



**OBERON COUNCIL**

*Review of*

**PROCUREMENT, CONTRACTS AND  
PROJECT MANAGEMENT**

IAB Job No.OBECOU11100

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# EXECUTIVE SUMMARY

## INTRODUCTION

IAB Services (IAB) was engaged by Council to carry out a high-level review of Oberon Council's procurement, contracts management and major projects management processes. The review is part of the initiative by senior management from the Central Tablelands Alliance (CTA) – Oberon City, Mid-Western and Lithgow City Councils - focusing on three (3) operational areas rated as potentially *High Risk* in each of the councils.

## OBJECTIVES

The objectives of the review were to assess the efficiency and effectiveness of controls operating over procurement, contracts and project management and to ensure that Council is receiving best value for its spend, deliverables meet business needs and Council's interests are protected at all times.

## METHODOLOGY AND SCOPE

The methodology adopted for the review was risk based and involved testing for compliance with Council policies and approved procedures, the adequacy and currency of those policies and procedures and operational probity.

The scope of the review included consideration of:

- Legislative compliance with the Local Government Act 1993, the Local Government (Tendering) Regulations 1999, DLG Tendering Guidelines, the Local Government (Financial Management) Regulations 1999 and local purchasing policy and procedures.
- Effectiveness of processes in place including contracts, supplier panels and supply agreements, taking into account associated risks.
- Adequacy of contract preparation, management and payment and accounting for contractual liability.
- Evaluating controls to mitigate the risks of payments made without due inspection, contract variations not adequately supported/reviewed and any contingencies used as a matter of course.
- A strategic review of project management procedures and reporting across Councils against best practice.
- Sample testing of purchase orders, supplier invoices, contracts and projects aimed at determining what lessons remain to be learnt.
- Assessment of project performance to date versus budget, design process, cost monitoring, management of suppliers and compliance with OHS practices to ensure a safe workplace.
- Review of any opportunities to improve processes and/or reduce risks.

### SUMMARY OF REVIEW FINDINGS

We have carried out our high-level review and our general findings indicated the following:

#### Generally Satisfactory Findings

- Council policies are well written and the approval & promulgation process is exemplary among Councils; Administrative policies (e.g. procurement and disposals) are approved by Council in Ordinary meeting.

We found also opportunities to improve internal controls and enhance efficiencies, to improve significantly Council's *residual risks* (the probability of loss remaining after implementation of corrective or treatment measures). Our summary review findings follow:

#### High Risk

- Supply, procurement, contracts, projects management activities are decentralized – providing opportunities for difficult to manage, inconsistent, non-complying and inefficient processes and representing significant avoidable risk to Council.
- Council policy and approved procedures permit Purchase Orders being approved by the officer generating the Order; this is a significant risk to Council.
- Council does not have the benefit of central responsibility monitoring and enforcing Procurement Policy.
- Need for Council to enforce tender (and quotation) requirements in the spirit of current legislation.
- Delegations List may warrant review; “No Limit” financial delegations do not inform the reader of the limit of personal financial delegations.

#### Moderate Risk

- Council staff use manual purchase orders (as well as system generated orders) – all orders should be raised centrally (to ensure that financial commitment is established).
- Procurement without Purchase Order (other than continuing service invoices) should be a rarity and subject of senior approval only, prior to purchase. Purchase Orders indicate their being issued after delivery or receipt of invoice (“confirmation orders”).
- We noted the question difficulties arising from the obligation for tender and/or quotations requests in a small regional community where local supplier options are quickly exhausted and local suppliers are disinclined to spend excessive time in responding to Council requests, with little hope of success.
- A/P (Finance) responsibility limited to processing of payments – A/P does not have any responsibility for oversight of Council Procurement Policy.
- Suppliers are not required to quote a Purchase Order Number on their invoices. Nor does Council promote to suppliers that all invoices must be sent to Finance for registration and on-forwarding to the originator of the Order.
- Council does not utilise the opportunity on the reverse of the Purchase Order (the original or Supplier's Copy) to inform of Council's Conditions of Procurement.
- Council does not maintain a Contracts Register.

