



City of Karratha

Probity Review

2 July 2026

Final Probity Review Report

Table of Contents

Executive Summary.....	3
1. Objective & Scope.....	5
2. Methodology Adopted.....	6
3. Statement of Responsibility	7
4. Detailed Findings and Recommendations.....	8
5. Observations	24
Appendix A – Risk Criteria	25

Executive Summary

BACKGROUND

The City of Karratha has a decentralised procurement system administered through its Technology One platform.

The City has a procurement policy, guidelines, templates and process maps available to guide and assist City staff when undertaking procurement activities.

The City has requested that a probity review be conducted on 5 completed public tenders to assess the level of compliance against the City's procurement policy and guidelines. The five tenders selected by the City for review are:

- RFT0000023 - Supply and Laying of Asphalt and Profiling Services
- RFT0000029 - Wickham Oval Carpark and Playing Surface Earthworks
- RFT0000039 - Karratha Airport Runway Rejuvenation
- RFT0000030 - Supply of Reticulation Pipe and Associated Fittings
- RFT0000037 - Karratha Cleaning Services

REVIEW CONCLUSION

Based on our review as per the attached scope of works we found that, overall, the City has in place an appropriate procurement policy and associated guidelines to enable public tenders to be properly administered in line with *Local Government Act 1995* and *Local Government (Functions and General) Regulations 1996*.

We did note several areas of non-compliance with the City's procurement policy and delegations which we considered to be low to medium risk to the City, suggesting that the City's procurement processes require further improvement specifically in the areas of:

- approval to proceed to tender process
- tender advertising process
- maintaining proper documentary evidence of mandatory inspections and the consensus process.
- better recording of evaluation panel's decision making
- improving the City's compliance checking process
- need to provide better training for evaluation panel members

Notwithstanding the above issues, we did report on one high risk issue which related to evaluation panel members conducting evaluations based on incorrect and unapproved qualitative criteria %. We believe this area requires immediate attention by the City to ensure that the agreed and approved qualitative criteria included in the approval to proceed document that is approved by Council or the CEO agrees to what is in the RFT being advertised and also is what is being formally evaluated against as part of the evaluation panel members evaluation of tender submissions.

The above finding represents a serious processing issue for the City as the official RFT should reflect the criteria approved by Council or by the CEO and should not be changed or altered by

the evaluation panel members. We noted this issue in 3 of the 5 tenders that were subjected to review and it is our opinion that, in those instances, the tenders should have been cancelled once the incorrect qualitative criteria were identified and the tenders re advertised with an RFT outlining the correct and approved qualitative criteria %.

1. Objective & Scope

The objective of this probity review was to conduct a comprehensive review of the probity, governance and procedural integrity processes that was followed by the City of Karratha for 5 completed local government tenders (selected by the City) and to provide a Probity Review report on the outcomes of our review findings.

The review focused on the following key areas:

- Review of Tender Documentation
 - Planning documents
 - Approval processes
 - Request for tender documentation
 - Tenderlink data
 - Tender submissions
 - Evaluation documentation
 - Supplier communications
 - Award documentation
- Assess alignment with legislative requirements and internal policy requirements.
Identify any areas where documentation may introduce probity or process risk.
- Evaluation Process Audit
 - Assess the formation, composition and independence of the evaluation panel
 - Examine the scoring methodology and how it was applied
 - Assess decision-making processes
- Conflict of Interest and Confidentiality Management
 - Assess processes for managing real or perceived conflicts of interest
 - Review declaration of interest documents and processes
- Compliance and Legislative Review
Evaluate adherence to:
 - *Local Government Act 1995* and *Local Government (Functions and General) Regulations 1996*
 - Recommendations from the Office of the Auditor General for Western Australia.
 - Principal’s procurement framework
- Risk Identification and Analysis
Identify gaps or deviations that could expose the City to:
 - Legal challenge or reputational harm
 - Financial risks
 - Breaches of confidentiality or impartiality
 - Poor contract outcomes

2. Methodology Adopted

The following probity processes were followed regarding our review of each of the five completed tenders as selected by the City:

- Assessment of the approved Procurement Plan for the tendered panel arrangement including the proposed evaluation process from the point tender submissions are received through to being formally assessed by the established evaluation panel members to ensure that all submissions have been submitted by the relevant closing tender date, met the eligibility criteria and that all tender submissions have been assessed on a consistent and equitable basis.
- Assessed compliance with the City's procurement policy and any other procedures/guideline that relate to the City's tender process.
- Determined the existence of a proper and clear evaluation and consensus process which would include an agreed standard ranking system based on meeting eligibility criteria and any other requirements as set out in the RFT. This included checking that the ranking system used is appropriate and provides a fair and appropriately weighted ranking of eligibility criteria requirements in accordance with the RFT document.
- Ensured and checked that each evaluation panel member submitted signed conflict of interest and confidentiality declarations prior to commencement of the evaluation process.
- Where a conflict of interest had been declared that proper documentation exists as to how the conflict was dealt with.
- Assessed whether any other non-voting members and or staff that may be responsible for administering the receipting of RFT submissions have also submitted a signed conflict of interest and confidentiality declaration.
- Assessed the adequacy of the process that was followed should a tender submission not have met the eligibility criteria (non-conforming tender submission).
- Assessed the process followed for issuing of clarification questions.
- Checked that where a tender submission was deemed to be non-conforming that this was clearly documented as to reasons for the submission not being a conforming tender. Where a submission was deemed a non-conforming tender submission all evaluation panel members had agreed that the submission be formally deemed non-conforming.
- Checked to ensure that the evaluation panel members undertook an individual assessment of each submission based on the established eligibility criteria outlined in the RFT and that they applied proper ranking based on the City's agreed ranking system.
- Checked that each evaluation panel member adequately and formally documented their reasons for allocating an individual ranking for each submission and that it was recorded and maintained as evidence of the individual assessment provided.
- Checked that evaluation panel members undertook a proper formal consensus meeting once they had individually ranked each eligible submission and discussed their ranking scores and their reasons for providing their scores with the other evaluation committee members and reached consensus.
- Checked that a formal recommendation report was submitted to the City and signed by each individual evaluation panel member as evidence that each member agreed with the recommendations to award based on the results of the consensus meeting.

3. Statement of Responsibility

The matters raised in this probity review report are only those which came to our attention during performing our probity review and may not necessarily be a comprehensive statement of all the possible issues or non-compliance matters that may exist or improvements that may be made in relation to the procurement processes that we reviewed relating to the 5 completed tenders.

Our assessment results were based solely on the information that was provided to us by the City of Karratha and/or that we could locate within the City’s records for the five selected completed tenders.

In our professional judgement, sufficient and appropriate review procedures were completed and appropriate evidence was gathered to support the accuracy of our findings and conclusions as contained in this report.



Santo Casilli FCPA PFIIA

Associate Director Internal Audit, Probity and Risk

4. Detailed Findings and Recommendations

4.1 Tender Evaluation Scoring Process

Findings

Our review of the evaluation scoring documentation for the five tenders identified the following:

- Four Instances where the scoring was not done in line with the evaluation criteria and the allocated % against each qualitative criteria that was established in the RFT and / or approved by the delegated authority.
 - RFT0000023 - scoring was not done in line with the evaluation criteria nor in line with the allocated qualitative criteria % that was established in the RFT. Although not in line with the RFT, we did note that the evaluation was conducted based on the criteria approved by the Council.
 - RFT0000029 - scoring was not done in line with the evaluation criteria and qualitative criteria % that was approved by the Council. However, was done as per the criteria in RFT. Again, this represents a serious processing issue for the City as the initial RFT should have reflected the criteria approved by Council.
 - RFT0000030 - scoring was done in line with the evaluation criteria and qualitative criteria % that was established in the RFT and approved by the Council. However, it is mentioned in the Evaluation Report that *"the panel decided to include additional specific items in the evaluation process because the price schedule contained a range of items, some of which were either not priced by both suppliers or listed as additional items, making comparison difficult. These items were selected for evaluation by the Parks and Gardens team based on the high usage."* We consider that the evaluation panel members were incorrect to include and evaluate additional items as part of their assessment and instead should have sought a clarification from both suppliers as to why they did not include a price on the pricing schedule and also seek clarification as to why additional pricing was submitted. We believe seeking clarification is allowable as long as this is done fairly and equitably for all tenders that submitted a tender submission.
 - RFT0000037 - Scoring was not done in line with evaluation criteria in RFT.

