

Abernethy Road Inquiry Recommendations Officer Response

	Recommendation	Maturity Prioritisation	Officer Response	Officer Response notes	Resource requirements	Timeline for implementation
R1	Implement a formalised Procurement and Contract Management Framework (Annexure B)	Level 1	Supported	<p>The implementation of a Project and Contract Management Framework was identified as an action in the Shire's Corporate Business for completion in the 2021-22 financial year, subject to the recruitment of a Project Management Office Leader.</p> <p>Significant progress has been made in this regard to lift maturity of the Shire in respect to project management from a level 1 to a level 3 by June 2023.</p> <p>Following recruitment of a Project Management Office Leader in January 2022, a Project Management Framework was documented.</p> <p>Work to implement this framework to date has involved:</p> <ul style="list-style-type: none"> Project Lifecycle Management, Contract Management and Investment Prioritisation and Optimisation modules in the 	This action can be delivered subject to the provision of \$167,000 in 2022-23.	<p>The Project Management Framework implementation is being conducted in stages with stage 1 being completed in June 2022 with greater functionality in September 2022.</p> <p>PLM Capital Works Stage 2 is planned in for implementation in 2022-23 with implementation of the Contract Management and Investment Prioritisation and Optimisation modules also planned to occur in this period.</p>



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				<p>Shire's Enterprise Resource Planning system</p> <ul style="list-style-type: none"> • Preparation of dedicated Project Management and Contract Management policies • Supporting processes that include: <ul style="list-style-type: none"> ○ defined roles and responsibilities, including governance arrangements through a project change board ○ a Responsibility Assignment Matrix (RASIC) ○ defined change management thresholds ○ project monitoring and reporting processes. <p>The Shire's newly designed Project Management Framework, which is based on Prince2 methodology, has been incorporated into the Project Lifecycle Management software solution which went live in its first iteration in April 2022. This</p>		



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				<p>first iteration enables monthly reporting on capital projects covered by the framework.</p> <p>The next step involves design and testing of the next stage of the module which incorporates PLM registers for project aspects such as:</p> <ul style="list-style-type: none"> • Lessons learnt • Benefit • Business case • Risk • Change request • Stakeholder management • Regulatory approval; and • Acceptance Criteria <p>Testing is underway with Project Managers being trained in using the module to manage and administer projects in the system.</p> <p>Work to strengthen Contract Management and administration has commenced starting with the presentation of a draft Contract Management policy to Council planned for the May Ordinary Council Meeting. This Contract</p>		



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				Management policy will establish clearer roles and responsibilities for the planning, administration and management of contracts in the organisation, including variations. This will be supported by the Contract Management module in the Shire's ERP which will house the Shire's Contract Management registers.		
R2	Formalise a 'low tender' policy to avoid 'bid low now, recover later'	Level 1	Further investigation required	<p>While acknowledging the rationale behind the recommendation, a blanket 'low tender' policy that would prevent the selection panel from considering a bid that did not meet a minimum price amount is not supported.</p> <p>Such an approach would not prevent bidders from underestimating the value of the works and recovering additional costs through variations after the award.</p> <p>If implemented, this approach could also result in additional project costs if the low tender price judged by the selection panel was excluded incorrectly.</p>	This action can be delivered subject to the provision of \$66,000 in 2022-23	A review of the Council Policy – Procurement of Goods or Services through Public Tendering including examination of processes used in other local governments is proposed to occur by December 2022.



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				Rather than implementing this change in isolation, it is recommended that the idea be considered within a wider review of the Shire's tender policy that would consider industry practice across the sector.		
R3	Remove price from RFT qualitative criteria	Level 1	Further investigation required	<p>The RFT qualitative criteria is set out in Council Policy 3.2.5 – Procurement of Goods or Services through Tendering.</p> <p>The Shire's Procurement Policy states that:</p> <p><i>“Value for money is one of the overarching principles governing purchasing that allows the best possible outcome to be achieved for the Shire of Serpentine Jarrahdale. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing and service benchmarks.”</i></p>	This action can be delivered subject to the provision of \$66,000 in 2022-23	A review of the Council Policy – Procurement of Goods or Services through Public Tendering including examination of processes used in other local governments is proposed to occur by December 2022.