- Council does not have detailed procedural guidelines for the various stages of Contracts Management.
- Contract and project documentation noted to be inconsistent and poorly indexed, making file navigation and searches for information by staff difficult and time consuming - copies of contract documents provided for audit review were not signed by officer authorized to sign contracts on behalf of Council.
- Staff concerning themselves with, and awarding contracts, do not sign conflict of interest declarations (as part of the contractual documentation requirement) to the effect of no conflict.
- All Council Contract Files should be filed centrally and securely with their contents standardised and set out in records management policy.
- Discussions with staff members indicated a poor appreciation of Council's current Procurement Policy.
- Contractor performance against practical completion deadline (funding authority condition for funding the project and being a condition for the quotation) not tracked by Council.
- Council does not have detailed procedural guidelines (or policy) for the various stages of Projects Management.
- New Project Managers not clear on methodology or specific responsibilities.
- CIVICA Procurement/Accounts Payable modules not set up to record policy and legislative requirements (quotes, tenders, etc).
- CIVICA Procurement/Creditors/Accounts Payable modules need timely revision.
- Council has an electronic document management system (EDMS) that is over seven years old and is demonstrating signs of system failure.
- Council does not have a Records Manager or Department as such. No movement on developing the current Records Management Facility.

### Low Risk

- The Rural Fire Service has Council financial delegation, access to Council manual Order Books and issues Council Purchase Orders.
- Council's Legal Documents Register is incomplete as it does not record "date of creation", or "effective date" and "expiry date" or something similar, particularly for contracts and agreements.
- The Legal Documents Register appears not to be up-to-date.

As an overall outcome, we found that opportunities exist to improve the integrity, efficiency, economy and consistency of processes and to reduce significantly Council's *inherent risks* (the probability of loss arising out of circumstances or existing in an environment, in the absence of any corrective action to control or modify the circumstances) commonly associated with these activities.

While our high-level review was limited in its depth, we did observe that Council faces particular challenges in addressing a back-log of outstanding initiatives, staff vacancies and the need to improve operations, facilities and support systems.

## EXECUTIVE SUMMARY

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We deduced also the need for Council to consider the outcomes of this high-level audit review candidates for a follow-up review, preferably within the current audit strategic planning cycle, following the development of corrective and remedial strategies, addressing the recommendations in this report.

### ACKNOWLEDGEMENT

We wish to thank Council's management and staff for their assistance and co-operation during our review; it contributed significantly to the timely completion of the audit.

### ACTION PLAN

A summary of the recommendations contained within the report is presented in *Attachment A*. This summary is presented in the form of an *Action Plan* that is designed to allow management to more readily monitor the implementation of audit recommendations.

### ACCOUNTABILITY AND RESPONSIBILITY

IAB Services takes responsibility for this report, which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those that came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Council should assess recommendations for improvements for their full commercial and operational impact before they are implemented.

This report is confidential, has been prepared solely for the use of Council and ownership of the report and any attachments lies with your organisation. It is the responsibility of your organisation to determine if you wish to release this report, in whole or in part. However, this should not occur without our prior written consent.

No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

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# DETAILED REPORT OF FINDINGS

## RISK RATING

We have given each finding in this report a risk (significance) rating on the following basis.

<b>Extreme</b>	Extreme risk, immediate action required.
<b>High</b>	High risk, urgent management attention is needed.
<b>Moderate</b>	Moderate risk, management responsibility must be specified.
<b>Low</b>	Low risk, manage by routine procedures.

## 1. COUNCIL POLICIES AND PROCEDURES

### FINDINGS

Our high-level review revealed that:

- Council policies reviewed are well written and the approval & promulgation process is exemplary among Councils.
- Policies are reviewed every two years or sooner if determined to be necessary due to a significant change in process or strategic direction.
- Administrative policies (e.g. procurement and disposals) are approved by Council in Ordinary meeting.
- Supply, procurement, contracts, projects management activities are decentralized – providing opportunities for difficult to manage, inconsistent, non-complying and inefficient processes becoming established, representing significant avoidable risks to Council.
- Systems effectiveness relies very much on personal integrity and diligence of individual staff members (rather than internal controls and checks and effective supervisory oversight) at the requisitioning, ordering, receipting, supervision and approving points in the process chain.
- Council staff use manual purchase orders (as well as system generated orders) – all orders should be raised centrally (to ensure that financial commitment is established).
- Council policy and approved procedures permit Purchase Orders being approved by the officer generating the Order; this is a significant risk to Council (and the individual staff member). All Orders must be approved by an officer senior to the requisitioner, particularly where the value of the order is within the financial delegation of the requisitioner; no-one should be able to approve their own requisition/order.
- Procurement without Purchase Order (other than continuing service invoices) should be a rarity and subject of senior approval only, prior to purchase – reason for the purchase should be shown on the face of the supplier's invoice by the approving supervisor.
- All suppliers/service providers should be established in Creditors' Control (CRS M/F) before a Purchase Order is raised.

- Council does not have the benefit of central responsibility monitoring and enforcing Procurement Policy (including the Procedure for Purchase of Goods and Services), Contracts Management and Projects Management policies and guidelines.
- Need for Council to enforce tender (and quotation) requirements in the spirit of current legislation (and Council policy).

### RISK RATING

**HIGH**

### RISK IMPLICATIONS

Our high-level assessment of risks associated with the findings listed above, indicate that:

- Decentralised procurement and contracting practices, coupled with an absence of effective centralised monitoring of legislative and policy compliance, introduces a high risks of excessive spend, systemic irregular purchasing (remaining undiscovered over an extended period), supplier dissatisfaction, opportunities for collusive practices and fraudulent activity, financial loss, unwelcome regulatory and law enforcement attention diverting management attention from Council business and reputational damage.
- Officers approving their own Purchase Orders (within their financial delegation) represent a compromise of internal controls by side-stepping the separation of transaction origination and transaction approval functions, introducing the risk of uncontrolled purchasing, fraudulent activity (including theft and conversion) and significant long-term financial exposures for Council.
- Absence of documentation relating to quotations and tenders introduces risks of poor corporate image in the Community, regulatory attention focusing on management practices, and potential claims of collusive or other fraudulent activity together with consequential reputational damage to senior management staff.

### RECOMMENDATIONS

Arising from our review we recommend that:

- 1.1** Council considers appointing a Procurement Manager for purchasing and contracts management responsibilities, policy compliance assurance over all procurement (including petrol and fuel purchases, credit card purchases, quotations, tendering and on-going contracts administration), revision of contracts and agreements documentation and related risk mitigation and management.
- 1.2** Council reviews procurement policy and mandates the separation of the purchase requisitioning and Order approving functions and provides that no officer, irrespective of position or responsibility (or financial delegation) may approve their own initiated transactions, but must seek approval from a senior supervising officer.
- 1.3** Council introduces a means of ensuring that all staff concerned with procurement and contracting responsibilities are up-to-date with current policy, related legislation and regulatory guidelines.
- 1.4** Council considers introducing a compliance policy requirement that all staff concerned with procurement and contracting responsibilities provide an annual undertaking to comply

with Council's procurement policy. This should be a condition of General Manager delegating financial authority (financial delegation) to individual staff members.

## 2. DELEGATIONS

### FINDINGS

Our review of financial delegations indicated that:

- Delegations List may warrant review in terms of historic expenditure patterns and opportunities to trim down where possible.
- "No Limit" financial delegations do not inform the reader of the limit of personal financial delegations.

### RISK RATING

**MODERATE**

### RISK / IMPLICATIONS

- Financial delegations that do not reflect the spend pattern of Council, together with Executive Management consideration of spend levels that require senior manager approval, introduces risks of avoidable financial waste and/or operational inefficiencies. Delegations are at the discretion of the General Manager and are not a position-based entitlement; each Delegation should be determined on its own merit.
- Delegations that are not expressed in terms of upper-limits give rise to the risk of potential confusion about Executive Management intent and potential breaches of Delegation limits.