The above findings represent a serious processing issue for the City as the official RFT should reflect the criteria approved by Council or by the CEO and should not be changed or altered by the evaluation panel members. In these instances, the tenders should have been cancelled and re issued with an RFT outlining the correct and approved qualitative criteria %.

Risk Rating

Low	Medium	High
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Implications

- Issuing an RFT with allocated qualitative criteria different to what was approved by Council and/or the CEO and then having the tender submissions evaluated on a different basis undermines the whole tender process.
- Reduce transparency and consistency in scoring and evaluation decisions.

- Undermine fairness and probity in the tender process.
- Increase the risk of non-compliance with Approval to proceed conditions.
- Expose the City to disputes, challenges, and reputational damage.

Recommendation

It is recommended that the City:

- Develop and issue formal instructions for the Evaluation Panel members covering scoring, consensus meetings, and reassessment procedures.
- Provide additional training to all evaluation panel members re their responsibility as panel members and their responsibility to ensure scores align with RFT criteria and weightings which are in line with the initial approval to proceed information provided either by Council or the CEO.
- Implement procurement checks and sign offs on all RFT's prior to being advertised to ensure the RFT is in line with the approval to proceed information approved by Council or the CEO.

Management Comments

Agree

Management acknowledges the findings and agrees that evaluation criteria and weightings must be approved, consistently reflected in tender documentation, and applied in accordance with the approved and advertised RFT requirements.

A review of recent tenders identified a small number of inconsistencies, primarily arising from manual documentation and version control processes. Enhanced pre-advertising checks have since been implemented to confirm alignment between approvals and RFT documents.

Governance will reinforce guidance for evaluation panel members, including that panels must assess submissions against the approved and advertised criteria and must not alter the evaluation strategy during evaluation. Where further information is required, approved clarification processes must be used.

The City's planned transition to centralised procurement for purchases above \$250,000 from July 2026 will provide additional procurement oversight and further strengthen controls across the procurement lifecycle.

4.2 Approval and Consistency of Evaluation Criteria Determination

Findings

Section 14 (2a) of the *Local Government (Functions and General) Regulations 1996* requires that, before tenders are publicly invited, the local government must determine in writing the criteria for deciding which tender should be accepted.

Under the City of Karratha’s Council’s delegations, the Chief Executive Officer (CEO) is authorised to invite tenders and determine evaluation criteria as per the CEO’s delegated authority. However, in some instances as noted below, Council endorsement is required.

Our review identified three tenders where Council endorsement was required to invite tenders. In these instances, the following non-compliance issues in relation to the tender evaluation criteria:

- For one tender, RFT0000037, Council endorsement was required as this was an ongoing service contract with contract periods exceeding three years. In this instance, the evaluation criteria were not approved by Council, as they were not included in the Council report seeking approval to invite tenders.
- For 2 tenders, RFT0000023 and RFT0000029, Council endorsement was required as under a condition (budget amendment). In this instance, the selection criteria and weightings included in the Request for Tender (RFT) differed from those approved by the Council.

NOTE: The above issue was amended to rectify an error in the original report where it was stated that where the budgeted cost of a purchase required to go to public tender exceeds \$1 million, the decision to invite tenders and the evaluation criteria are required to be approved by Council. Where the budgeted cost is less than \$1 million, approval to proceed to tender rests with the CEO. It was pointed out to us that this was not the case. Council endorsement is only required under certain circumstances as noted above. Only the wording of the finding above was amended. There is no change in risk ratings, implications or recommendations.

