



TAMALA PARK
REGIONAL COUNCIL

Special Meeting of Council

MINUTES

Thursday 27 April 2006
City of Wanneroo, 4.30pm

TAMALA PARK
REGIONAL COUNCIL
(TPRC)
COMPRISES THE
FOLLOWING
COUNCILS:

Town of Cambridge
City of Joondalup
City of Perth
City of Stirling
Town of Victoria Park
Town of Vincent
City of Wanneroo

MEMBERSHIP

OWNER COUNCIL	MEMBER	DEPUTY MEMBER
Town of Cambridge	Mayor Anderton	Cr Barlow
City of Joondalup	Cmr Paterson Cmr Clough	Cmr Anderson *
City of Perth	Cr Evangel	Cr Sutherland
City of Stirling	Mayor Tyzack Cr Boothman Cr Clarey Cr Stewart	Cr Ham Cr Rose
Town of Victoria Park	Cr Nairn	Cr Skinner
Town of Vincent	Mayor Catania	Deputy Mayor Farrell
City of Wanneroo	Mayor Kelly Deputy Mayor Salpietro	Cr Treby Cr Roberts

*** Alternate member declaration of office to be completed**

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PRESENT

Chairman	Deputy Mayor Cr Sam Salpietro
Councillors	Deputy Chairman Cr Vin Nairn Mayor Marlene Anderton Cr David Boothman Mayor Nick Catania Cr Trevor Clarey Mayor Jon Kelly Cmr John Paterson Cr Bill Stewart Cr Michael Sutherland (Acting alternative for Cr Evangel) Mayor Terry Tyzack
Alternate Members	Cr Tracey Roberts Cr Peter Rose Cr Brett Treby
Staff	Rod Constantine (Acting Chief Executive Officer) Kylie Jeffs (Minute Clerk)
Apologies	Cr Peter Clough
Absent	Cr Eleni Evangel
Consultants	Mr Justin Page representing Whelans (Town Planners & Surveyors) Mr Peter Casey representing Beilby Corporation
Members of the Public	Nil
Press	Nil

1. OFFICIAL OPENING

The meeting was declared open at 4.36pm.

DISCLOSURE OF INTERESTS

Rod Constantine declared an interest in Item 8.1 – Report of CEO Recruitment Committee.

2. PUBLIC QUESTION TIME

Nil

3. APOLOGIES AND LEAVE OF ABSENCE

Apologies were received from Cr Peter Clough.

4. PETITIONS

Nil

5. CONFIRMATION OF MINUTES

Not applicable

6. ANNOUNCEMENTS BY CHAIRMAN (WITHOUT DISCUSSION)

The Chairman reminded Council members that the Mindarie Regional Council meeting was scheduled to commence at 5.30pm and, as such, the TPRC meeting could not run longer than 1 hour.

7. MATTERS FOR WHICH MEETING MAY BE CLOSED

R Constantine advised the meeting could be closed for Item 8.1 – Report of CEO Recruitment Committee.

8. REPORTS OF COMMITTEES

A request had been made for Item 9.1 to be brought forward before items 8.1 and 8.2, to allow the presentation to be made first. This request was moved by Mayor Tyzack and seconded by Mayor Anderton.

8.1 Report of CEO Recruitment Committee

Rod Constantine and Kylie Jeffs departed the meeting at 5.08pm.

The Chairman requested Lindsay Delahaunty (CEO City of Stirling) to provide advice to the Council during discussion on this matter.

**CEO Report Item 10.1
Appointment of Committee – CEO Recruitment**

Council Resolution

Moved Cr Paterson, Seconded Cr Boothman

That the report be RECEIVED.

The Motion was put and declared CARRIED.

Committee Recommendation

The Committee recommends to the Council:

That the report be RECEIVED.

Report Information

Location: Not Applicable
Applicant: Not Applicable
Reporting Officer: A/Chief Executive Officer

Recommendation

That the report be RECEIVED.

Report Purpose

To advise the appointment of a Committee entitled 'Tamala Park Regional Council CEO Recruitment Committee'.

Background

At the meeting of the TPRC held on 6 April 2006, the Council formally resolved as follows:

1. That a Committee comprising the Chairman and 4 Council members be APPOINTED to work with a recruitment consultant to report to the full Council on the following matters relative to the appointment of Chief Executive Officer:
 - A process plan and timeline for the appointment
 - The preparation of a job description and performance measures
 - A draft contract for employment conditions and remuneration
 - A package of data for consideration by the Salaries & Allowances Tribunal to assess a remuneration package for the position
 - A draft advertisement and advertising schedule
2. That the Committee appointed in (1) REPORT on the listed matters to a special meeting of the full Council to be held prior to the Mindarie Regional Council meeting on 27 April 2006.
3. That a Committee comprising the Chairman, Mayor Anderton, Mayor Kelly, Cr Boothman and Cr Stewart be appointed to work with the recruitment consultant on the processes listed in (1) above.
4. That the Committee appointed in (3) above be delegated the authority to appoint the recruitment consultant.

Comment

The key points about the appointment of the Committee are:

1. The Committee Chairman, in accordance with the Local Government Act, is to be appointed by members of the Committee.
2. The Committee has received a delegation from the Council to appoint a recruitment consultant. A Committee which can exercise a power delegated by the Council is a Committee whose meetings must be advertised and which must be open to the public except where the Committee business is of a nature that will allow the Committee to meet behind closed doors.
3. The Committee will cease to exist when a CEO appointment is completed.

Matters relating to a contract of employment fall within the category of matters that will allow a Committee to meet in closed session.

The resolutions of the Committee to exercise delegated power must, however, be made in open session.

**CEO Report Item 10.2
Appointment of Recruitment Consultant**

Council Resolution

Moved Cr Paterson, Seconded Cr Boothman

1. That Beilby Corporation Pty Ltd be **APPOINTED** recruitment consultant to assist the Tamala Park Regional Council with the appointment of a Chief Executive Officer.
2. That the consultancy be **BASED** on the terms and conditions contained in the submission from Beilby Corporation Pty Ltd reported to the Tamala Park Regional Council on 6 April 2006 and to this meeting of the CEO Recruitment Committee.
3. That an agreement and purchase order covering the consultant commission be **PREPARED** and **SIGNED** on behalf of the Committee.
4. That details of the agreement in (3) be **ADVISED** to the Council on 27 April 2006 as follows:
 - Timeline for completion as contained in the agenda;
 - Cost \$15,300 + GST;
 - Advertising costs billed separately to TPRC; and
 - Travel and incidental costs billed separately to TPRC.

The Motion was put and declared **CARRIED**.

Committee Recommendation

The Committee recommends to the Council:

1. That Beilby Corporation Pty Ltd be **APPOINTED** recruitment consultant to assist the Tamala Park Regional Council with the appointment of a Chief Executive Officer.
2. That the consultancy be **BASED** on the terms and conditions contained in the submission from Beilby Corporation Pty Ltd reported to the Tamala Park Regional Council on 6 April 2006 and to this meeting of the CEO Recruitment Committee.
3. That an agreement and purchase order covering the consultant commission be **PREPARED** and **SIGNED** on behalf of the Committee.
4. That details of the agreement in (3) be **ADVISED** to the Council on 27 April 2006 as follows:

- **Timeline for completion as contained in the agenda;**
- **Cost \$15,300 + GST;**
- **Advertising costs billed separately to TPRC; and**
- **Travel and incidental costs billed separately to TPRC.**

Report Information

Location: Not Applicable
Applicant: Not Applicable
Reporting Officer: A/Chief Executive Officer

That the Committee Resolve (in Accordance with the Delegated Authority from the Council – 6 April 2006)

1. That [.....] be APPOINTED recruitment consultant to assist the Tamala Park Regional Council with the appointment of a Chief Executive Officer.
2. That the consultancy be BASED on the terms and conditions contained in the submission from [.....] reported to the Tamala Park Regional Council on 6 April 2006 and to this meeting of the CEO Recruitment Committee.
3. That an agreement and purchase order covering the consultant commission be PREPARED and SIGNED on behalf of the Committee.
4. That details of the agreement in (3) be ADVISED to the Council on 27 April 2006.

