-	711,785	11,598
5	Other Public Safety	131,550	235,512	1,000	-	4,311	(9,000)	231,823	(3,689)
5	Parking	(10,400)	(9,825)	3,665	-	-	-	(6,160)	3,665
5	SES/Emergency Management	87,306	80,306	277	-	3,208	-	83,791	3,485
7	Maternal Infant Health	20,039	20,039	-	-	-	-	20,039	-
7	Health Inspections & Admin	355,856	369,705	(6,499)	-	2,390	-	365,596	(4,109)
7	Aboriginal Health	3,444	3,444	-	-	-	-	3,444	-
7	Pest Control	18,567	14,025	9,939	-	17	-	23,981	9,956
7	Environmental Health	20,000	20,000	-	-	-	(40,000)	(20,000)	(40,000)
8	Len Taplin Day Care	15,490	33,180	5,400	-	-	-	38,580	5,400
8	Rose Nowers Day Care	2,850	4,296	(9)	-	-	-	4,287	(9)
8	Pilbara Family Day Care	8,957	(4,206)	(63,984)	-	(3,453)	-	(71,643)	(67,437)
8	Retirement Village	43,494	46,586	(20)	-	-	-	46,566	(20)
8	Mirtanya Maya Hostel	-	-	-	-	-	-	-	-
8	Aged Care	67,282	79,643	-	-	-	-	79,643	-
8	Other Welfare	(50,076)	(24,298)	1,776	-	-	-	(22,522)	1,776
8	Community Services & Development	319,901	395,549	141	16,000	7,679	-	419,369	23,820
9	Staff Housing	1,124,522	1,227,111	18,800	17,000	8,208	-	1,271,119	44,008
10	Waste Services	-	(164,410)	177,071	-	(12,661)	0	0	164,410
10	Sanitation Other	-	-	(30,282)	-	30,282	-	-	-
10	Town Planning & Regional Development	272,230	1,646	20,304	-	250,213	(450,000)	(177,837)	(179,483)
10	Other Community Amenities	219,640	219,640	-	-	-	-	219,640	-
10	Cemeteries	52,488	136,657	(25,798)	-	(700)	-	110,159	(26,498)
10	Public Conveniences	153,989	406,992	(121,607)	-	12,931	-	298,316	(108,676)
11	Community & Event Services	627,892	690,121	(45,909)	-	441	-	644,653	(45,468)
11	Courthouse/Community Arts	558,737	401,636	3,500	-	1,945	-	407,081	5,445
11	Port Hedland Civic Centre	313,470	547,096	(1,700)	-	60,902	(35,000)	571,298	24,202
11	JD Hardie Centre	(968,063)	2,411,434	(27,960)	-	4,263	(71,646)	2,316,091	(95,343)
11	Swimming Areas/Beaches	2,850,994	2,634,923	2,342	-	(28,510)	(1,383,025)	1,225,730	(1,409,193)
11	Recreation Administration	(724,087)	(1,461,654)	(59,064)	-	(70,280)	-	(1,590,998)	(129,344)
11	Youth Services	168,928	183,344	(74,036)	-	(2,449)	-	106,859	(76,485)
11	Sportsgrounds	425,939	515,561	(25,123)	-	95,223	(29,000)	556,661	41,100
11	Port & South Sports Grounds - P&G	6,635,710	5,532,989	(378,623)	90,000	(21,643)	(38,581)	5,184,142	(348,847)
11	Library Services	1,091,449	841,283	(131,443)	-	8,658	-	718,498	(122,785)
11	Matt Dann Cultural Services	408,090	318,204	(23,285)	-	(1,595)	-	293,324	(24,880)
11	Television/Radio Broadcasting	7,424	7,424	-	-	-	-	7,424	-
12	Infrastructure Construction	5,462,004	5,718,056	(1,492,312)	-	-	(12,517)	4,213,227	(1,504,829)
12	Engineering Management	376,632	560,809	-	-	3,183	(228,100)	335,892	(224,917)
12	Infrastructure Mitec - Technical Service	2,148,975	2,156,517	(118,091)	-	2,114	-	2,040,540	(115,977)
12	Infrastructure Maintenance - Engineering	1,968,994	1,872,384	105,343	-	5,623	-	1,983,350	110,966
12	Infrastructure Mitec Road Verge	399,887	393,547	(46,818)	-	(758)	(30,000)	315,971	(77,576)
12	Plant Purchases	757,900	790,905	(43,397)	-	-	-	747,508	(43,397)
12	Airport	(1,805,000)	(1,805,000)	318,829	-	(226,091)	-	(1,712,262)	92,738
12	Airport Café	(71,838)	(92,738)	-	-	-	-	(92,738)	-
12	Administration Building Overheads	120,000	120,000	(542)	-	-	-	119,458	(542)
13	Tourism & Area Promotion	325,814	240,254	-	-	(13,489)	-	226,765	(13,489)
13	Building Control	(118,730)	(226,883)	(18,922)	-	13,278	-	(232,527)	(5,644)
13	Economic Development	391,220	505,386	(166,614)	-	(125,738)	-	213,034	(292,352)
14	Private Works	35,000	(16,596)	5,000	-	-	-	(11,596)	5,000
14	Public Works Overheads	-	-	1,544	-	(1,544)	-	-	-
14	Plant Operating Costs	-	-	-	-	-	-	-	-
14	Gross Salaries & Wages	(7,000)	(7,000)	-	-	-	-	(7,000)	-
14	Other Unclassified	113,020	104,570	91,942	-	-	-	196,512	91,942
	Sub-Total	8,620,077	10,673,225	(1,644,390)	198,000	-	(2,351,869)	6,874,965	(3,798,260)
	Add Back Non Cash Items	(4,535,573)	(4,458,754)	-	-	-	-	(4,458,754)	-
	Supplhs Carried Forward from 2009-10	-	(6,214,471)	-	-	-	-	(6,214,471)	-
	Carry Forward Projects from 2009-10	(4,084,504)	-	-	-	-	-	-	-
	Carry Forward Projects into 2011-12	-	-	-	-	-	-	2,351,869	2,351,869
	Supplhs Carried Forward into 2011-12	-	-	-	-	-	-	1,446,391	1,446,391
	Cash (Surplus) / Deficit	(0)	(0)	(1,644,390)	198,000	-	(2,351,869)	0	1