Risk Rating

Low	Medium	High
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Implications

Failure to ensure that tender evaluation criteria are properly approved and consistently applied may:

- Result in non-compliance with Section 14(2a) of the Regulations and the Council’s own governance requirements.
- Undermine the transparency, fairness, and defensibility of the tender process.
- Increase the risk of tender disputes, complaints or legal challenge from unsuccessful tenderers.
- Expose the Council to reputational damage and potential financial or governance consequences.

Recommendation

It is recommended that the Council:

- Strengthen controls to ensure that all tender evaluation criteria and weightings requiring Council approval are clearly documented and included in Council reports prior to the invitation of tenders is undertaken.
- Implement a formal review and sign off process to confirm that the evaluation criteria and weightings in the RFT are consistent with those approved by Council or the CEO, as applicable.

Management Comments

Agree

Management acknowledges the finding and agrees that, where Council approval is required, evaluation criteria and weightings should be clearly documented in the relevant Council report before tenders are invited and accurately reflected in the RFT.

A dedicated tender invitation Council report template will be introduced, and enhanced pre-advertising checks have been implemented to confirm alignment between Council-approved criteria and tender documentation.

These actions will strengthen governance controls, improve transparency and provide a clear audit trail demonstrating that tender evaluation criteria and weightings are consistent with Council approvals.

4.3 Fairness and Equity of Tender Advertising Process

Findings

Our review of the Tender Administration Protocol (TAP) for RFT0000039 noted that Robert Mikhail from Earl Hill Consulting was to compile and provide a list of possible tenderers to the City of Karratha. The City intended to directly contact each of these organisations once the tender period opened to alert them to the tender opportunity. This could be construed as impairing a fair and equitable tender advertising process.

Probity principles require that tenders are advertised in a manner that is fair, equitable, transparent, and provides all potential suppliers with an equal opportunity to participate. Council Purchasing Policy and best practice guidelines require open and unbiased advertising processes and discourage actions that may provide perceived or actual advantage to selected suppliers.

Risk Rating

Low	Medium	High
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Implications

This approach may:

- Create a perception of preferential treatment or unequal access to tender information.
- Undermine the fairness and transparency of the tender process.
- Increase the risk of complaints, disputes, or probity challenges from other potential tenderers.

Recommendation

It is recommended that the City:

- Clarify and document acceptable tender advertising practices, including the responsibility, limitations and appropriate use of external consultants in the tender process.
- Ensure all tender opportunities are advertised through approved, open channels that provide equal access to information, such as Tenderlink, and not undertake any activity that may be perceived as impairing the fairness and equity of the tender advertising process.
- Prohibit or tightly control direct notification of selected suppliers unless supported by policy and applied consistently for all tenders.

Management Comments

Partially Agree

Management acknowledges the perceived probity risk associated with direct supplier notifications and agrees that tender advertising practices should be clearly documented and consistently applied.

Supplier notifications were issued only after the tender had been publicly advertised through Tenderlink and in accordance with statutory requirements. The notifications were intended to raise awareness of the published opportunity and did not provide access to information beyond that available to the broader market.

Governance will review and update procurement guidance to clarify approved tender advertising practices, the role of external consultants in the advertising process, and the circumstances in which supplier notifications may be used. Processes will also be strengthened to ensure any notifications are appropriately documented, consistently applied and do not provide any supplier with an unfair advantage.

4.4 Attendance at Mandatory Site Briefing / Inspections

Findings

Our review identified that two tenders (RFT0000037 and RFT0000039) required tenderers to attend mandatory site briefing / inspection. However, for one tender (RFT0000037) there was no evidence of an attendance record being maintained. Further, for both tenders, there was no evidence that the attending tenderers had signed an attendance register.

Probity principles generally require that mandatory site briefing / inspections are conducted in a transparent and equitable manner, with appropriate records maintained to demonstrate evidence that attendance had been complied with in line with the RFT requirements.

Risk Rating

Low	Medium	High
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Implications

The absence of reliable attendance records may:

- Undermine the ability to confirm compliance with mandatory tender requirements that would determine whether a tender submission was conforming or non-conforming.
- Create probity and fairness risks if attendance cannot be verified.
- Increase the risk of disputes or challenges from potential tenderers.
- Weaken the City's transparency and defensibility of the tender process followed.