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				<p>The role of price within procurement criteria and practices varies considerably across Commonwealth, State and Local Governments, Government Owned Corporations and the private industry.</p> <p>In addition, the Shire's Procurement Policy provides that any otherwise conforming tender that receives a score of 2 out of 5 for any selection criteria is to be excluded from the remainder of the selection process without their price being considered. This helps alleviate the risk of low-quality, high-risk tenders being awarded work based on price.</p> <p>Rather than implementing this change in isolation, it is recommended that the idea be considered within a wider review of the Shire's tender policy that would consider industry practice across the sector.</p>		
R4	Require Quantity Surveyors to prepare Pre-Tender Estimates, prepare Tender pricing	Level 1	Supported	Improving the reliability and accuracy of budget estimates is key in strengthening project planning and avoiding cost-overrun.	The costs of quantity surveyors as currently deployed are factored into	A review of the Council Policy – Procurement of Goods or Services through Public



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	schedules, and assess Tender Price Offers			<p>The Shire already employs professional quantity surveyors for key capital projects, but recent examples has indicated the limitations in such forecasting in light of dramatic market-changes.</p> <p>There can also on occasion be long lead times between the preparation of organisational budgets and bids for external grant funding (especially for road projects) prior to the appointment of professional quantity surveyors.</p> <p>Nevertheless, Officers concur that the expertise of quantity surveyors will form part of the implementation of the project management framework which will result in more rigorous project feasibility, initiation, and planning stages.</p> <p>The role of quantity surveyors within the procurement process as governed by the tender policy, including as an advisor to tender panels, in the manner similar to that of the probity auditor, would be</p>	capital budget estimates.	Tendering including examination of processes used in other local governments is proposed to occur by December 2022.



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				<p>examined as part of a broader review of the Shire's tender policy.</p> <p>Rather than implementing this change in isolation, it is recommended that the idea be considered within a wider review of the Shire's tender policy that would consider industry practice across the sector.</p>		
R5	Implement Supply Chain Risk Management	Level 3	Further investigation required.	<p>Supply chain risk management which attempts to combat over reliance on a single or set of few contractors, forms part of the Shire's existing tender assessment policy in that panel members evaluate based on risk.</p> <p>Key Personnel, Skills and Resources is an assessed criteria in the tender policy and availability of key personnel, skills and resources is inherently part of that evaluation from a risk perspective.</p> <p>A formal supply chain risk management approach is noted as a 'Level 3' activity within the Shire's</p>	This action can be delivered subject to the provision of \$91,000 in 2022-23	Further consideration in due course



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				<p>maturity journey and while supported, other actions identified in the report as considered to be of greater priority given the existing incorporation of supply chain risk through the tender evaluation process.</p> <p>Better procurement planning is a key dimension of the PLM and will require greater investment in the procurement function which has focused on procurement administration to ensure probity and integrity but with additional resource investment can move to strategic procurement efforts like those contemplated in the recommendations.</p>		
R6	Investigate different contracting models based on risk, value, complexity	Level 2	Supported	<p>The through implementation of Project Management and Contract Management maturity, the Shire is implementing reforms including a Contract Management module in the Shire's ERP and a dedicated Contract Management policy.</p> <p>This policy sets out who is authorised to enter into contracts on behalf of the Shire and authorise variations/ and extensions to those</p>	This action can be delivered subject to the provision of \$91,000 in 2022-23	<p>Contract management policy proposed to be presented at the May 2022 Ordinary Council Meeting.</p> <p>Further enhancements are planned through dedicated contract management module in OneComm to be</p>