Report Purpose

To advance the appointment of a consultant to assist the CEO recruitment process.

Background

The Council has acknowledged the requirement for appointment of a recruitment consultant to assist in selecting a CEO for the Tamala Park Regional Council.

On 31 March 2006 a letter with a package of relevant papers was sent to recruitment agencies experienced in making Local Government appointments. The letter sought submissions from the consultants including a response to a draft timetable and an outline of services required. The attachments sent to consultants with the letter of 31 March 2006 were as follows:

Copy of letter to Recruitment Agencies dated 31 March 2006, which includes the following attachments:

- Appointing a CEO Local Government Operational Guidelines
- Gender Diversity and the Selection of CEOs
- Model Contract of Employment
- TPRC Profile

- Local Government Act Extract
- Local Government Regulations Extract
- TPRC Chief Executive Officer Appointment Timeline

The Council has appointed the Committee to select a consultant and to advance the recruitment of the CEO in conjunction with consultant.

Comment

All of the consultants who have made submissions have had extensive experience in the recruitment of personnel in the Local Government industry.

The consultants are well versed in the specific requirements of the Local Government Act that relate to the appointment of Local Government personnel.

All of the consultants have indicated that the timeline set out in the invitation to submit a proposal for the award of the recruitment commission is achievable.

The options available to the Committee in reference to the submissions are:

1. To interview the consultants prior to making a selection.
2. To appoint a consultant based upon the written submissions received.
3. To appoint a consultant based upon the submissions received and finalise contract details with the consultant at a first meeting which could also be designed to address components of the work for appointment of the CEO.

The detailed consultant submissions are available for redistribution upon request.

CEO Report Item 10.3 Process for Appointment of Chief Executive Officer

Mr Peter Casey (representing Beilby Corporation) was present for discussion on this item.

Council Resolution

Moved Cr Paterson, Seconded Cr Boothman

1. **That the process for appointment of the Chief Executive Officer for the TPRC, as set out in points 1-6 under the heading 'Process for Appointment of CEO for the TPRC' be ADOPTED.**
2. **That the CEO Recruitment Committee develop the draft recommendations for appointment of Chief Executive Officer in conjunction with the recruitment consultant for consideration by the Council.**

The Motion was put and declared CARRIED.

Committee Recommendation

The Committee recommends to the Council:

1. That the process for appointment of the Chief Executive Officer for the TPRC, as set out in points 1-6 under the heading 'Process for Appointment of CEO for the TPRC' be ADOPTED.
2. That the Committee CONSIDER the draft recommendations section of this report and develop recommendations in conjunction with the recruitment consultant for consideration by the Council on 27 April 2006.

Report Information

Location: Not Applicable
Applicant: Not Applicable
Reporting Officer: A/Chief Executive Officer

Recommendation

1. That the process for appointment of the Chief Executive Officer for the TPRC, as set out in points 1-6 under the heading 'Process for Appointment of CEO for the TPRC' be ADOPTED.
2. That the Committee CONSIDER the draft recommendations section of this report and develop recommendations in conjunction with the recruitment consultant for consideration by the Council on 27 April 2006.

Report Purpose

To set out a process and process plan for the appointment of the Chief Executive Officer of the Tamala Park Regional Council.

Background

The Department of Local Government & Regional Development in conjunction with WAMA have produced a significant amount of guideline material to assist Local Governments in making appointments of Chief Executive Officers.

All of the guideline information suggests that the process of appointment be well documented and that the Council provide sign off on progress with the recruitment process at regular intervals.

Recruitment consultants that have experience in making Local Government appointments also have tested processes to ensure that all of the required probity concerns relating to Local Government appointments can be addressed.

In recent changes to the Local Government Act one additional process now required is the assessment of a remuneration package by the State Salaries & Allowances Tribunal. The assessment must be taken into account by a Council when deciding the remuneration for a CEO.

The Council has appointed an Acting Chief Executive Officer for a period of 6 months, expiring on 5 September 2006. This appointment has defined the time limit in which the recruitment of a CEO should be completed.

A time program has been prepared, submitted to the Council and recruitment consultants, and has been assessed achievable. The time program is contained in the package of relevant documents and aims at:

- Completing a process plan and documentation by 26 April 2006;
- Completing advertising by 23 April 2006;
- Selecting a preferred candidate by 24 July 2006; and
- Contract completion 18 August 2006.

Comment

Process for Appointment of a CEO for the TPRC

The key milestones and supporting points are as follows:

- 1. Appointment of Consultant**
 - a. Selection of Consultant
 - b. Defining Consultant Brief
 - c. Agreeing Consultant fees
 - d. Defining costs to be borne direct by the Council
 - e. Approving consultant contract.

- 2. Process & Documentation**
 - a. Job Description
 - b. Performance measures
 - c. Selection Criteria
 - d. Remuneration Package
 - e. Draft Employment Contract
 - f. Draft Advertisement
 - g. Advertising plan/dates
 - h. Process Plan for:
 - Dealing with application Queries
 - Receipt of Applications (where received & by whom)
 - Review Summarising and short listing and initial screening of shortlist.
 - Defining the interview process (consultant with (Committee or Council))
 - Assessing Interview Results (matrix, weightings)

Council Sign Off

- 3. Advertising/Executive Search**
 - a. Assigning responsibility for advertising arrangements
 - b. Receiving/summarising and summary reporting applicant responses/shortlist for interview (as decided in (1))

- 4. Selection**
 - a. Initial screening of applicants (as decided in (1))

- b. Final interview of applicants and selection (as planned in (1))
- c. Reference/Health/Police checks (as in (1))
- d. Probity check (could be completed with consultant and Department of Local Government & Regional Development)

Council Sign Off

5. Contract Review and Minor Adjustment

Council Sign Off:

6. Contract Formal Signing by Council and CEO

Comment on items listed in the process above.

Job Description

The Council needs to be satisfied that a job description adequately sets out what the Council expects the CEO to achieve.

In preparing the job description, the Council may find it useful to think of activities under the following headings:

- o Legal requirements
- o Administration of Council corporate affairs
- o Interaction/communication with Council members
- o Interaction with the community and stakeholders
- o Items in reference to developing plans for Council achievement of objectives – in line with the Council's strategic purpose
- o Items relating to the urban development of the Tamala Park land and the new Tamala Park community

Performance Measures

Performance measures should relate to each of the major categories articulated in the job description.

Advertisement

The advertisement for the position should have professional input and be aimed at attracting suitable applicants. The recruitment consultant should play a major part in preparing the advertisement.

In the advertisement, there needs to be emphasis given to at least the following components:

- a. The requirements to administer a Regional Council in compliance with State legislation and best administrative practice.
- b. The challenge of creating a distinctive urban community over a period of 10-12 years.