### RECOMMENDATIONS

We recommend that Council:

- 2.1 Considers a review of all financial delegations by referral to historic expenditure patterns of delegates, the distribution of expenditure levels and Councils risk-preferences for expenditure being escalated to the next senior officer for approval.
  - "No Limit" delegations should be subject to limits as approved by the General Manager – say, limit of \$50,000 to \$100,000 subject to budget and contract.
- 2.2 General Manager's delegation should be also set at a value determined by Council and over this amount, require the counter-signature of the Mayor.
- 2.3 Financial delegates should provide an annual undertaking to the General Manager of continued and continuing observance of all related financial, procurement and contracting policies of Council and legislative and regulatory compliance requirements.

### 3. PROCUREMENT MANAGEMENT

#### FINDINGS

We noted during our review that:

- Two types of Purchase Orders are in use by Council staff: “Committed” (results in a financial commitment being raised) and “Manual” (does not result in a commitment being raised at time of the Order); noted one “manual” order for \$251,000, that did not raise a financial commitment prior to the manual order being raised.
- Purchase Orders indicate their being issued after delivery or receipt of invoice (“confirmation orders”).
- The Rural Fire Service has Council financial delegation and they have a Council Order (“Manual”) Book and are authorised by Council to issue Council Purchase Orders.
- Supplier invoices streams were not covered by tenders/quotes – see also below.
- Manual Orders are signed “for General Manager” and not by requisitioner or approver – this suggests General Manager’s approval of the Order, contrary to fact (and delegation).
- We noted that some managers question the obligation to tender and/or quotations requests in a small regional community where local supplier options are quickly exhausted and local suppliers are presses to spend excessive time to respond to Council requests with marginal opportunity for success.
- A/P (Finance) responsibility limited to processing of payments – A/P does not have any responsibility for oversight of Council Procurement Policy compliance.
- Suppliers are not required to quote a Purchase Order Number on their invoices.
- Council does not promote to suppliers that all invoices must be sent to Finance for registration and on-forwarding to the originator of the Order.
- Council does not utilise the opportunity on the reverse of the Purchase Order (the original or Supplier’s Copy) to inform Suppliers of Council’s Conditions of Procurement.

**RISK RATING**

**MODERATE**

#### RISK / IMPLICATIONS

We have identified the following business risks:

- Procurement policies that permit Purchase Orders being raised outside systems-based controls and financial commitments being raised introduces risks of financial irregularity, significant errors in financial reporting and end-of-year (EOY) financial statements and “authorised’ departures from formal Society budgeting and financial management systems.
- A decentralised purchasing /procurement procedure, without effective supervision and oversight at each area of procurement activity is a financial risk associated with poor, inconsistent or inadequate controls over Council’s budgeted expenditure, over time.
- Poor communication with suppliers, including suppliers not being made aware of Council’s procurement and accounts payable policies (and prudential obligations) represents

significant operational risks, delays in checking, verifying and progressing payment claims, financial exposures to irregular or unauthorised supply transactions and tendencies to “cut corners” in invoice processing.

### RECOMMENDATIONS

Our recommendations follow:

- 3.1** Council should consider upgrading procurement procedures by abolishing manual Purchase Orders and enforcing policy compliance by considering the continued procurement role and financial delegations of officers who consistently breach Council Policy.
- 3.2** Develop supervisory procedures and responsibilities to ensure that all procurement and contracting activities in Council are under centralised compliance oversight (see also 1.1 above).
- 3.3** Review the case for the Rural Fire Service maintaining Council financial delegation, access to Council manual Order Books and issuing Council Purchase Orders.
- 3.4** Reverse of the Purchase Order (the original or Supplier’s Copy) should inform suppliers of Council’s Conditions of Procurement.
- 3.5** Face of Purchase Orders (Supplier’s Copy) should draw attention to these Conditions, and note prominently the need to show the Purchase Order number and the name of the Council officer placing the order on the face of the Supplier’s Invoice, otherwise Council will return, and not pay, the invoice.