Recommendation

It is recommended that the City:

- Implement standardised procedures for recording and retaining attendance at mandatory briefing / inspection.
- Require signed attendance registers for all mandatory briefings / inspections to be maintained.

Management Comments

Agree

Management acknowledges the documentation gaps and agrees that attendance at mandatory briefings and inspections should be consistently recorded and retained.

Governance will implement a standard attendance register and update procurement processes to require signed attendance records for mandatory briefings and inspections. This will strengthen the audit trail, support consistent compliance decisions and improve the defensibility of the tender process.

4.5 Conflict of Interest and Confidentiality Declarations

Findings

Purchasing guidelines require that evaluation panel members disclose any conflicts of interest and maintain confidentiality throughout the tender evaluation process. The *Declaration of Confidentiality & Interest* form is sent to the evaluation panel members immediately following tender closing date with a list of the conforming tenderer's names. This form is then required to be signed and returned to the City's Procurement area by each of the nominated evaluation panel members. Once the signed and dated *Declaration of Confidentiality & Interest* forms are received, the Evaluation Package is then distributed by Procurement to each of the evaluation panel members.

Our review noted that:

- Signed *Declaration of Confidentiality & Interest* forms were received and sighted for all five RFTs that were subjected to our probity review. However, for tender RFT0000030, the declaration from one panel member was not dated and a discretionary declaration from another panel member was not signed or dated.
- There was no record of when the Evaluation Package was distributed to confirm it occurred after receipt of signed declarations.
- Any non-voting members and/or Procurement staff that may be responsible for opening and administering the receipting of RFT submissions have not submitted a signed conflict of interest and confidentiality declaration. This requirement is not included in the City's Procurement policy.
- Purchasing Guidelines state that Evaluation panel members who have indicated that they have a potential conflict of interest must disclose such conflicts of interest to the rest of the evaluation panel members for them to decide the appropriate action to be taken. However, there are no documented policy or guidelines as to the process that needs to be followed by the evaluation panel members when an evaluation panel member declares a conflict of interest. The current procedures in place for declaring conflicts of interest also do not specifically address at which point of the tender evaluation process should action be taken when a conflict of interest has been declared.

In the following tenders, conflicts of interest were declared but we were unable to find any documentation to evidence that the conflicts of interest were disclosed and communicated to the other evaluation panel members nor as to how the declared conflict was dealt with by the evaluation panel.

- RFT0000023 - Deoneia Pires da Silva
- RFT0000030 - Brian Randall

Risk Rating

Low	Medium	High
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Implications

Lack of clear processes and incomplete documentation may:

- Undermine transparency and fairness of the tender evaluation process.
- Increase the risk of perceived or actual conflicts influencing evaluation outcomes.
- Weaken the defensibility of tender decisions.

- Expose the City to probity and reputational risks.

Recommendation

It is recommended that the City:

- Implement documented procedures for the declaration, disclosure, and management of conflicts of interest, including timelines and responsibilities as it relates to the tender evaluation process.
- Require all panel members, including non-voting staff involved in tender administration, to submit signed and dated conflict of interest and confidentiality declarations.
- Ensure distribution of Evaluation Packages only occurs after receipt of all relevant declarations and that some form of evidence is maintained/recorded to confirm this.
- The evaluation panel members as part of their evaluation process should record that they have been made aware of an evaluation panel members declared conflict and to record what action the evaluation panel members took to manage the declared conflict.

Management Comments

Partially Agree

Management acknowledges the finding and agrees that conflict of interest and confidentiality controls should be consistently documented and evidenced.

Current processes require evaluation panel members to complete declarations before receiving tender documentation and to disclose any conflicts as soon as they become known. Management agrees there is an opportunity to strengthen processes and record keeping to better demonstrate compliance with these requirements.

Governance will review and update relevant processes, templates and guidance to reinforce declarations are to be signed and dated prior to access to tender information, conflicts are appropriately assessed and recorded and agreed management actions are documented. Management supports extending declaration requirements to the primary officer responsible for administering the tender process but does not consider it necessary for all non-voting administrative officers.