- c. The development - environment/potential of the Tamala Park land asset and associated stakeholder and asset management issues.

Remuneration Package

The remuneration package needs to be resolved prior to advertising. This is a firm recommendation of the Local Government guidelines.

The guidelines and regulations require the value of the remuneration package to be advertised. Local Government regulations state that the final contract value cannot be increased over the maximum amount advertised.

The Salaries & Allowances Tribunal has been advised that the Council will be seeking an assessment of the TPRC CEO position. The Salaries & Allowances Tribunal has been provided with some information about the position. The Local Government Act requires the Council to have regard to the assessment made by the Salaries & Allowances Tribunal in setting the minimum/maximum value of the remuneration package.

The recruitment consultant can be given the task of conducting the necessary liaison with the Salaries & Allowances Tribunal and will also be able to contribute an assessment of the value of the CEO position.

Screening and Selection Processes

The individual steps to be considered are listed in Sections 2, 3 and 4 above. The recruitment consultant should advise on all of these matters.

The process should be set out in written form and reported to the Council for formal sign off.

The CEO Contract

The guidelines strongly suggest that contract conditions should be set out in draft prior to advertising so that applicants have the opportunity to respond to the conditions in an appropriate way.

The guidelines also strongly suggest that Council should sign off on the final contract prior to signing of the contract by the Council and CEO appointee.

The recommendations in the following section of this report have been framed to provide guidance to the Committee on specific matters that should be resolved. The gaps in the recommendations need to be filled following the Committee's consideration of each item.

All of the items are shown as recommendations to the Council so that the Council can be involved in sign off of the entire process before advertising of the position.

Draft Recommendations for Development with the Recruitment Consultant

These draft recommendations seek to cover minimal legal requirements.

The Committee should be unrestrained in making further or alternative recommendations to the Council, ensuring that any additional or further recommendations follow the guidelines, Act and regulations.

Draft Recommendations from Committee to Council (27 April 2006)

- 1 That the job description and performance measures for the position as set out in Appendix
 - 1.1 Be approved.
 - 1.2 Be incorporated as an appendix to the Contract of employment.
 - 1.3 Form the basis for annual review of the CEO performance under the Contract of employment.

- 2 That the draft Contract of Employment for the CEO of the TPRC as shown in Appendix
 - 2.1 Be approved.
 - 2.2 That the Council acknowledge that minor changes to the contract might be agreed in negotiations with a CEO nominee.

 - 2.3 That the Council resolve that no changes to the substantive clauses of the contract, including (but not exclusively) provisions relating to remuneration, job description, performance measures are not subject to negotiation for change for a minimum of 12 months following signing of the contract.
 - 2.4 That notwithstanding 2.2 and 2.3 hereof that any changes made to the Contract of Employment must be permitted under the Local Government Act and regulations.

- 3 That the remuneration assessment and recommendations made for the CEO position by the Salaries and Allowances Tribunal (in accordance with Regulation 18C) and:
 - 3.1 That the Council receive the assessment and note that the remuneration package value recommended is between \$..... and \$.....
 - 3.2 That the Council acknowledge that it has taken into account the assessment of the Salaries and Allowances Tribunal in setting the remuneration package value for the CEO position.

- 4 That the remuneration package for the CEO position be as follows:
 - 4.1 A total value of
 - 4.2 That the components of the remuneration package comprise:
.....
.....
.....
.....
.....

- 5 That advertisement of the CEO position to be made in newspaper publication(s) be as follows:
 - 5.1 The West Australian

- On Saturdayand Saturday
 - In the Professional appointments section of the newspaper.

 - [and in the section of the newspaper.

 - Advertisement in the professional section to be a minimum size.....
 - Advertisement in thesection to be a minimum size of
- 5.2 [Additional Newspaper - as required]
- On Saturdayand Saturday
 - In the Professional appointments section of the newspaper.

 - [and in thesection of the newspaper].

 - Advertisement in the Professional section to be a minimum size of
 - Advertisement in thesection to be a minimum size of
- 5.3 The Local Government Jobs Directory (web and electronic publication)
- Fromuntil the closing date for applications.
- 6 The advertisement of the CEO position to contain the following minimum detail:
- 6.1 The remuneration package of the position at a minimum/maximum value range of \$.....and \$.....
- 6.2 That the remuneration package is subject to annual review on market movements.
- 6.3 That the additional benefits offered are.....(eg additional superannuation, incentive bonus [or delete if not applicable]).
- 6.4 That the position is a contract position and the term is [NB: the maximum term is 5 years].
- 6.5 That applications are to be submitted to
- 6.6 That the closing date for receipt of applications is 4pm on 23 June 2006.
- 6.7 That requests for information about the position should be directed to
- 7 The advertisement for the position as prepared by the recruitment consultant in conjunction with the CEO Recruitment Committee be approved.
- 8 That the advertisements for the position be arranged by the recruitment consultant.
- 9 That the recruitment consultant be requested to (following the closing date for advertising):

- 9.1 Provide a general report on results of advertising and applications received to the CEO Recruitment Committee in the first instance.
- 9.2 Review all applications and complete screening of applicants for a short list of no more than[insert number] of applicants.
- 9.3 Prepare and review with the CEO Recruitment Committee a summary report, and applicant details, on the short listed applicants listed in 9.2.
- 9.4 Following the review in 9.3 submit a list and details of applicants recommended for interview to the Council.

8.2 Report of Audit Committee

R Constantine returned to the meeting at 5.23pm.

Audit Report Item 9.1 Appointment of Audit Committee

Council Resolution

Moved Cr Paterson, Seconded Cr Sutherland

That the report be RECEIVED.

The Motion was put and declared CARRIED.

Committee Recommendation

The Committee recommends to Council:

That the report be RECEIVED.

Report Information

Location: Not Applicable
Applicant: Not Applicable
Reporting Officer: A/Chief Executive Officer

Recommendation

That the report be RECEIVED.

Report Purpose

To advise the appointment of an Audit Committee.

Background

At the meeting of the TPRC held on 9 March 2006, the Council resolved (item 9.7) to:

- 1. Appoint an Audit Committee comprising a minimum of three members.
- 2. By unanimous vote appointed Mayor Anderton, Mayor Kelly and Cr Stewart as members of the Audit Committee.

Comment

The key points about the appointment of the Committee are:

1. The Committee Chairman, in accordance with the *Local Government Act*, is to be appointed by members of the Committee.
2. The Committee has no delegated power at this time. The Committee meetings therefore need not be open to the public.
3. The Committee has certain statutory obligations, which are set out in the *Local Government (Audit) Regulations 1996*.

Audit Report Item 9.2 Adoption of Audit Charter (Terms of Reference)

Council Resolution

Moved Cr Paterson, Seconded Cr Sutherland

That the draft Audit Charter be ADOPTED, subject to the addition under Scope of Activity of an item as follows:

6. Review of Internal Audit requirements

The Motion was put and declared CARRIED.

Committee Resolution

The Committee recommends to Council:

That the draft Audit Charter be ADOPTED, subject to the addition under Scope of Activity of an item as follows:

6. Review of Internal Audit requirements

Report Information

Location: Not Applicable
Applicant: Not Applicable
Reporting Officer: A/Chief Executive Officer

Recommendation

That the draft Audit Charter be ADOPTED.

Report Purpose

To establish an audit charter for the Tamala Park Regional Council.

Background

Section 7.1A of the *Local Government Act* requires each local government to appoint an Audit Committee comprising of at least 3 persons.