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				<p>contracts, and outlines Contract Management roles and responsibilities.</p> <p>Since the time of the Abernethy Road project, Council has awarded annual supply contracts for road related works which mimic many of the characteristics of a panel of pre-qualified suppliers and provide greater flexibility in procurement.</p>		implemented in 2022-23.
R7	Implement formal KPI or SLA abatement regimes for poor performance	Level 2	Supported	<p>Since the Abernethy Road inquiry report, improvements have been made in contractor management for example in the administration of contractors working on the Kiernan Park project. Further improvements will be implemented through the implementation of the Shire's Project Management Framework supported by contract management training.</p>	This action can be delivered subject to the provision of \$25,000 in 2022-23	Training program to be designed and delivered in the course of 2022-23.
R8	Implement panels of pre-qualified Contractors, and professional services Consultants	Level 1	Supported	<p>The <i>Local Government (Functions and General) Regulations 1996</i> provides an option for local governments to establish panels of pre-qualified suppliers.</p> <p>If a local government wishes to establish panels of pre-qualified suppliers, it must have a written</p>	This action can be delivered subject to the provision of \$66,000 in 2022-23	A review of the Council Policy – Procurement of Goods or Services through Public Tendering including examination of processes used in other local governments is



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				<p>policy that sets out how the panel will operate, work be divided up, and how communication will occur between the local government and suppliers in accordance with r24C of those Regulations. Council has a policy in this regard (Council Policy 3.3.2 – Panels of Pre-Qualified Suppliers) but has not historically applied pre-qualified suppliers as they can be cumbersome to administer and may not yield benefits in respect to value or availability of suppliers.</p> <p>The Shire has in recent times conducted tender processes to identify suppliers to provide materials and services based on a schedule of rates. These annual supply contracts may resolve some of the issues identified along with implementation of stronger Project Management which will enhance strategic procurement.</p>		proposed to occur by December 2022.
R9	Implement Policies for project, probity, and procurement risk management in project delivery	Level 1	Supported	<p>This will be achieved through the design and implementation of the Project Management Framework.</p> <p>The Shire's approach establishes monthly reporting on projects</p>	This action can be delivered subject to the provision of \$91,000 in 2022-23	The Project Management Framework implementation is being conducted in stages with stage 1 being



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				<p>through the Project Change Board that manages/resolves escalated issues up to the 10% impact threshold providing it is within delegated thresholds through the Change Log in the PLM Module.</p> <p>Risk is fully integrated as when completing reports, the Project Manager must select a risk category utilising the pre-set Project Risk Guide which has 5 factors of risk, once saved the PLM algorithm calculates the overall Project Health.</p> <p>In addition, Council Policy – Procurement of Goods or Services through Public Tendering provides that a Probity Auditor is to be appointed for each Tender expected to be greater than \$1 million in value.</p>		<p>completed in July 2022 with greater functionality in September 2022.</p> <p>PLM Capital Works Stage 2 is planned in for implementation in 2022-23 with implementation of the Contract Management and Investment Prioritisation and Optimisation modules also planned to occur in this period.</p>
R10	Implement Policies for appropriate due diligence on supplier capability	Level 2	Supported	<p>The due diligence requirements for suppliers are set out in Council Policy – Procurement of Goods or Services through Public Tendering.</p> <p>While acknowledging the shortfalls in the project documentation associated with the Abernethy</p>	This action can be delivered subject to the provision of \$91,000 in 2022-23	A review of the Council Policy – Procurement of Goods or Services through Public Tendering including examination of processes used in other local governments is



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				<p>Road procurement process, this is not reflective of more recent procurement processes conducted in accordance with the Policy.</p> <p>Since the Abernethy Road project, procurement, including for tenders has been centralised as a function within Corporate Services. This ensures that tender processes occur in a repeatable manner and institution controls set in the Policy are adhered to.</p> <p>The Policy sets out the approach to be undertaken for each tender to ensure probity, procedural fairness, and minimise risk. Due diligence is dealt with by the policy through the requirement to have a tender specification and assessment against the statements using a set criteria.</p> <p>The policy relevantly states that: <i>“Panel members must consider all relevant information related to each tender. This would include the tenderer’s responses to the selection criteria, and all other</i> </p>		proposed to occur by December 2022.