10.1.2 Organisational Development**10.1.2.1 Tender Policy and Amendment of Procurement Policy 2/007 (File No.: .../...)**

Officer Debra Summers
Manager Organisational
Development

Date of Report 19 May 2011

Disclosure of Interest by Officer Nil

Summary

At the 10 May 2011 meeting of the Audit and Finance Committee, the Committee requested more information to allow a review of Policy 2/007 Procurement Policy in respect to the calling of tenders.

This report presents to the Committee the additional information requested before considering a Draft Tender Policy and an amendment to the existing Procurement Policy.

Should the Committee approve these policies, they will be presented to Council for its consideration.

Background

At the Audit and Finance Committee Meeting of 26 November 2010 the following was adopted:

'That the Audit and Finance Committee recommends to Council that:

1. *Council's Policy 2/007 'Procurement Policy' be changed to incorporate the proposed tender classifications being:*
 - a. *Actions that should be taken prior to calling tenders;*
 - b. *Actions to be taken post tenders closing;*
 - c. *Actions to be taken once tenders awarded;*
 - d. *Estimated tender assessment period;*
 - e. *Composition of tender evaluation panel;*
 - f. *Who gives approval to call tenders;*

for tenders valued at:

- i) *\$100,000 - \$1M;*
- ii) *\$1M - \$5M;*
- iii) *\$5M - \$10M;*
- iv) *\$10M plus; and*

2. *The revised Policy 2/007 'Procurement Policy' is presented to Council its consideration in January 2011.'*

The Town of Port Hedland's procurement process, particularly in respect to the calling of tenders, given the size and scale of projects now being undertaken by the Town, needed to be reviewed and amended.

In undertaking this review it was determined that a policy that specifically refers to tenders was warranted. This standalone policy would provide a framework which will ensure statutory compliance with all relevant legislation and encompasses best practice when procuring goods and services through the Tender process.

The existing Procurement Policy would therefore need to be amended to reflect this new policy but would remain reflecting the overall procurement process.

This resulting Draft Tender Policy and the suggested amendments to the existing Procurement Policy were presented to the Committee at the 10 May 2011 meeting for consideration with a recommendation to present them to Council for adoption. At this meeting, the Committee resolved:

"That the Audit and Finance Committee lay the item on the table subject to further advice received around the context and guidelines of the use of a preferred supplier."