Included in the responsibilities of the Committee, as set out by the Regulations are the following:

- a. The development of a process for appointment of an external auditor.
- b. The recommendation of an appointment of an external auditor to the Council.

Additionally, the Audit Committee may recommend to the Council good management practices and guidelines relating to financial control and (generally) matters covered by part 6 (Financial Management) of the *Local Government Act*.

Comment

Although it is possible for the Council to delegate functions to the Audit Committee, it is generally considered good governance practice to have the Committee operate in a review and recommendation role to allow input of independent opinion on Council actions and policies from a risk management and probity perspective.

The scope of activity for the Audit Committee can be changed from time to time.

At this stage, the following may be considered appropriate.

Scope of Activity – Audit Committee

1. Recommending adoption of an audit charter
2. Recommending appointment of an external auditor
3. Review of statutory documents
 - Annual budget
 - Annual financial statement
 - Compliance audit
4. Review of statutory processes
 - Quarterly financial reporting format
 - Annual financial reporting format
5. Review of guidelines and policies relating to *Local Government Act* part 6
 - Purchasing policy
 - Investment policy
 - Contracting of consultants

Based upon the scope outlined above, a draft Audit Charter (Terms of Reference) has been prepared as follows:

1. Objectives of Audit Committee

The primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs,

determining the local government's policies and overseeing the allocation of the local government's finances and resources. The Committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of local government's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

- The enhancement of the credibility and objectivity of internal and external financial reporting.
- Effective management of financial and other risks and the protection of Council assets.
- Compliance with laws and regulations as well as use of best practice guidelines relative to auditing.
- The coordination of the internal audit function with the external audit.
- The provision of an effective means of communication between the external auditor, internal auditor, the CEO and the Council.

2. Powers of the Audit Committee

The Committee is a formally appointed Committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

3. Membership

The Committee will consist of three members.

The CEO and employees are not members of the Committee.

The CEO or his/her nominee is to attend all meetings to provide advice and guidance to the Committee.

The local government shall provide secretarial and administrative support to the Committee.

4. Meetings

The Committee shall meet at least three times in each calendar year.
NB: At least one meeting per annum is required to meet the external auditor.

Additional meetings shall be convened at the discretion of the presiding person.

5. Reporting

Reports and recommendations of each Committee shall be presented to the next ordinary meeting of the Council.

The Committee shall report annually to the Council summarising its activities during the previous financial year.

6. Duties and Responsibilities

The duties and responsibilities of the Committee will be:

- a) Provide guidance and assistance to the Council as to the carrying out the functions of the local government in relation to audits.
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the local government's auditor.
- c) Develop and recommend to Council:
 - A list of those matters to be audited; and
 - The scope of the audit to be undertaken.
- d) Recommend to Council the person or persons to be appointed as auditor.
- e) Develop and recommend to Council a written agreement for the appointment of the auditor. The agreement is to include:
 - The objectives of the audit.
 - The scope of the audit.
 - A plan of the audit.
 - Details of the remuneration and expenses to be paid to the auditor.
 - The method to be used by the local government to communicate with, and supply information to, the auditor.
- f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions.
- g) Liaise with the CEO to ensure that the local government does everything in its power to:
 - Assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - Ensure that audits are conducted successfully and expeditiously.
- h) Examine the reports of the auditor after receiving a report from the CEO on the matters and:

- Determine if any matters raised require action to be taken by the local government; and
 - Ensure that appropriate action is taken in respect of those matters.
- i) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time.
- j) Review the scope of the audit plan and program and its effectiveness.
- k) Review the appropriateness of special internal audit assignments undertaken at the request of Council or CEO.
- l) Review reports of any special internal audits by monitoring the implementation of recommendations made by the audit and reviewing the extent to which Council and management reacts to matters raised.
- m) Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
- n) Review the local government's draft annual financial report, focusing on:
- Accounting policies and practices.
 - Changes to accounting policies and practices.
 - The process used in making significant accounting estimates.
 - Significant adjustments to the financial report (if any) arising from the audit process.
 - Compliance with accounting standards and other reporting requirements.
 - Significant variances from prior years.
- o) Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed.
- p) Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference.
- q) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council.
- r) Review the Statutory Compliance Return and make a recommendation on its adoption to Council.

**Audit Report Item 9.3
Appointment of External Auditor**

Council Resolution

Moved Cr Paterson, Seconded Cr Sutherland

- 1) That the (external) audit specification and contractual requirements as set under the heading Audit Specification & General Conditions Items 1-9 be ADOPTED.
- 2) That AUTHORITY be GRANTED to obtain quotations for conduct of the audit of the accounts and annual financial report of the TPRC for the financial years ending 30 June 2006 and 30 June 2007 from audit firms servicing the participant Councils of the TPRC.
- 3) That the timetable dates from progressing appointment of the external auditor be:
 - Approval to obtain quotes 27 April 2006
 - Responses close on or before 25 May 2006
 - Audit Committee consideration of responses < 31 May 2006
 - Council appointment 8 June 2006

The Motion was put and declared CARRIED.

Committee Recommendation

The Committee recommends to Council:

- 1) That the (external) audit specification and contractual requirements as set under the heading Audit Specification & General Conditions Items 1-9 be ADOPTED.
- 2) That AUTHORITY be GRANTED to obtain quotations for conduct of the audit of the accounts and annual financial report of the TPRC for the financial years ending 30 June 2006 and 30 June 2007 from audit firms servicing the participant Councils of the TPRC.
- 3) That the timetable dates from progressing appointment of the external auditor be:
 - Approval to obtain quotes 27 April 2006
 - Responses close on or before 25 May 2006
 - Audit Committee consideration of responses < 31 May 2006
 - Council appointment 8 June 2006

Report Information

Location: Not Applicable
Applicant: Not Applicable
Reporting Officer: A/Chief Executive Officer

Recommendation

The Committee recommends to the Council:

- 1) That the (external) audit specification and contractual requirements as set under the heading Audit Specification & General Conditions Items 1-9 be ADOPTED.
- 2) That AUTHORITY be GRANTED to obtain quotations for conduct of the audit of the accounts and annual financial report of the TPRC for the financial years ending 30 June 2006 and 30 June 2007 from audit firms servicing the participant Councils of the TPRC.
- 3) That the timetable dates from progressing appointment of the external auditor be:
 - Approval to obtain quotes 27 April 2006
 - Responses close on or before 25 May 2006
 - Audit Committee consideration of responses < 31 May 2006
 - Council appointment 8 June 2006

Report Purpose

To define the process and timetable for appointment of an External Auditor for the Tamala Park Regional Council.

Background

Part 7 of the *Local Government Act* deals specifically with audit requirements for a local government.

In summary, these requirements are:

1. The local government is to appoint an external auditor to audit the annual accounts, annual Financial Report and an extensive list of compliance issues set out specifically in audit regulations.
2. The Council is to appoint an Audit Committee to assist with the appointment of an External Auditor.
3. The local government is to meet with the External Auditor at least once per year.
4. The local government is to examine the report of the Auditor and is to:
 - Determine if any matters raised require action to be taken by the local government; and
 - Ensure that appropriate action is taken in respect of those matters.
 - Prepare a report on any actions taken in respect of any matters raised in the report of the auditor; and
 - Forward a copy of that report to the Minister by the end of the next financial year, or 6 months after the last report prepared by the auditor is received by the local government, whichever is the latest in time.