4.6 Tender Compliance Checking Process

Findings

The current process followed at the City for undertaking compliance checking when opening closed tenders is that the officer responsible for opening and administering the tender (Procurement) will conduct the initial compliance criteria review of the submissions against the pre-determined compliance criteria checklist and making a note in the evaluation workbook as to whether a tender submission is compliant, non-compliant and other commentary if there is uncertainty.

Our review of the five tenders identified the following:

- The City's Tender Administration Protocol (TAP) document states that the Tender Assessment Panel (evaluation panel members) is responsible for assessing the compliance criteria of tender submissions. This is contrary to current practice.
- There was no documentation indicating who conducted the compliance criteria checks for any of the five tenders.
- For tender RFT0000029, one compliance criterion (f) was not assessed for one of the tenderers.
- Within the Evaluation Recommendation Report for tender RFT0000037, it was noted that the evaluation panel members did not award the tender to Pilbara Cleaning Services due to the supplier not meeting the compliance criteria. However, the Evaluation Workbook does not indicate that this tenderer was non-conforming and/or non-compliant. There is no record to determine who undertook the compliance check, evaluation panel members discussion and agreement that the supplier was non-compliant nor any documented record as to their decision making to exclude the tenderer.

We also noted that the current compliance checklist used by the City is generic and includes compliance aspects that are irrelevant and if missing in the submission, in our opinion, does not warrant that the tender submission is deemed non-conforming.

Further, the RFT requires the tenderer to complete a section on Statement of Partial and Non-Compliance. Assessment of information provided by the tenderer in this section does not form part of the compliance check performed and it is not known how and when these are dealt with. Within the Evaluation Recommendation Report for RFT0000030, the Panel recommends that Statement of partial and Non-Compliance in the tenderer's submission be clarified.

Risk Rating

Low	Medium	High
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Implications

Inadequate compliance checking and documentation may:

- Result in inconsistent or incorrect assessments of tender submissions.
- Undermine transparency and fairness of the tender evaluation process.
- Reduce the defensibility of tender decisions.
- Increase the risk of probity issues or disputes from tenderers.

Recommendation

It is recommended that the City:

- Review and clarify the roles and responsibilities of who undertakes the tender compliance checks.
- Ensure compliance checks are consistently documented, including who performed the check and the outcome.
- Align compliance checklists with RFT requirements, including handling of Statements of Partial and Non-Compliance. The compliance checklist should only include specific information that must be submitted with the tender submission as per the RFT requirements which if not provided as part of a submission would be deemed non-conforming. All other criteria should be omitted from the compliance criteria checklist
- Require the Evaluation Panel to formally consider and document any deemed non-compliances and their decisions on how these non-compliance matters were managed.

Management Comments

Agree

Management acknowledges the need for clearer and more consistent tender compliance checks.

As the City transitions to a centralised procurement model for procurement activities exceeding \$250,000 from 1 July 2026, Procurement will be responsible for completing the initial compliance assessment. Management agrees that greater clarity and improved record keeping is required regarding the assessment and treatment of Statements of Partial Compliance and Statements of Non-Compliance.

Templates, guidance materials and processes will be updated to clearly define roles and responsibilities, align compliance assessments with Request for Tender requirements, and ensure compliance assessments and panel decisions are consistently documented and retained.

4.7 Evaluation Process

Findings

There are no formal instructions issued to the Evaluation Panel members on how to conduct tender evaluations or consensus meetings. In addition, based on our review of the documentation included in the 5 completed tenders, the consensus meetings lacked formal minutes or records of discussions. As such we were unable to confirm that the evaluation panel members openly discussed their individual scores and provided a consensus view of the overall scores that are to be applied.

Our review of the evaluation documentation for the five tenders identified the following:

- Instances where the individual panel members did not sign off on their individual assessments.
 - For all 5 tenders the panel members did not sign their individual assessments.
 - For tenders RFT0000023, RFT0000029 RFT0000030 and RFT0000037, the name of the panel member was not stated on their individual assessment sheet.
- The Final evaluation workbook was prepared for all 5 tenders however, these were not signed off by the panel members. We did however note that the final evaluation workbooks are attached to the evaluation recommendation reports and the evaluation recommendation reports have been signed off by all panel members.