Consultation

Councillors

Audit and Finance Committee

Executive team

Other local government authorities

Western Australian Local Government Association

UHY Haines Norton (Auditors)

Statutory Implications

Section 3.57 of the Local Government Act 1995 states:

"3.57. Tenders for providing goods or services

- (1) A local government is required to invite tenders before it enters into a contract of a prescribed kind under which another person is to supply goods or services.*
- (2) Regulations may make provision about tenders."*

The Town of Port Hedland calls for tenders in accordance with the Local Government Act 1996, and the relative Part 4. Division 2 – ‘Tenders for providing goods and services’ section of Local Government (Functions and General) Regulations 1996. This section of the Regulations provides the requirements for a Council’s tendering process (attached).

Policy Implications

This item proposes the adoption of 2/011 Tender Policy and an amendment of 2/007 ‘Procurement Policy’ in respect to tenders.

Strategic Planning Implications Nil

Budget Implications

Costs of actions required as a result of this policy change will be factored into future project budgets.

Officer’s Comment

The additional information required by the Committee was in relation to the proposed position on preferred tenderers which can be used without calling for tenders everytime a good or service is required.

Under the Local Government Act, circumstances that this can occur are usually:

In an emergency circumstance which is defined very clearly within the Act

The purchase is from a supplier under a contract of the Western Australian Local Government Association (Preferred Supplier Contract or Business Service), the State or the Commonwealth or any of its agencies (Department of Treasury and Finance- permitted Common Use Arrangements), a Regional Council or another Local Government. Lists of who these suppliers are are published and available for public scrutiny. All suppliers on this list have to submit rigorous tender submissions to be included in these lists, which are reviewed regularly

The purchase is from a supplier awarded a ToPH Period Contract. Currently the Town has period contracts in place for :

1. Electrical services (automatic reticulation and pumps)
2. Construction concrete paths
3. Traffic management
4. Waste Consultancy
5. Turf Care and Vegetation Management

There is an intention to call for Tenders for the following goods and services on the same basis for;

1. Concrete supply
2. Reseals- asphalt and spray seal
3. Kerbing
4. Plant Hire

To ensure all contractors are given an equal opportunity to respond to these tenders, they are called in exactly the same way as for all tenders; the only difference is that respondents are committing a price via a dollar rate for a fixed period. Everytime the good or service is required during the contracted period, all listed suppliers who have submitted a tender are queried as to their availability to undertake the work. This is a common practice throughout all sectors of government. To ensure efficiency for the organisation, these period contracts will be called for just after the commencement of the new financial year.

Any other exclusion as defined in the Local Government (Functions and General) Regulations Part 4- Division 2 Regulation 11. The type of circumstances listed in this section include if the good or service is to be provided by another local government, or by someone who has been employed providing this service by a local government within six months, or if the supplier of the good or service is unique. There are other very specific circumstances when this section can be enacted but every time a contract is awarded to a supplier utilizing this section of the Act, the reason would have to be explained on the public record.

Furthermore the engagement of any purchasing activity despite having the quotation or tender process waived through using a preferred supplier must be undertaken in line with the officers delegated purchasing authority limit as detailed in all Position Descriptions, ensuring that sufficient funds have been provided for in the Town's annual budget.

Both of these further amended policies are included with this report as attachments for the Committees consideration with a recommendation to present them to Council for adoption. For ease of reference, the additional proposed amended text in the existing policy and the draft Tender Policy have been included in italics

Attachments

1. Draft 2/011 Tender Policy
2. Draft amended 2/007 Procurement Policy

AFC201011/16 Officer's Recommendation /Audit and Finance Committee Decision

Moved: Cr K A Howlett

Seconded: Cr M Dziombak

That the Audit and Finance Committee recommends to Council that:

1. The amendments identified in Council Policy 2/007 'Procurement Policy' be incorporated into a revised policy; and
2. That the revised draft Council policy 2/011 Tender Policy is adopted.

CARRIED 3/0

ATTACHMENT 1 TO AGENDA ITEM 10.1.2.1

2/011Tender Policy (Draft)

Purpose:

This policy provides a framework which will ensure statutory compliance with all relevant legislation and encompasses best practice when procuring goods and services through the Tender process.

Related documents which sit within this wider framework include:

- Local Government Act 1995 s3.57- Tenders for Providing Goods and Services
- Local Government (Functions and General) Regulations Part 4- Tenders for Providing Goods and Services.
- Town of Port Hedland Procurement Policy 2/007

Policy Content:

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, over \$100,000 a public tender will be called as per s3.57 of the Local Government Act 1995 and Local Government (Functions and General Regulations Part 4- Tenders for Providing Goods and Services.