Comment

The Audit Committee has a specific role in the process of appointment of the External Auditor. Regulations require that the Audit Committee:

- Define the process for appointment; and
- Recommend the appointment of a suitably qualified person to the Council.

A suitably qualified person, as defined by the Regulations, is a person who, amongst other qualities, is one who is a registered company auditor or an auditor approved by the Minister for Local Government & Regional Development.

The process of appointment will cover the following:

1. Defining the scope for the audit.
2. Setting out essential matters to be included in the Audit Agreement.
3. Drafting the Audit Agreement.
4. Obtaining quotes or advertising for Expressions of Interest/Tender.
5. Setting a timetable for actions culminating in a recommendation to the Council.
6. Recommending budget allocations sufficient to meet the remuneration requirements generated by the Audit contract.

Audit Specification and General Conditions

1. Introduction

This document is provided for the assistance of auditors who wish to apply for the role of auditor with the Tamala Park Regional Council.

Auditors are required to address all of the matters outlined in the specification.

Auditors who submit an application may be asked to provide further information and/or make a presentation to the Audit Committee.

2. Objectives of the Audit

To provide an independent audit opinion of the accounts and annual financial reports of the local government for each financial year covered by the term of the audit appointment.

3. Term of Audit Appointment

For the financial years commencing 1 July [] through to 30 June [] (not more than 5 years).

4. Scope of the Audit

The auditor is to:

- a. Carry out such work as is necessary to form an opinion as to whether:
 - The accounts are properly kept; and
 - The annual financial report:

- Is prepared in accordance with the financial records; and
 - Represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards, the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) and other mandatory professional reporting requirements.
 - b. Give an opinion in his or her audit report on:
 - The financial position of the local government; and
 - The results of the operation of the local government.
 - c. Include in his or her audit report:
 - Any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government.
 - Any matters indicating non-compliance with financial management requirements of the Act, Regulations and any other written law.
5. Audit Methodology and Approach
- a. The auditor is required to comply with the requirements of Section 7.9 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.
 - b. An audit is to be carried out in accordance with 'Auditing Standards' and 'Auditing Guidance Statements' adopted from time to time by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia.
 - c. The auditor is to provide the local government with a general outline of his/her methodology.
 - d. The auditor is to provide the local government with a plan for the audit including:
 - Timing of interim audit visits;
 - Final audit visit (within 30 days of being advised that the accounts and annual financial report are available for audit);
 - Timing of the legislative requirement to meet with the local government and whether that meeting will be in person or by some other means; and
 - The method to be used to communicate with, and provide advice and information to, the local government.
 - e. The auditor is required to produce an audit report as required by Section 7.9 of the *Local Government Act 1995* and, if considered appropriate by the auditor, a management report.

6. Critical Matters to be Audited

The auditor is to include in her or her application the extent to which the critical matters outlined below will be audited so as to form an opinion on the manner in which they have been maintained.

- i. Revenue
 - Rates revenue
 - Government grants
 - User pays revenue
 - Profit on sale of non-current assets
 - Other income
- ii. Expenditure
 - Salary and wage costs
 - Depreciation
 - Materials and contract expenditure
 - Loss on sale of non-current assets
 - Insurances
 - Bad debts
 - Other expenditure
- iii. Current Assets
 - Bank and short term investments
 - Receivables and prepayments
 - Inventory
- iv. Non-Current Assets
 - Property, plant, furniture and equipment
 - Infrastructure and depreciation
 - Other receivables
- v. Liabilities (current and non-current)
 - Creditors and accruals
 - Loan borrowings including new loans raised
 - Provision for annual and long service leave entitlements
- vi. Reserve funds
- vii. Contingent liabilities
- viii. Capital commitments
- ix. Accounting policies and notes to the financial statements
- x. Cash flow statement
- xi. The financial ratios required by the *Local Government (Financial Management) Regulations 1996*

7. Hours, Fees and Expenditure

The auditor is to provide:

- Estimate of the time to be spent on the audit.
- Fees for completing the audit in accordance with this specification.
- Nominated auditor(s) and registered company audit number(s).
- Experience of the nominated auditors in completing local government audits.

The auditor is to provide a fee for any additional audit requested by Council.

8. Terms

Conditions to be noted by auditors:

- The auditors shall not sub-contract to a third party.
- The auditor shall not, and has no right to, assign the audit contract to third parties.
- The auditor shall not be engaged by the local government to undertake any financial consultancy with the local government that requires the preparation of financial information that will be the subject of the annual audit.
- The auditor shall confirm that he or she has, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error or omission.

9. Termination of Appointment

The appointment as auditor is terminated if:

- a. The auditor ceases to be a registered company auditor.
- b. The auditor ceases to be an approved auditor under Section 7.5 of the *Local Government Act 1995*.
- c. The auditor is a disqualified person under Section 7.4(2) of the *Local Government Act 1995*.
- d. The auditor resigns by notice in writing to the Council.
- e. Council services notice in writing to the auditor terminating the appointment.

Seeking Responses from Qualified Persons

Because of the inter-relationship of participant Councils with the Tamala Park Regional Council, it may be appropriate to consider that the auditors currently servicing the participant Councils be approached to provide audit services to the Tamala Park Regional Council. The likelihood of non-material technical arguments such as whether an item should be dealt with as capital or operational expense can be avoided by such an appointment.

Based upon the audit contracts and payments to auditors by participants of the TPRC, and bearing in mind the limited activity of the TPRC in the period prior to 30 June 2007, it is unlikely that the cost for audit services prior to that date would exceed \$50,000.

By June 2007 the future plan of the TPRC will be well defined and it will probably be appropriate to review audit requirements for the period from 1 July 2007.

It is therefore suggested that the option of inviting quotations for audit services from those auditors currently servicing TPRC participants be considered. Other options available to the Council will be:

- Calling for Expressions of Interest for audit services
- A direct invitation to tender for audit services

Regardless of which option is selected, it will be necessary to ensure the following documentation is available:

- Scope of audit
- Draft audit agreement
- Evaluation criteria

It is proposed that evaluation criteria and weightings be as follows:

Description of Evaluation Criteria	Points	Weighting
a) Price (using cost range scoring)	10	50%
b) Demonstrated experience in completing similar assignments	10	10%
c) Methodology for Audit and communication	10	10%
d) Conformity with tender documents and specifications	10	10%
e) Skills and experience of key personnel	10	10%
f) Technical expertise	10	10%

Timetable for Appointment

The financial statements and financial report for year ending 30 June 2006 will need to be completed and audited by 31 December 2006.

Although there will be very little financial activity to report for the year ending 30 June 2006, it is advisable to appoint an external auditor as soon as possible in order that a schedule for completion of the auditor's work can be established.

The following table shows options for completing the appointment of an external auditor.

Audit Committee			Council		
Item	Date	Alternate Date	Item	Date	Alternate Date
Audit Charter	27 Apr 06		Adopt/Recommend	27 Apr 06	
External Audit	27 Apr 06		Adopt/Recommend	27 Apr 06	
Documentation	27 Apr 06		Adopt/Recommend	27 Apr 06	8 Jun 06
Recommendation to proceed	27 Apr 06		Adopt/Recommend	27 Apr 06	8 Jun 06
Invitation Responses	25 May 06	13 Jul 06			
Audit Committee	31	26 Jul 06	Adopt/Recommend	8 Jun	3 Aug 06

	May 06			06	
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This table presents a focus of activities for 27 April 2006 to allow the Council to authorise inviting submissions from qualified persons from 28 April 2006.

