

3.2. DAINTREE FERRY PROBITY AUDIT

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RECOMMENDATION

That Council:

- 1. receive and note the Probity Audit of Procurement and Contract Solutions Report relating to the Daintree Ferry Service, as presented to the Douglas Shire Council Audit Committee; and**
- 2. publish the Probity Audit of Procurement and Contract Solutions Relating to the Daintree River Ferry Service Report on Council website.**

EXECUTIVE SUMMARY

Local Buy Probity was engaged via a competitive procurement process to conduct an independent probity audit. The scope of the probity audit related to the review of the decisions of Council in relation to its overall Daintree River Ferry Strategy with respect to its short, medium and longer-term procurement and contract solutions.

BACKGROUND

The Daintree River Ferry Service is a piece of critical transport infrastructure that provides access to the area north of the Daintree River to residents and tourists. Under a 2005/6 contract, the service was provided by Sirron Enterprises Pty Ltd. In recognition of the contract's expiry on 30 June 2021, Council conducted a procurement process for a replacement service, the planning for which commenced in 2018. This culminated in a Council decision on 3 December 2019 to "enter into contract 2019-084 Daintree River Ferry Contract with Sirron Enterprises (Qld) Pty Ltd" and further authorised "the CEO to negotiate, finalise and execute any and all matters associated with the contract".

Through a Notice of Motion on 25 May 2021, Council resolved to "engage a probity auditor through the Audit Committee Chair, to investigate the contract process for the Daintree Ferry Contracts including the original two ferry tender, the outright purchase of the existing ferry and the solicitation, evaluation and award of the interim ferry solution".

Through the Audit Committee Chair, Manager Governance and Senior Procurement Officer, a scope of works was developed and a Request for Quote (RFQ) was submitted through Vendor Panel. Five independent organisations were sent the invitation, with two conforming submissions received. The Panel individually evaluated the submissions and Local Buy Probity were recommended.

On 2 July 2021, Local Buy Probity were engaged and start up meetings commenced. Over the course of 12 weeks, weekly meetings were held with the Local Buy Probity Team, Audit Committee Chair, Manager Governance/Acting CEO, Senior Procurement Officer and Senior Governance Officer via Teams. Weekly progress reports were presented to Council team.

The Probity Auditor was onsite (Mossman) from Monday 19 July to Friday 23 July 2021. During this time, the Probity Audit conducted several interviews with key stake holders:

- WGC Lawyers
- Project Control Group (PCG) – Daintree Ferry – Members
- Mayor and Councillors
- Former CEO
- Senior Procurement Officer
- Manager Governance

A former Council Manager and member of the PCG was also interviewed and provided assistance in regard to timelines and information.

To ensure Council data was protected, a secure drive was created and over 1,541 documents were provided to the Local Buy Probity Team as part of the sample data to review. This consisted of:

- Councillor Workshop Documents
- Council Meeting Agenda and Minutes
- Daintree River Ferry PCG Minutes
- Procurement Strategies
- Tender Consideration Plans
- Expressions Of Interest Documents
- Tender Documents
- Evaluation Scoresheets
- Internal/External Audit Reports
- Business Cases
- Risk Registers
- Sirron Pty Ltd Contracts
- WGC Legal correspondence
- Timeline from 2018 to 2021
- Emails

External Costs

The cost to perform this Probity Audit come in at \$45,399.00.

The time spent to conduct this Probity Audit was approx. 224 Hours.

Internal Costs

As well as external costs to perform this audit, a number of Council officers were required to assist in preparation for and tasks during the audit process. This included:

- Attending Probity Audit Meetings
- Sourcing of relevant documentation as requested by Auditors
- Uploading information to the secure drive
- Coordinating interviews with staff and Councillors.

It is estimated that internal time to assist this process over a 12-week period was over 720 hours. This internal cost was not all captured by a direct work order, however the time worked on this project redirected staff members from their normal duties.

Audit Committee Special Meeting

Local Buy Probity presented the final report to a Special Audit Committee Meeting on 30 September 2021. The Full Audit Committee were present along with all Councillors, the Acting Chief Executive Officer and the Senior Procurement Officer. The full report, findings and recommendations were presented.

COMMENT

Council will publish the Final Probity Report on Council Website once resolved by Council.

PROPOSAL

That Council receive and note the Probity Audit of Procurement and Contract Solutions relating to the Daintree Ferry Service and publish the Probity Audit of Procurement and Contract Solutions Relating to the Daintree River Ferry Service Report on Council website.

FINANCIAL/RESOURCE IMPLICATIONS

As outlined above, there were significant costs involved in conducting the Probity Audit of Procurement and Contract Solutions relating to the Daintree Ferry Service, which were not provided for in the 2021-2022 budget. These costs will be factored into the 2021-2022 budget revision in November 2021. There was also a considerable redirection of internal resources to this project, which had to be absorbed by various teams, resulted in many additional hours being worked by key staff members and other tasks being deferred.

RISK MANAGEMENT IMPLICATIONS

The Daintree River Ferry is critical transport infrastructure that provides access to the area north of the Daintree River to residents and tourists. The Daintree River Ferry contracts are arguably the highest value and highest risk procurement actions that Council manage. Conducting the Probity Audit of Procurement and Contract Solutions provides assurance to the Councillors and the public that due process has been followed in undertaking these high-risk procurement projects.

SUSTAINABILITY IMPLICATIONS

Economic: Ensuring due process has been followed in high-risk procurement actions provides assurance that long term economic sustainability has been considered.

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - We will conduct Council business in an open and transparent manner with strong oversight and open reporting.

Operational Plan 2020-2021 Actions:

Nil

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances, and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Information Provider Council provides the community with important information on services, events, policies, rules, strategies, and any other relevant data that helps the community to stay informed. In performing this role, Council seeks to be open and transparent.

CONSULTATION

Internal: Councillors, Audit Committee and Council Officers

External: WGC Lawyers and Local Buy Probity

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

Nil