Furthermore, to ensure a best practice approach to purchasing for the Town of Port Hedland the following additional procedural threshold will apply:

Tender Value	Pre Tender Actions	Post Tender Closing Actions	Tender Assessment Periods	Evaluation Panel	Sign Off
\$100,000-1m	Optional site briefing Business Plan as per LG (Functions and General)Part 3 Commercial Enterprises by Local Govts. s.3.59		2 weeks	Area Manager and Director	Exec.
\$1m-\$5m	As above Bill of Quantities * Peer review of design/specification documentation including sign off * Pre tender estimate		4 weeks	Responsible Manager and Director Director Corp. Ser.	Exec.

\$5m- \$10m	As above Compulsory site briefing Business/Operational Plan Project Manager engaged(optional) Tender Evaluation Plan	Interviews with tenderers Quarterly QS approval of works	6 weeks	As above	Council
\$10m +	As above Legal advice on tender documentation prior to distribution Engagement of probity advisor Project Manager engaged	As above Legal advice on tender contract prior to execution Probity advisor Monthly QS approval of works	6-8 weeks	As above	Council

* Does not apply to Design and Construct Tenders

Supporting Local Industry

The Town of Port Hedland seeks to maximise the use of competitive local businesses in goods and services purchased or contracted on behalf of the Council through adopting a local industry development criteria in tender assessment documentation as follows:

Local Industry Development	
Volume of workforce from Port Hedland/Pilbara	3%
Volume of goods from Port Hedland/Pilbara	3%
Training and skills development for Port Hedland	2%
Benefits to TOPH	2%
Loaded Score - Local Industry Development	10%

Local Industry is defined as being a business operating continuously out of premises within the Town of Port Hedland and submits a conforming tender or response for the supply of goods and services.

Tender or Quotation Exemption (Use of Preferred Supplier)

The Town of Port Hedland may waive the requirement to call for public tenders or quotations (regardless of the value of expenditure) and engage, award or contract for goods and purchases *with preferred suppliers* in the following circumstances:

- In an emergency service as defined by the Local Government Act 1995
- The purchase is from a supplier under a contract of the Western Australian Local Government Association (Preferred Supplier Contract or Business Service), the State or the Commonwealth or any of its agencies (Department of Treasury and Finance- permitted Common Use Arrangements), a Regional Council or another Local Government.
- The purchase is from a supplier awarded a ToPH Awarded Tender- Period Contract *
- Any other exclusion as defined in the Local Government (Functions and General) Regulations Part 4- Division 2 Regulation 11.

**ToPH Awarded Tenders-Period Contracts are called for on a regular basis to select contractors that may be used during the contract period at the tendered dollar rate.*

Furthermore the engagement of any purchasing activity despite having the quotation or tender process waived must be undertaken in line with the officers delegated purchasing authority limit as detailed in all Position Descriptions, ensuring that sufficient funds have been provided for in the Town's annual budget.

ATTACHMENT 2 TO AGENDA ITEM 10.1.2.1

2/007 PROCUREMENT POLICY**Local Purchasing**

After having due regard to, but not limited to, the quality of the product, availability of after sales service, supply date, freight costs, degree of urgency Officers of the Town of Port Hedland are encouraged to purchase locally.

Pre procurement Requirements

Where possible, unless by Council resolution, or by requirement of legislation, Officers will follow the following minimum guidelines for inviting quotes prior to purchasing any good or service.

Purchase Value	Quotes Required (minimum)
Less than \$2,000	1 Verbal Quote
\$2000 - \$4,999	1 Written Quote
\$5,000 to \$14,999	2 Written Quotes
\$15,000 to \$49,999	3 Written Quotes
\$50,000 to \$99,999	3 Detailed Quotes, Authorised by CEO
\$100,000 and over	<i>Tender Policy 2/011applies</i>

In instances of emergency or where procurement is urgently required, officers with delegated authority may procure the goods/services without seeking quotations on the proviso that:

1. A brief explanation of the emergency/urgency of the situation is provided by the officer *upon issue of purchase order and prior to payment of the invoice for the service*
2. The value of works being undertaken in the emergency is within the officer's delegated authority limit.
3. The value of the works being undertaken is within the limits of the Council's adopted Annual Plan and Budget.