In the event that the Audit Committee substantially agrees the recommendations in this agenda, the timetable is achievable as the Audit Committee agenda can be distributed as part of the Council meeting appears for 27 April 2006 with only recommendations from the Audit Committee to be added.

**Audit Report Item 9.4
Procurement Policy**

Council Resolution

Moved Cr Paterson, Seconded Cr Sutherland

That the proposed Procurement Policy as submitted under the heading *Proposed Procurement Policy* be ADOPTED and scheduled for review in May 2007.

The Motion was put and declared CARRIED.

Committee Recommendation

The Committee recommends to Council:

That the proposed Procurement Policy as submitted under the heading *Proposed Procurement Policy* be ADOPTED and scheduled for review in May 2007.

Report Information

Location: Not Applicable
Applicant: Not Applicable
Reporting Officer: A/Chief Executive Officer

Recommendation

That the proposed Procurement Policy as submitted under the heading *Proposed Procurement Policy* be ADOPTED and scheduled for review in May 2007.

Report Purpose

To propose submit for consideration a Procurement Policy to support best practice management, cost, productive efficiency and probity in addressing procurement for the Tamala Park Regional Council.

Background

Legislation provides that specific matters must be addressed by local governments when contracting for the purchase of goods or services in

excess of \$50,000. General provisions of legislation refer to financial management which implies a requirement for adequate controls in making purchases for a value less than \$50,000.

WALGA has prepared a comprehensive guide for purchasing and tendering by local authorities. The State Supply Commission has also prepared a series of documents which have been recommended for reference by all local authorities in pursuit of best practice in managing the procurement function.

Both State Supply agencies and WALGA contract with suppliers of major services to Government agencies, which contracts are accessible by local authorities. Utilising State Supply and WALGA contracts satisfies many of the provisions of the Local Government Act Regulations.

Comment

The Policy submitted for Council consideration augments the Local Government Act Regulations and the Guidelines contained in State Supply and WALGA manuals.

PROPOSED PROCUREMENT POLICY

Part 6 of the Local Government Act together with the Financial Management Regulations and Functions and General Regulations provide an outline of specific requirements and probity guidelines in respect of purchase of goods and tendering on behalf of local governments.

The State Supply Commission has an extensive series of policies and guidelines that are available for use by local governments.

The West Australian Local Government Association purchasing service negotiates contracts for the supply of goods and services for local government.

The State Supply Commission and the Commonwealth Supply agencies also have contracts for the supply of goods and services that are accessible by local governments.

All of the accessible supply contracts and the policies of WALGA and the State Supply Commission provide a framework for best practice procurement.

The West Australian Local Government Association has produced a purchasing and tender guide – last edition October 2005 – that refers specifically to good procurement practices in reference to the Local Government Act and Regulations.

Wherever possible and appropriate, the contracts and guidelines mentioned above will be used by the Tamala Park Regional Council following objectives for best practice and probity in all procurement activity.

TPRC OBJECTIVES – PROCUREMENT

To provide guidelines for adopting a value for money approach in procuring goods or services through quotes or public tender.

PROCUREMENT POLICY AND GUIDELINES

1. Value for money is the basis for comparing conforming bids so that the optimal offer can be selected. Achieving user requirements, quality standards and service benchmarks is considered to be more important than obtaining the lowest price.

An assessment of the best value for money outcome for any procurement should take into account:

- All relevant whole-of-life costs and benefits;
- Technical merits of the goods or services being offered in terms of compliance with specifications and contractual conditions; and
- Financial viability and capacity to supply without risk of default.

In this context, the value for money principle embraces:

- Cost related factors; and
- Non-cost factors.

2. Value for Money assessment involves the comparison and evaluation of suitable conforming offers.

Factors to be considered in making this decision include the following:

- Value for money is not necessarily about selecting the successful bidder based on price alone, although the lowest total priced, conforming offer can be used as an initial benchmark for comparing value for money. Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer;
- All offers should be evaluated in a consistent manner against the evaluation criteria for the procurement. The use of weighted matrix analysis is a recommended method for analysing and comparing bids in a detailed and consistent manner, particularly for high value purchases; and
- A due diligence investigation of the preferred or shortlisted bidders should be undertaken for all high value or complex purchases to ensure that bidders have the financial stability and technical capacity to comply with the requirements of the contract.

Value for money considerations are not only relevant to the selection of a successful supplier and the purchase of goods or services. Value for money should also be applied to the ongoing contract management over the life of the procurement.

3. The exclusion provisions contained in the functions and general regulations relating to procurement for a value greater than \$50,000 will also apply to procurement for values less than \$50,000.
4. The Local Government legislation does not require local governments to tender for purchases under the value of \$50,000.

Purchases under \$50,000 are categorised as simple purchases but

nevertheless require controls and appropriate accounting and probity support practices.

5. The following should apply to purchases of value less than \$50,000.

5.1. Direct Purchasing – less than or equal to \$2,000

Purchases to \$2,000 may be made on a single quotation, however, best practice will require that market testing be undertaken from time to time and that consideration be given to value for money purchasing.

5.2. Non-Formalised Quotations – Over \$2,000 and less than \$10,000

At least 3 quotations should be obtained except where impractical due to availability of suppliers.

A record of quotations obtained must be maintained.

All quotations are to be obtained prior to a supply order being authorised.

Where there is a waiver of the requirement for 3 quotations the reason for the waiver must be noted and approved by the CEO.

5.3. Formalised Quotations – Over \$10,000 and less than \$50,000

A formalised quotation must be obtained in writing, by fax or email. Email submissions must contain an electronic signature or the image of a signature of a person authorised to provide the quotation.

Quotations must be made in reference to a specification setting out the details of supply, the pricing required, delivery requirements and other relevant matters.

5.4. Special Provisions with respect to Consultancy Services - More than \$5,000 and less than \$50,000

- Quotations must be made in reference to:
 - A written brief defining the services required;
 - The deliverables from the consultancy;
 - The start and end time;
 - The fee basis i.e. fixed, hourly, component completion;
 - The basis for any variation fees; and
 - Provisions for termination of services.
- Completion of a contract for consultancy services must be subject of a written agreement signed by the consultant and TPRC.

6. Tendering for Goods – Value \$50,000+

All supply of goods and services to a value greater than \$50,000 will proceed in reference to the provisions of the Local Government Act and specifically the requirements of Part 4 of the Functions and General Regulations made pursuant to the Act.

Before tendering for the supply of goods for an amount greater than \$50,000 an authorisation to proceed with the tender must be obtained from the Council.

Tenders must be subject of a tender brief setting out, in appropriate detail, at least the following:

- The goods or services required;
- The deliverables from the procurement;
- The start and end time for supply;
- The fee basis i.e. fixed, hourly, component completion;
- The basis for any variation fees; and
- Provisions for termination of services.

Evaluation criteria are to be stipulated in tender invitation documents.

The basis for contracts must be stipulated in tender invitations i.e. any Australian Standard contract proposed to be used.

Where a specifically designed contract is proposed, the details of the contract are to be provided with the tender invitation.

Where variations are proposed to Australian Standard contracts, a schedule of variations is to be included in the tender invitation.

An evaluation matrix in the (example) form below is to be used in advising prospective tenderers of the evaluation criteria and the method for scoring tender responses.

