

MEDIA RELEASE

19 September 2019

Procurement in Local Government Report of the Auditor-General No.1 of 2019-20

The Auditor-General, Mr Rod Whitehead, today tabled his report on the outcomes of audits into the procurement of goods and services by Devonport City, Dorset and Glenorchy City Councils.

These audits examined the use of the exemption from public tender on the grounds of 'extenuating circumstances' by all three councils. Whilst all three councils complied with the procedural requirements relating to the use of the exemption, Mr Whitehead found, "clarity on the use of 'extenuating circumstances' could be improved through definition of this term and guidance as to when it should be applied. This would ensure councils only apply the exemption in truly exceptional circumstances."

Devonport City Council

The audit examined the effectiveness of Devonport City Council's governance and procurement processes relating to the Living City project and found, apart from matters relating to the Providore Place head lease, they were effective as measured against the audit criteria.

Mr Whitehead stated, "Devonport City Council did not follow sound commercial and governance processes in relation to the Providore Place head lease as it failed to obtain independent legal advice prior to entering into the agreement and it did not adequately manage the relationship risk between the Council and the Living City project development managers."

Dorset Council

The audit examined contractual arrangements relating to work to extend the Blue Derby Bike Trails, noting the contract included an extension clause for additional trails or features.

Mr Whitehead stated, "extension clauses in contracts are generally used for the extension of various factors associated with existing goods or services being provided under the contract and not for the provision of new goods and services". The Report noted Dorset Council's use of the extension clause for future contacts may lead to a contravention of the *Local Government Act 1993*.

Glenorchy City Council

This audit addressed the recommendations addressed to the Auditor-General in the *Glenorchy City Council Board of Inquiry Report November 2017* relating to Council's compliance with procurement requirements. Whilst two procurement exceptions were identified from 67 examined, the Report concluded Glenorchy City Council complied, in all material respects, with its compliance obligations as evaluated against the audit criteria.

The complete Report can be downloaded from www.audit.tas.gov.au.

Ends

Further information contact:

Rod Whitehead
AUDITOR-GENERAL
Phone (03) 6173 0900