It is the Officer's responsibility to provide evidence that a reasonable attempt has been made to meet the above guidelines.

If a selection criteria, other than price, is used to determine the successful supplier, the authorising officer will advise all potential suppliers of the selection criteria prior to receiving quotations.

All documentation received or internally generated, as evidence of meeting the above quoting requirements will be attached to Council's copy of the payment advice and retained as per either Council internal or legislated records requirements for financial documents, whichever is the longest.

Tenders

Tenders will be called for all procurement of Goods or Services from a single supplier as prescribed under Section 3.57 Local Government 1995 *and in accordance with 2/011 Tender Policy*.

Authorising Officer

An Authorising Officer is a Town of Port Hedland employee who is registered in the sub delegation register as authorised to incur expenditure and claims for payment, within a set monetary limit.

Purchase Orders

The Town of Port Hedland requires a purchase order to be raised and issued prior to the service or product being supplied. The authorising officer will ensure items purchased are made within budget parameters.

Purchase Orders Exemptions

The requirement to issue a purchase order is not required in the following instances:

1. Procurement of particular goods or services:
 - a) Utilities; including telephone, electricity, water and gas.
 - b) Annual Membership/subscriptions
 - c) Reimbursements to Staff
 - d) Freight
 - e) Department of Land Information on line transactions
 - f) Motor Vehicle Licensing and Registration
 - g) Custom Fleet Bill
 - h) **Staff housing**
 - i) Postage
2. Corporate Credit or Fleet Fuel Card purchases;
3. Petty Cash purchases - \$200 limit GST inclusive;
4. All emergencies as deemed in writing by the Mayor;
5. All procurement authorised by way of Tender and requiring three or less separate payments in one financial year.

Fleet Fuel and Corporate Credit Cards

Fleet Fuel Cards

All appropriate fleet vehicles will be issued with an appropriate fleet fuel card for fuel purchases only. If a vehicle is allocated to Council Officer, that Officer is responsible for the security and appropriate use of the Fleet Fuel Card. Fuel purchased using a fleet fuel card, must be of type required by the vehicle the card was initially issued for.

Corporate Credit Cards

The Chief Executive Officer and Directors have use of a Corporate Credit card, provided from the Town’s current banking provider. Use of this credit card is strictly for authorised duties associated with the Town of Port Hedland and may not be used for personal expenses in any circumstances.

Limits placed on the Corporate Credit Cards will be as follows:

Officer	Credit Limit	Cash Advances
Chief Executive Officer	\$5,000	Nil
Directors	\$2,000	Nil

Each Corporate Credit Card Holder is responsible at all times for:

1. The security of the card;
2. Providing documentary evidence of all purchases (i.e. receipts) and attaching these to the monthly statement;

At the end of each month, each credit card statement is authorised by:

1. In the case of a Director, the Chief Executive Officer;
2. In the case of the Chief Executive Officer, the Mayor.

All purchases using the Corporate Credit Card shall be included in the monthly list of accounts paid by delegated authority presented to Council.

Breach of Procurement Policy

Officers found to have breached this policy may, at the discretion of the Chief Executive Officer:

1. Have their purchasing rights revoked; and
2. Be subject to disciplinary action, including possible termination without notice.
3. Be required to reimburse Council for the amount of the unauthorised expenditure.

ITEM 11 LATE ITEMS AS PERMITTED BY CHAIRPERSON/COUNCIL

Nil.

ITEM 12 MOTIONS OF WHICH PREVIOUS NOTICE HAVE BEEN GIVEN

Nil.

ITEM 13 CONFIDENTIAL ITEMS

Nil.

ITEM 14 APPLICATIONS FOR LEAVE OF ABSENCE

Nil.

ITEM 15 CLOSURE

15.1 Date of Next Meeting

The next Audit and Finance Committee Meeting of Council will be held at date and time that is to be confirmed by the Presiding Member.

NOTE: The Director Corporate Service advised the committee that Auditors will be visiting the Town next week. As per the Local Government Act the Audit and Finance Committee needs to meet with the Auditors on a annual basis. Director Corporate Services will therefore attempt to schedule a meeting with the Auditors for next week.

15.2 Closure

There being no further business, the Chairman declared the meeting closed at 1:15 pm.

Declaration of Confirmation of Minutes

I certify that these Minutes were confirmed by the Audit and Finance Committee at its Ordinary Meeting of _____.

CONFIRMATION: _____
CHAIR

DATE