## 4. CONTRACT MANAGEMENT

### FINDINGS

Our review indicated that:

- Council does not maintain a Contracts Register.
- Funding conditions (funding authority specifying time limits for practical completion) for quotations restricting the pool of likely expressions of interest from contractors.
- Contract documentation provided by Council for audit review was incomplete in terms of sign-off, contents (e.g. quotation requests sent out) and correspondence with unsuccessful respondents (e.g. notification of the outcome of Council’s decision).
- Council does not have detailed procedural guidelines for the various stages of Contracts Management (eg a Contract Management Manual or Toolkit).
- Contract and project documentation noted to be inconsistent and poorly indexed, making file navigation and searches for information by staff difficult and time consuming - copies of contract documents provided for audit review were not signed by officer authorized to sign contracts on behalf of Council.
- Staff concerning themselves with, and awarding contracts, do not sign conflict of interest declarations (as part of the contractual documentation requirement) to the effect of no conflict.

- Requests for details of the competing quotes in the case of two supply contracts requested did not elicit documented confirmation of compliance with Council's Procurement Policy.
- All Council Contract Files should be filed centrally and securely with their contents standardised and set out in records management policy – that is: “what should go into, and in what part of, contract files?”
- Discussions with staff members indicated a poor appreciation of Council's current Procurement Policy.

### RISK RATING

**HIGH**

### RISK / IMPLICATIONS

- A lack of detailed procedural guidelines for the various stages of Contracts Management (eg a Contract Management Manual or Toolkit), that informs Council staff of the approved methodology, presents a high risk of non-standard personal initiatives in the administration of contracts leading to, potentially, long term (systemic) financial exposures, project slippages, poor service delivered to Council and consequent necessity of legal challenges. Contracts-based exposures have a long tail and present a financial risk of significant time duration.
- Where conflict of interest declarations are not obtained from staff administering contracts, Council is at a heightened risk of irregular market practices, collusion, and fraudulent activity. Further, Council's options of disciplinary action may be limited due to staff not being made aware of management's concerns of conflicts of interest and effective fraud mitigation strategies.
- Poor document and file management practices resulting in lost files and documents, excessive effort in searching for vital contract-related information present a risk of financial exposures, poor management of contract performance, contracted services not provided on time, on budget and to contracted quality and potential litigation exposures.
- Poor staff awareness of Council Procurement Policy together with legislative and regulatory compliance requirements presents significant financial, operational, compliance (including legal compliance) and reputational risk to Council and senior management staff.

### RECOMMENDATIONS

We recommend that:

- 4.1** Council considers development of concise contract administration and management “toolkit” that guides staff through the successive phases of setting up, administering and managing contracts in a consistent manner.
- 4.2** Council introduces a mandatory annual conflict of interest declaration, as an annual financial delegation review, to be completed by all staff attesting that staff will comply with Council's procurement and conflict of interest policy. Signed annual declarations form part of staff personal file update inclusions.
- 4.3** Council takes steps to assess document and records management requirements across all areas of Council's operations, including development of data input and file indexing protocols, and the availability of automated systems providing the necessary, cost-effective features addressing requirements.

- 4.4 Council should document all decisions (and the rationale) to favour one supplier exclusively and should periodically test the market to confirm the continued validity of the decision (e.g. consistently lower price); alternatively, seek tender (in the interest of legislative and policy compliance) and formalise a period contract.

## 5. PROJECTS MANAGEMENT

### FINDINGS

During our review of, and discussions on, Council projects we noted that:

- Contractor performance against practical completion deadline (funding authority condition for funding the project and being a condition for the quotation) not managed well by Council (e.g. Alterations to the Oberon Community Centre, 13 Fleming Street, Oberon); reportedly seen by local contractors as a means of restricting participation in Council projects.
- Council does not have detailed procedural guidelines (or policy) for the various stages of Projects Management – e.g. a Project Management Manual or Toolkit – need to standardise management approach and documentation, with view to project administration policy, procedures, standards and tools (toolkit).
- New Project Managers not clear on methodology or specific responsibilities – projects are managed “intuitively”.

### RISK RATING

**MODERATE**

### RISK / IMPLICATIONS

- Poor attention to project progress against the agreed conditions of contract, risks funding authority support being compromised, limited or withdrawn for future projects on account of perceived project management oversight shortfalls, jeopardising Council’s ability to undertake planned project initiatives.
- An environment of infrequent major projects under development and new staff being given project management responsibilities, gives rise to unstructured management activity, project delays, cost escalations and excessive costs in the absence of a concise “tool-kit” guiding the project management effort.