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				<i>information tenderers were required to supply. Tender evaluation ratings and selections must be made on the basis of the material presented and included in the tender submissions rather than hearsay."</i>		
R11	Implement appropriate Knowledge Management requirements investigating EDMS, SaaS, and BIM solutions for program and/or project needs.	Level 3	Supported	This recommendation is being achieved through the implementation of the Shire's ERP and delivery of modules in document record management which will link document record management with modules such as capital works, procurement and performance planning.	Nil	The document record management module in OneComm is scheduled for rollout in 2023.
R12	Implement appropriate Stakeholder Mapping processes, and resulting Communication Plan strategies	Level 1	Supported	The importance of stakeholder plans is recognised as a critical component of the planning phase and will be requirement for a project to proceed through the delivery stage gate in the Shire's Project Management Framework.	This action is contingent on funding of \$76,000 in 2022-23	Stakeholder mapping and communication plans to be captured as a required stage gate criteria post go-live of the PLM module in July 2022.
R13	Investigate Category Management, and Supplier Relationship Management as	Level 3	Supported	Greater sophistication in procurement planning would enable the Shire to better leverage market	This action can be delivered subject to	To be considered in due course



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	part of the PMO to be a client of choice			<p>forces to reduce risk and ensure value for money, especially when demand for capital contractors is great.</p> <p>The reforms identified would require investment in procurement capacity and capability into the future and most immediate benefit will occur through the implementation of better procurement planning through the PLM.</p>	the provision of \$167,000 in 2022-23	
R14	Improved Delegated Authority Register with defined roles and powers of authority with respect to procurement and project management	Level 1	Supported	<p>Since the Abernethy Road project, the Shire's formal delegation register required under the <i>Local Government Act 1995</i> has been the subject of multiple reviews and significant reform. The most recent review and recommended revisions were proposed to be presented to Council at the May 2022 Ordinary Council Meeting. Training on delegated authority and power has been a feature of implementing the register since 2020.</p> <p>In respect to purchasing authority, purchasing power is set out in the Business Operating Procedure – Authorisation to Issue Purchase</p>	This action can be delivered subject to the provision of \$66,000 in 2022-23	<p>The bulk of reforms required in this area identified as areas of concern during the Abernethy Road project have already been addressed.</p> <p>In relation to improvements to defining roles and responsibilities for contract management, it intended that a draft contract management policy be presented at May 2022 Ordinary Council Meeting</p>



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				<p>Requests. Purchases cannot occur outside of this defined authority because all purchases are made through centralised procurement.</p> <p>In relation to variations, the Contract Management Policy scheduled to be presented to Council at the May Ordinary Council Meeting will provide greater clarity on the roles, responsibilities, and level of authorisation regarding contract management. This draft policy includes formally addressing the role of a Superintendent which has specific powers to vary contracts under Australian contract law.</p> <p>As variations to contracts are tied to the projects that the contracts relate to, another key reform in this area is the implementation of the PLM and change request process which will ensure better documentation and consideration of benefit, scope and cost changes for projects which can result in requirements to vary or amend contracts.</p>		



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R15	Templated Contract Administration Manual	Level 2	Supported	<p>This recommendation proposes that the Shire used a standard template for Works Construction Contracts. Currently, the Shire does so but recognises that greater sophistication is required in this regard.</p> <p>As noted above, the initial work has begun through the presentation of a draft Contract Management policy which provides a framework and sets out the expectations for contract planning, administration, variation and close out.</p> <p>The implementation of the Contract Management module in the second half of 2022 presents an opportunity to improve documentation related to contract administration through the framework set out in the draft policy.</p>	<p>This action can be delivered subject to the provision of \$91,000 in 2022-23</p>	<p>Draft policy scheduled for consideration at the May 2022 Ordinary Council Meeting further investment to occur within the implementation of the associated Contract Management module in OneComm.</p>