The City uses consensus evaluation workbooks to undertake and record the evaluation process. The workbook would include the individual scoring sheets from each evaluation panel member and also the final consensus score sheet which is then used to draw up the Recommendation Report to Council or the CEO.

At present the City's procedures do not require that each evaluation panel member sign off on their individual score sheets or the consensus score sheet. They are only required to sign the Recommendation Report that would go to Council or the CEO.

We are of the opinion that all individual score sheets and the final consensus score sheet should be signed and dated by each evaluation panel member including the Recommendation report.

- For tender RFT0000039, it was noted on the consensus evaluation workbook that one of the tenderers who scored an average <6 for non-price qualitative criteria did proceed to the price assessment stage contrary to what was stated in the RFT.

Risk Rating

Low	Medium	High
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Implications

The lack of formal guidance and documentation may:

- Reduce transparency and consistency in scoring and evaluation decisions.
- Expose the City to disputes, challenges, and reputational damage.

Recommendation

It is recommended that management:

- Develop and issue formal instructions for Evaluation Panel members covering scoring, consensus meetings, and reassessment procedures.
- Require panel members to sign individual assessment forms as well as the final consensus evaluation workbooks.
- Record and retain minutes of all consensus meetings and ensure final evaluation workbooks are completed and approved.

Management Comments

Partially Agree

Management acknowledges there is an opportunity to strengthen the consistency and documentation of the evaluation process.

Processes will be updated to provide clearer instructions for evaluation panel members and to ensure there is evidence of individual assessments being submitted as part of the evaluation process.

Management does not consider it necessary for individual assessment workbooks or consensus evaluation workbooks to be signed, nor for consensus meetings to be comprehensively minuted. The consensus evaluation is endorsed through the signed Evaluation & Recommendation Report, which includes the final consensus assessment workbook. However, templates and processes will be updated to ensure key matters arising during consensus discussions, including significant scoring variances and post-tender clarifications, are documented and retained.

4.8 Clarification Questions from the Evaluation Panel

Findings

Knowing how and when to issue clarification questions during the evaluation phase can be problematic if the evaluation panel members are not trained to determine how to word clarification questions that do not appear to be asking for additional information that may not have been included in the RFT or that may result in changing the initial scope of works included in the RFT.

Evaluation panel members need to be cautious to ensure that clarification questions are just that, seeking clarification on information submitted and the evaluation panel members should document their decision as to why there is a need to seek clarification.

However, although we found clarification questions were being asked there was very little documentation evidencing why clarification questions were considered and the basis on which the decision to raise clarification questions was made.

Risk Rating

Low	Medium	High
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Implications

Inadequate documentation of clarification decisions may:

- Reduce transparency over the evaluation process.
- Limit the ability to demonstrate consistent and fair treatment for all tenderers.
- Weaken the audit trail supporting evaluation decisions.
- Increase the risk of probity concerns or challenges where one tenderer may feel that other tenderers may have got an unfair advantage by providing additional information.

Recommendation

It is recommended that management:

- Establish clear documentation requirements for documenting clarification considerations, including timing and rationale.
- Ensure Tender Evaluation Panels formally document decisions to seek clarification.
- Include clarification documentation as part of the standard tender evaluation file.
- All evaluation panel members receive ongoing training on the importance of understanding the clarification process.

Management Comments

Agree

Management acknowledges the need to strengthen the documentation of clarification decisions. Governance will update processes, and templates to ensure clarification requests are appropriate, approved where required and supported by a clear record of the rationale, decision and outcome.

As outlined in Management's response to the recommendation relating to evaluation panel consensus meetings, key matters arising during evaluation discussions, including clarification requests and

outcomes, will be documented and retained. These improvements will strengthen transparency, support consistent application of the clarification process and reduce the risk of clarifications being perceived as providing an unfair advantage.