### RECOMMENDATIONS

We recommend that:

- 5.1 Council’s project management and progress reporting methodology should be updated to ensure that funding conditions, imposed on Council, are adhered to and, in the instance of an inability to comply, the funding authority is advised promptly of the matter.
- 5.2 Council develops a concise project management “tool-kit” for the guidance of project managers, setting out the process flows through the various phases of the project management process.

## 6. OTHER MATTERS

### FINDINGS

During our review of, and discussions on, major projects we noted that:

- CIVICA Procurement/Accounts Payable modules not set up to record policy and legislative requirements (quotes, tenders, etc) to facilitate approving officers and Accounts Payable to confirm the legitimacy of Orders and Supplier Invoices.
- CIVICA Procurement/Creditors/Accounts Payable modules need timely revision of system delivery options in light of Council’s emerging requirements.
- Council’s records and document management systems need policy and organisational review.
- Council’s Legal Documents Register is incomplete as it does not record “date of creation”, or “effective date” and “expiry date” or something similar, particularly for contracts and agreements (“expiry” column is not completed in most cases).
- The Legal Documents Register should be in two parts, namely:
  - a) Current Legal Documents (including drafts); and
  - b) Expired Legal Documents
- The Legal Documents Register appears not to be up-to-date.
- The position of Records Clerk/Relief Cashier is currently vacant (at the time of our audit) – Council does not have a Records Manager or Department as such. No movement on developing the current Records Management Facility.

### RISK RATING

**MODERATE**

### RISK / IMPLICATIONS

- Poor relationship with Council’s systems developer, together with an accounting system not implemented to meet Council’s current and prospective systems requirements exposes Council to risks of inefficient, and outdated systems, unapproved work-arounds, staff and client frustrations, taking of short-cuts and costly administrative processes.
- Ineffective and insecure records management systems together with poor or no day-to-day maintenance activity places Council at risk of lost documents or files (including legal files) breaches of confidentiality and potential disclosures of personal and confidential information.

### RECOMMENDATIONS

We recommend that:

- 6.1 Council reviews its current CIVICA systems support arrangements in terms of the quality of support delivery and options addressing Council’s mid-to-long term systems requirements across all Council service and administrative activities.

## DETAILED REPORT

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- 6.2 The existing document management system receives early attention with view to upgrade and staffing.
- 6.3 Council's Legal Documents Register is brought up-to-date and revised to differentiate between current and expired documents and files and expanded to include additional information, relative to the nature of these records.
- 6.4 Council considers setting up a planning group to determine Council's requirements for an EDMS and to liaise with suppliers and other councils about options, processes and potential difficulties with view to preparing recommendations on the way forward.
- 6.5 Council reviews the position of the Records Clerk (currently vacant) and consider recruiting a competent Records Officer (Team Leader) with the responsibility of developing an efficient and effective records (and documents) management and archival facility for Council.

  
**END OF REPORT**

**ATTACHMENT**

**ATTACHMENT A – ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS**

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)
<b>1</b>	<b>PROJECTS MANAGEMENT</b>				
1.1	Council should consider appointing a Procurement Manager for purchasing and contracts management responsibilities, policy compliance assurance over all procurement (including petrol and fuel purchases, credit card purchases, quotations, tendering and on-going contracts administration), revision of contracts and agreements documentation and related risk mitigation and management.	High	While it is accepted that a review of Council's procurement policies and procedures is warranted, the appointment of a Procurement Officer is not a practical solution due to budgetary considerations and is not considered achievable under the current financial constraints experienced by Council. The same end result will be achieved through changes to procedure.		Not implemented
1.2	Council may review procurement policy and mandates the separation of the purchase requisitioning and Order approving functions and provides that no officer, irrespective of position or responsibility (or financial delegation) may approve their own initiated transactions, but must seek approval from a senior supervising officer.	High	Agreed	Director of Corporate Services	The process of review of procurement policies and procedures and resulting actions to be completed by 31 December 2011.
1.3	Council should introduce a means of ensuring that all staff concerned with procurement and contracting responsibilities are up-to-date with current policy, related legislation and regulatory guidelines.	High	Agreed	Director of Corporate Services	Staff education program to be undertaken after review of procurement policies and procedures – 30 October 2011.
1.4	Council could introduce a compliance policy requirement that all staff concerned with procurement and contracting responsibilities provide an annual undertaking to comply with Council's procurement policy. This should be a condition of General Manager delegating financial authority (financial delegation) to individual staff members.	High	Not considered necessary – this is included as part of staff position descriptions is implied through appointment processes, covered in code of conduct training and is reviewed annually during the staff performance assessment process.		Not implemented