Description of Evaluation Criteria	Points Available	Weighting
a) Price (using cost range scoring)	10	50%
b) Demonstrated experience in completing similar assignments	10	10%
c) Methodology for audit and communication	10	10%
d) Conformity with tender documents and specifications	10	10%
e) Skills and experience of key personnel	10	10%
f) Technical expertise	10	10%

The allocation of evaluation points available in conducting evaluation of tender responses must be made in accordance with criteria set prior to the issue of tender invitations. The allocation would typically be made over a range of items such as those shown in the following table:

Rate	Description
0	Inadequate or non appropriate offer, many deficiencies, does not meet criterion
2	Marginal offer, some deficiencies, partly meets criterion

4	Fair offer, few deficiencies, almost meets criterion
6	Good offer, no deficiencies, meets criterion
8	Very good offer, exceeds criterion
10	Outstanding offer, greatly exceeds criterion

The table showing the evaluation of points is not to be published with the tender invitation or to be made otherwise available to prospective or actual tenderers.

Tenders may be lodged to a secure tender box or secure email tender box.

The use of an email tender box will be decided by the CEO in each instance having regard for the nature of the tender, the size of the likely tender response and such other factors as may relate to each tender invitation. Where an email tender is permitted, the full details of how the tender should be submitted should be included in the tender invitation.

7. Use of Probity Auditor

In all cases where tenders are valued at an amount greater than \$100,000, consideration shall be given to the use of a probity auditor.

A proposal to engage/not engage services of a probity auditor will be included in the report to the Council under section (6) above proposing the issue of an invitation for supply of goods or services.

8. Environmental Procurement Policy

The TPRC will consider the environmental impact in the procurement process when undertaking the purchase of goods and services and disposal of goods.

The governing principle for goods and services procurement is the achievement of value for money. However, when determining value for money, however, the environmental impact issues to be considered may include:

- Use of recycled or recovered materials;
- Product reusability;
- Product recyclability;
- Durability;
- Energy efficiency and consumption;
- Water efficiency;
- Waste prevention;
- End of life disposal method; and
- Environmental health issues.

9. Environmental Purchasing

Environmental purchasing generally refers to the inclusion of relevant environmental factors in any decision to procure goods and/or services in order to maintain the quality of the environment, conserve resources, minimise waste and protect human health.

The aim of considering environmental factors in procurement is/to:

- Managing risks to the broader environment by procuring goods and services that have a reduced impact on the natural environment and human health compared with competing products or services that serve the same purpose.
- Promote the achievement of better value for money on a whole-of-life cycle basis.
- Fostering the development of products and processes that have a positive environmental impact.
- Reducing costs for addressing the effects of environmental health impacts and pollution to the community over the long term.

The focus of environmental purchasing may vary, depending on the nature of the good or service being procured.

10. Environmental Procurement and Value for Money

Value for money is the core principle governing goods and services procurement. In this context, the lowest price is not necessarily an indicator of best value for money.

The environmental impact of a good or service is also a major consideration is the Value for Money Assessment.

Environmentally friendly products will usually involve reduced risks and more efficient use of energy, water and materials leading to lower costs, particularly on a whole of life basis. Therefore, even where an environmentally friendly product or service initially costs more than a conventional product or service, consideration of value for money requires purchasers to give due regard to the benefits obtained from good environmental performance.

It is also essential that the environmental impacts and/or value-add in all procurements are considered across the lifecycle of a product.

Value for Money is assessed on a whole of life basis so that all costs and benefits across the procurement cycle can be adequately considered. For example, in the case of a good, the environmental impact should be assessed at each stage of production, use and disposal. Therefore, to ensure effective Value for Money decisions, the environmental assessment also needs to factor in the impacts and costs created when a product is used, particularly during the evaluation stage when comparing products. These costs electrical power, water, fuel and requirements for other consumables.

11. Environmental Considerations in Contracting Process

The level of effort expended to minimise the environmental impact of procurement should be commensurate with the nature of the purchase and should be applied in all phases of the procurement process as follows:

Contract Planning (pre-tender)

- Is the proposed purchase necessary?
- Identify and address environmental impact issues in all procurement plans.

- Develop specifications that give consideration to environmental standards, codes or legislation, where appropriate.
- Consider options for quotation and tender design, including selection criteria that provide positive advantage to goods, services and/or processes that minimise environmental impact.
- Consider options for quotation and tender design that provide positive advantage to innovative goods, services and/or processes that minimise environmental impact.
- Develop selection criteria that provide positive advantage to goods, services and/or processes that minimise environmental impact.
- Where appropriate consider quality assurance, environmental standards, codes or legislation for inclusion in specifications.
- Where appropriate, seek information from suppliers through the offer document on the environmental impact of goods, services and processes tendered (e.g. accreditation, practices, recycled content, durability and reuse options, hazardous material content, energy efficiency, waste prevention, water efficiency).
- Consider options for, and where appropriate specify methods for end of life disposal of product and/or packaging.

The Guidelines provided in:

- The State Sustainability Strategy; and
- The State Supply Commission Environmental Purchasing Guide may be accessed as appropriate to achieve the stated policy outcomes, operational and cost efficiency.

NB: This Environmental Procurement Policy has drawn upon references from the State Supply Commission Environmental Purchasing Guide.

Audit Report Item 9.5 Investment Policy

Council Resolution

Moved Cr Paterson, Seconded Cr Sutherland

That the proposed Investment Policy as submitted under the heading *Proposed Investment Policy* be ADOPTED and scheduled for review in June 2007.

The Motion was put and declared CARRIED.

Committee Recommendation

The Committee recommends to Council:

That the proposed Investment Policy as submitted under the heading *Proposed Investment Policy* be ADOPTED and scheduled for review in June 2007.

Report Information

Location: Not Applicable
Applicant: Not Applicable

Reporting Officer: A/Chief Executive Officer

Recommendation

That the proposed Investment Policy as submitted under the heading *Proposed Investment Policy* be ADOPTED and scheduled for review in June 2007.

Report Purpose

To proposed an Investment Policy to guide investment decisions, practice and reporting to the Tamala Park Regional Council.

Background

The Local Government Act allows investment of surplus funds held by local government. Investments must be made with regard to the relevant provisions of the Trustees Act.

Section 18 of the Trustees Act refer to the 'prudent person rule'. This rule essentially requires that persons who do not carry on investment activity as part of core business exercise reasonable discretion, including the taking of professional advice, when making certain investments.

It is accepted practice that local governments will have an Investment Policy available as a guideline to investment activity and for public scrutiny.

Comment

The Investment Policy proposed on the term of investment, diversification of investment and risk management relative to the rating of different classes of investment.

The Policy is not dissimilar to the policies that are adopted by a number of local governments including the participants of the TPRC.

If adopted by the Council, it will be proposed that the Policy be submitted for further scrutiny by one or more investment advisors serving WA local governments.

It is expected that the TPRC will have funds in the vicinity of \$15M-\$16M for investment from 1 July 2006 and the adoption of a Policy at this time is therefore appropriate.

PROPOSED INVESTMENT POLICY

1. POLICY

1.1 Objectives

- To undertake authorised investment of surplus funds after assessing credit risk and diversification limits.
- To maximise earnings from authorised investments and ensure the security of Tamala Park Regional Council funds.

1.2 Authority for Investment

All investments are to be made in accordance with:

- Local Government Act 1995 Section 6.14.
- The Trustees Act 1962 generally and particularly Sections 18-21.

1.3 Delegation of Authority

The Chief Executive Officer or delegated representative(s) have authority to invest surplus funds.