4.9 Acknowledgement of Tender Addendums

Findings

Tender conditions included in the City’s RFT’s require all tenderers to acknowledge and incorporate any issued addendums into their tender submissions to confirm awareness of and compliance with updated requirements. Maintaining evidence of acceptance is necessary to support a fair, transparent, and defensible evaluation process.

Our review identified the following:

- RFT0000029 - no evidence of acceptance of the 2 addendums by one of the tenderers (Gajawari).
- RFT0000030 - no evidence of acceptance of the addendum by one of the tenderers (Reece).

Risk Rating

Low	Medium	High
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Implications

Failure to obtain and retain evidence of addendum acceptance may:

- Undermine assurance that all tenderers were evaluated on the same basis.
- Create probity and fairness concerns.
- Increase the risk of disputes or challenges from potential tenderers who complied with the RFT requirements.
- Weaken the transparency and defensibility of the City’s tender process.

Recommendation

It is recommended that management:

- Implement formal compliance checks to confirm and document tenderer acknowledgement of all issued addendums prior to evaluation, where the RFT and the City’s procurement policy requires it.
- Strengthen record-keeping practices to ensure evidence of acceptance is retained on the tender file.

Management Comments

Partially Agree

Management acknowledges the importance of ensuring tenderers are aware of and respond to all issued addenda.

The City's RFT and addendum templates will be updated to clearly state that, by submitting a tender, respondents are deemed to have reviewed and incorporated all issued addenda into their submission. This approach will provide greater clarity regarding the status of addenda, reduce administrative burden, and support a consistent and auditable procurement process.

5. Observations

Below are some observations arising from the review, which may assist City of Karratha in improving the efficiency and effectiveness of your control environment and processes. As they have been assessed as insignificant and possibly one-off findings a formal management response regarding action to be taken is not required.

5.1 *Tender Register*

Apart from the following observation, no other issues were noted on the completion of Tender Register.

- RFT0000037 - the opening date noted on the Tender Register Part A is incorrect.

Appendix A – Risk Criteria

The following risk criteria was used to assess level of risk on review findings included in this Review Report.

Risk Assessment Matrix

Likelihood of Risk:

Rating	Description	Frequency
1	Rare – May occur, only in exceptional circumstances	< once in 15 years
2	Unlikely – Could occur at some time	At least once in 10 years
3	Possible – Should occur at some time	At least once in 3 years
4	Likely – Will probably occur in most circumstances	At least once per year
5	Almost Certain – Expected to occur in most circumstances	> once per year

Consequence of Risk:

Description	Health	Financial Loss	Operation	Compliance	Reputation	Project
1. Insignificant	No injuries or illness	<\$50,000	Little Impact	Minor breach of policy, or process requiring approval or variance	Unsubstantiated, low impact, low profile or no news item.	Small variation to cost, timeliness, scope or quality of objectives and required outcomes.
2. Minor	First Aid treatment	\$50,000 to \$250,000	Inconvenient Delays	Breach of policy, process or legislation requiring attention of minimal damage control	Substantiated, low impact, low news profile.	5-10% increase in time or cost or variation to scope objective requiring approval
3. Moderate	Medical treatment required	\$250,000 to \$1 million	Significant delays to major deliverables	Breach requiring internal investigation, treatment or moderate damage control	Substantiated, public embarrassment, moderate impact, moderate news profile.	10-20% increase in time or cost or variation to scope objective requiring Senior Management approval
4. Significant	Death or extensive injuries	\$1 million to \$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third party actions resulting in tangible loss and damage to reputation	Substantiated, public embarrassment, moderate impact, high news profile and 3 rd party actions.	20-50% increase in time or cost or significant variation to scope objective requiring restructure of project and Senior Management or Council approval
5. Severe	Multiple deaths or sever permanent disabilities	>\$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third party actions resulting in significant tangible loss and damage to reputation	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, 3 rd party actions.	>50% increase in time or cost or inability to meet project objectives requiring the project to be abandoned or redeveloped

Risk Exposure:

Risk = Likelihood x Consequence

Score	Level of Risk	Score	Level of Risk	Score	Level of Risk
1 - 8	Low	9 - 19	Medium	20 - 25	High