## ATTACHMENT

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)
<b>2 DELEGATIONS</b>					
2.1	<p>Consider a review of all financial delegations by referral to historic expenditure patterns of delegates, the distribution of expenditure levels and Councils preferences for expenditure being escalated to the next senior officer for approval.</p> <ul style="list-style-type: none"> <li>▪ “No Limit” delegations should be subject to limits as approved by the General Manager – say, limit of \$50,000 to \$100,000 subject to budget and contract.</li> </ul>	Moderate	Agreed	Director of Corporate Services	Revised financial delegations to be presented to Council in April 2011 for endorsement.
2.2	General Manager’s delegation should be also set at a value determined by Council and over this amount, require the counter-signature of the Mayor.	Moderate	Agreed	Director of Corporate Services	Revised financial delegations to be presented to Council in April 2011 for endorsement.
2.3	Financial delegates should provide an annual undertaking to the General Manager of continued and continuing observance of all related financial, procurement and contracting policies of Council and legislative and regulatory compliance requirements.	Moderate	Not considered necessary – this is included as part of staff position descriptions, is implied through appointment processes, covered in code of conduct training and is reviewed annually during the staff performance assessment process.		Not implemented
<b>3 PROCUREMENT MANAGEMENT</b>					
3.1	Council should consider upgrading procurement procedures by abolishing manual Purchase Orders and enforcing policy compliance by considering the continued procurement role and financial delegations of officers who consistently breach Council Policy.	Moderate	Agreed	Director of Corporate Services	Staff are currently communicating with our service provider with a view to implementing electronic purchasing – to be implemented by 31 December 2011.

## ATTACHMENT

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)
3.2	Develop supervisory procedures and responsibilities to ensure that all procurement and contracting activities in Council are under centralised compliance oversight (see also 1.1 above).	<b>Moderate</b>	Changes will be made to implement a practical approach to centralised purchasing for goods and services as much as can be achieved within current staff resources. It is envisaged that over 90% of procurements can be conducted using a centralised approach. Contracting activities will remain the responsibility of the relevant director.	EMT	<b>31 December 2011</b>
3.3	Review the case for the Rural Fire Service maintaining Council financial delegation, access to Council manual Order Books and issuing Council Purchase Orders.	<b>Moderate</b>	It is considered necessary due to the funding relationship with RFS and Council to continue to maintain Council financial delegations for Rural Fire Service personnel. It is accepted, however, that a revision of those delegations and implementation of electronic purchasing is justified in line with changes made to the organisation as a whole. .	Director of Corporate Services	Revised financial delegations to be presented to Council in April 2011 for endorsement. Electronic purchasing – to be implemented by 31 December 2011.
3.4	Reverse of the Purchase Order (the original or Supplier's Copy) should inform suppliers of Council's Conditions of Procurement.	<b>Moderate</b>	<b>Agreed</b> , will be implemented on the face of electronic orders.	Director of Corporate Services	In conjunction with electronic purchasing to be implemented by 31 December 2011.
3.5	Face of Purchase Orders (Supplier's Copy) should draw attention to these Conditions (in 3.4), and note prominently the need to show the Purchase Order number and the name of the Council officer placing the order on the face of the Supplier's Invoice, otherwise Council will return, and not pay, the invoice.	<b>Moderate</b>	<b>Agreed</b> – however, it is not considered necessary to show the name of the Council officer.	Director of Corporate Services	In conjunction with electronic purchasing to be implemented by 31 December 2011.