1.4 Risk Profile

When exercising the power of investment the following are to be given consideration:

- The purpose of the investment and the needs and circumstances;
- The desirability of diversifying investments;
- The nature of and risk associated with existing investments;
- The need to maintain the real value of the capital and income;
- The risk of capital or income loss or depreciation;
- The potential for capital appreciation;
- The likely income return and the timing of income return;
- The length of the term of the proposed investment;
- The probable duration of the fund;
- The liquidity of the marketability of the proposed investment during, and on the determination of, the term of the proposed investment;
- The aggregate value of the investment;
- The effect of the proposed investment in relation to the tax liability (if any)
- The likelihood of inflation affecting the value of the proposed investment;
- The costs (including commissions, fees, charges and duties payable) of making the proposed investment; and
- The results of a review of existing investments.

1.5 Authorised Investments

(i) Investments in Managed Funds would include:

Fund Type	Minimum Investment Time Horizon	Minimum Rating (where applicable)	Maximum Exposure as % Total Investment Portfolio
Cash Funds (at call)	0-180 days	A	0-100
Cash Plus/Cash Enhanced	3-12 mths	A	0-95
Diversified Funds/or Equivalent	3-5 years	A	0-15
Fixed Interest Funds	3-5 years	A	0-15

(ii) Council Direct Investments would include, but not necessarily limited to

- Bank accepted/endorsed bank bills;

- Bank negotiable Certificates of Deposit;
- Bank interest bearing deposits;
- State/Commonwealth Government Bonds;
- Bank backed floating rate notes
- Mortgage backed securities

1.6 Guidelines

(a) Council's Direct Investments

(i) Quotations on Investments

Not less than three (3) quotations shall be obtained from authorised institutions whenever an investment is proposed. The best quote on the day will be successful after allowing for administrative and banking costs, as well as having regard to the limits set above.

(ii) Term to Maturity

The term to maturity of any Council's direct investment may range from at Call to 180 days.

(b) Diversification/Credit Risk

(i) Managed Fund Investments

The total amount invested with any one fund manager should not exceed **45%** of average annual funds invested (or projected).

Long Term Rating	Short Term Rating	Maximum % of funds
AAA to AA	A1+	45%
A+ to A-	A1	30%
BBB+BBB-	A2	nil

(ii) Credit Ratings

If any of the funds/securities held are downgraded such that they no longer fall within Council's investment policy guidelines, they will be divested within **30** days or as soon as is practicable.

The short term rating order 0-365 days (as defined by S & P Australian Ratings) is:

A1+	Extremely strong degree of safety regarding timely payout
A1	A strong degree of safety for timely payment
A2	A satisfactory capacity for timely payment
AAA AAA	An extremely strong capacity to repay
AA+ to AA	A strong capacity to repay
A+ to A-	A strong capacity to repay

BBB+ to BBB-	An adequate capacity to repay
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(c) Performance Benchmarks

Investment	Performance Benchmark
Cash/Cash Plus/or Equivalent/Direct Investments	11AM and UBSWA Bank Bill Index UBSWA 0-3yr &/or
Fixed Interest	Master Index
Capital Stable Funds	CPI + 2% AV. Rolling 3 yr periods.

(d) Reporting

A report will be provided to each bi monthly ordinary Council meeting, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio.

(e) Variation to Policy

The Chief Executive Officer is authorized to approve variations to this policy if the investment is to Council's advantage and/or due to revised legislation.

All changes to this policy are to be reported to the meeting of the Council following meeting of the Council following the change and in the event that a meeting of the Council is not scheduled within 14 days then an interim report is to be made to both the Chairman of the Council and to the Chairman of the Audit Committee of the Council.

2. OPERATIONAL PROVISIONS

Investment Limits

- Maximum investment of total funds with any one institution shall be 60%
- Total funds held in shares should not exceed 5% of funds invested and no single share holding in a public company should have a value greater than 1% of total investment funds at the time of placement.
- No single property value should be greater than 5% of the total investment funds at the time of purchase and total property value is not to exceed 15% of total investment of funds at any one time.

Preference

Priority is to be given to institutions that are Western Australian owned and located in Western Australia, followed by national institutions and offshore companies.

Income maximisation and risk level management is to feature prominently in the determination of fund's placement with preferred institutions.

Guarantee

That in the case of term deposits, the return of principle and interest is a prerequisite of a financial investment. Institutions that fall short of this requirement are required to provide a guarantee of return or a back-to-back arrangement with another institution for the return of investments on maturity.

Monthly Reconciliation and Advice

It is a requirement that funds placed with approved institutions or withdrawal of such funds made are to be reconciled monthly and matched with Council records.

Details of maturity and rollover investments are to be recorded as expended on new investments (as the case requires) in the Investment Registrar with an Investment Transaction Voucher prepared on the date of maturity or rollover for ledger entry.

Investment Register

An Investment Register shall be maintained containing the following particulars with respect to each investment.

1. Date of investment
2. Fund from which money is being invested
3. The investment amount
4. The investment house or party with whom the investment is lodged
5. Type of investment
6. Security status and nature of security
7. Date of maturity
8. Investment interest rate
9. Interest payment terms
10. Penalties applicable for pre-expiry termination of investment.
11. Officer initialising the investment.
12. Contract arrangements with borrower in respect of the investment name, address and business status of any Trustee holding security for any investment on behalf of the TPRC.
13. The particulars and location of any security held by Trustees on behalf of the TPRC.
14. The location and any security for an investment held directly by the TPRC.
15. The Investment Register is to be completed prior to the close of business on the day on which the investment is made.
16. The Investment Register and Ledger are to be reconciled at least monthly.

Initiating Investment

1. All cheques initiating investments are to be drawn by voucher.
2. Investments made with a new investment house must receive and be endorsed by the Chief Executive Officer.
3. The purchase of shares or related products and/or properties for the purpose of long-term investments, as endorsed by Council shall have such investments evaluated by professional experts prior to purchase.
4. A maturing investment payment from one investment may not be used to directly initiate one investment of another class or with another borrower.

9. ADMINISTRATION REPORTS

9.1 Structure Plan - West of Marmion Avenue

It was noted that Mr Vern Butterly (Whelans) was unable to attend the meeting and had given his apologies.

Mr Justin Page (Whelans) gave a PowerPoint presentation on details of the Structure Plan, which included:

- The Structure Plan and overview Structure Plan documents
- The subdivision design logic
- Subdivision features
- Integration with surrounding land uses
- Traffic integration at Marmion Avenue and logic of Long Beach Promenade
- Compliance with the Wanneroo District Town Planning Scheme
- Incorporation of liveable neighbourhood features
- Lot numbers
- Zoning
- Time program for advancing the structure plan through public consultation and approval processes

Moved Cr Paterson, Seconded Cr Sutherland

[The motions recommended in the agenda]

1. **That the Council AGREE the design and concept for the Mindarie Avenue West Structure Plan.**
2. **That ACTION BE TAKEN to progress the Structure Plan for formal submission to the City of Wanneroo and to the West Australian Planning Commission.**

The Motion was put and declared CARRIED.

10. ELECTED MEMBERS MOTIONS OF WHICH NOTICE HAS BEEN GIVEN

Nil

11. QUESTIONS BY ELECTED MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

12. URGENT BUSINESS APPROVED BY THE CHAIRMAN

Nil

13. MATTERS BEHIND CLOSED DOORS

Nil

14. FORMAL CLOSURE OF MEETING

The Chairman declared the meeting closed at 5.32pm.

These minutes were confirmed at a meeting on

SIGNED this day of 2006
as a true record of proceedings.

CHAIRMAN