## ATTACHMENT

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)
<b>4 CONTRACT MANAGEMENT</b>					
4.1	Consider development of concise contract administration and management “toolkit” that guides staff through the successive phases of setting up, administering and managing contracts in a consistent manner.	High	Agreed	Director of Engineering.	The process of review of procurement policies and procedures and resulting actions to be completed by 31 December 2011.
4.2	Introduce a mandatory annual conflict of interest declaration, as an annual financial delegation review, to be completed by all staff attesting that staff will comply with Council’s procurement and conflict of interest policy. Signed annual declarations form part of staff personal file update inclusions.	High	Not considered necessary. Relevant personnel are already required to complete an annual conflict of interest declaration.		Not implemented
4.3	Take steps to assess document and records management requirements across all areas of Council’s operations, including development of data input and file indexing protocols, and the availability of automated systems providing the necessary, cost-effective features addressing requirements.	High	Agreed. Council is in the process of replacing the Records Officer with an Information Officer and it is intended to recommend to Council that a replacement records management software package be purchased.	Director of Corporate Services	Appointment of the Information Officer is imminent and report to be presented to Council in April 2011 recommending that a replacement records management software package be purchased.
4.4	Document all decisions (and the rationale) to favour one supplier exclusively and should periodically test the market to confirm the continued validity of the decision (e.g. consistently lower price); alternatively, seek tender (in the interest of legislative and policy compliance) and formalise a period contract.	High	Council does not favour one supplier exclusively. Generally, purchase costs are monitored periodically and quotations/tenders are sought when considered relevant or as required by legislation.		Not implemented

## ATTACHMENT

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)
<b>5 PROJECTS MANAGEMENT</b>					
5.1	Project management and progress reporting methodology should be updated to ensure that funding conditions, imposed on Council, are adhered to and in the instance of an inability to comply, the funding authority is advised promptly of the matter.	Moderate	This issue was raised and was evident only with a current project for which government funding is being utilised. However, the matter will be reviewed and checks and balances put in place.	EMT	The process of review of procurement policies and procedures and resulting actions to be completed by 31 December 2011.
5.2	Develop a concise project management “tool-kit” for the guidance of project managers, setting out the process flows through the various phases of the project management process.	Moderate	Agreed.	Director of Engineering.	The process of review of procurement policies and procedures and resulting actions to be completed by 31 December 2011.
<b>6 OTHER MATTERS</b>					
6.1	Review current systems support arrangements in terms of the quality of support delivery and options addressing Council’s mid-to-long term systems requirements across all Council service and administrative activities.	Moderate	Agreed	Director of Corporate Services	Staff are in the process of arranging a “module audit” which will review systems support arrangements and options addressing Council’s mid-to-long term systems requirements. The audit should be completed by 30 June 2011.
6.2	The existing document management system should receive early attention with view to upgrade and staffing.	Moderate	Agreed	Director of Corporate Services	Appointment of the Information Officer is imminent and report to be presented to Council in April 2011 recommending that a replacement records management software package be purchased.
6.3	Council’s Legal Documents Register should be brought up-to-date and revised to differentiate between current and expired documents and files and expanded to include additional information, relative to the nature of these records.	Moderate	Agreed	Director of Corporate Services	After appointment of the Information Officer (imminent) – Legal Documents Register to be updated by 30 June 2011.

## ATTACHMENT

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)
6.4	Consider setting up a planning group to determine Council's requirements for an EDMS and to liaise with suppliers and other councils about options, processes and potential difficulties with view to preparing recommendations on the way forward.	Moderate	<b>Agreed</b> – this has been done – the group consists of General Manager, Director of Corporate Services, Executive Assistant and IT Manager.	Director of Corporate Services	Appointment of the Information Officer is imminent and report to be presented to Council in April 2011 recommending that a replacement records management software package be purchased.
6.5	Review the position of the Records Clerk (currently vacant) and consider recruiting a competent Records Officer (Team Leader) with the responsibility of developing an efficient and effective records (and documents) management and archival facility for Council.	Moderate	<b>Agreed</b> , the new Information Officer will report to the Executive Assistant, who is the team leader for administration and customer services.	Director of Corporate Services	Appointment of the Information Officer is imminent and report to be presented to Council in April 2011 recommending that a replacement records management software package be purchased.

