



NOTICE

of

CORPORATE GOVERNANCE COMMITTEE MEETING

*Pursuant to the provisions of Section 84(1) of the
Local Government Act 1999*

TO BE HELD IN

**COMMITTEE ROOM
PLAYFORD CIVIC CENTRE
10 PLAYFORD BOULEVARD, ELIZABETH**

MEMBERS MAY PARTICIPATE BY ELECTRONIC MEANS

ON

TUESDAY, 7 DECEMBER 2021 AT 5:00PM

THIS MEETING WILL ALSO BE VIEWABLE AT
<https://www.youtube.com/user/CityOfPlayford>

A handwritten signature in blue ink, appearing to read "S Green".

**SAM GREEN
CHIEF EXECUTIVE OFFICER**

Issue Date: Wednesday, 1 December 2021

MEMBERSHIP

MR MARK LABAZ – Presiding Member

Mr Peter Brass

Mayor Glenn Docherty

Cr Shirley Halls

Mr Martin White

**City of Playford
Corporate Governance Committee Meeting**

AGENDA

TUESDAY, 7 DECEMBER 2021 AT 5:00PM

1 ATTENDANCE RECORD

- 1.1 Present
- 1.2 Apologies
- 1.3 Not Present

2 CONFIRMATION OF MINUTES

RECOMMENDATION

The Minutes of the Corporate Governance Committee Meeting held 5 October 2021 be confirmed as a true and accurate record of proceedings.

3 DECLARATIONS OF INTEREST

4 DEPUTATION / REPRESENTATIONS

Nil

5 STAFF REPORTS

Matters to be considered by the Committee and referred to Council

Matters which cannot be delegated to a Committee or Staff.

- 5.1 Adoption of Corporate Governance Committee Annual Report 2020/21
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Matters to be considered by the Committee Only

Matters for Information.

- 5.2 Risk Management Plan Progress Update (Attachment).....30
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7 INFORMAL ACTIONS

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INFORMAL DISCUSSION

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9 CLOSURE

STAFF REPORTS

MATTERS TO BE CONSIDERED BY THE COMMITTEE AND REFERRED TO COUNCIL

***Matters which cannot be
delegated to a Committee or
Staff.***

5.1 ADOPTION OF CORPORATE GOVERNANCE COMMITTEE ANNUAL REPORT 2020/21

Responsible Executive Manager : Barry Porter

Report Author : Susie Reichstein

Delegated Authority : Matters which cannot be delegated to a Committee or Staff.

Attachments : 1 [↓](#). Corporate Governance Committee Annual Report 2020/21

PURPOSE

For Council to endorse the Corporate Governance Committee Annual Report for 2020/21.

STAFF RECOMMENDATION

Council endorse the Corporate Governance Committee Annual Report 2020/21 (Attachment 1).

EXECUTIVE SUMMARY

In accordance with the Corporate Governance Committee Charter, it is a requirement to complete an Annual Self-Assessment in regard to the on-going role and effectiveness of the Committee and relevance to the Charter. Following the completion of the Annual Self-Assessment, the Corporate Governance Committee Annual Report 2020/21 has been developed (Attachment 1) for Council's endorsement.

1. BACKGROUND

In accordance with the Corporate Governance Committee Charter, the Committee has undertaken the 2020/21 Annual Self-Assessment to determine the on-going role and effectiveness of the Committee with regards to:

- Financial Reporting
- Internal Control, Audit & Risk Management Systems
- Public Interest Disclosures
- Strategic Management Plans
- Other Investigations or Evaluations

The Committee were provided the online annual Self-Assessment survey on 7 October 2021 providing the opportunity for Committee Members to provide their feedback on the activities of the Committee and suggesting any areas for improvement.

The results of the assessment are presented to the Committee in the attached Corporate Governance Committee Annual Report 2020/21. Members of the Committee and Executive were provided with a draft copy of the Annual Report to enable any feedback to be considered and incorporated if required.

2. RELEVANCE TO STRATEGIC PLAN

Decision Making Filter – We will ensure that we meet our legislative requirements and legal obligations.

The completion of the annual self-assessment and development of the annual report ensure the requirements of the Committee Charter are fulfilled. The annual report including the self-assessment can be used to demonstrate the Committee is fulfilling the role of Council's audit committee as required under Section 126 of the *Local Government Act 1999*.

3. PUBLIC CONSULTATION

There is no requirement under the *Local Government Act 1999* to consult the community on the Corporate Governance Committee Annual Report 2020/21.

4. DISCUSSION

- 4.1 In accordance with the Charter, the Committee review their activities on an annual basis in relation to relevance and effectiveness, best practice principles and legislation.
- 4.2 The Committee's role is to:
- Fulfil the role of Council's audit committee as required under Section 126 of the *Local Government Act 1999*.
 - Assist the Council in reviewing the principal risks facing the Council, including those that threaten the Council's strategic directions.
 - Assist in the effective management of financial and other risks and the protection of Council assets.
 - Review developments and adequacy of principles, policies and practices of Financial Planning and Reporting, Corporate Governance, Risk Management and Internal Control and make recommendations to Council as appropriate.
- 4.3 Undertaking the annual Self-Assessment, has enabled the Corporate Governance Committee Annual Report 2020/21 to be developed and presented to the Committee for review and subsequently to Council for endorsement.
- 4.4 The report details the role, structure and self-assessed effectiveness of the Committee for the information of the Council.

5. OPTIONS

Recommendation

Council endorse the Corporate Governance Committee Annual Report 2020/21 (Attachment 1).

Option 2

Council endorse the Corporate Governance Committee Annual Report 2020/21 (Attachment 1), with the following amendments:

1. _____
2. _____
3. _____

6. ANALYSIS OF OPTIONS

6.1 Recommendation Analysis

6.1.1 Analysis & Implications of the Recommendation

The adoption of the Corporate Governance Committee Annual Report 2020/21 assists with the assessment of the Committee's activities against the Charter, including:

- Financial Reporting
- Internal Control, Audit & Risk Management Systems
- Public Interest Disclosures
- Strategic Management Plans
- Other Investigations or Evaluations

This assessment against the Charter assists with accountability and provides transparency regarding the operations of the Committee.

Risk Appetite

Financial Sustainability

Council has a low appetite for short-term financial risk that adversely impacts on the delivery of the long term financial plan and the Council's overall stability and sustainability.

The role of the Corporate Governance Committee is to assist the Council in the effective management of financial and other risks.

Regulatory Compliance

Council has a zero tolerance for non-compliance with applicable legislation including but not limited to: Local Government Act (LGA) 1999; Independent Commissioner Against Corruption (ICAC) Act 2012; Work Health & Safety (WHS) Act 2012; Environment Protection Act (EPA) 1993; Development Act 1993; Equal Employment Opportunity legislation; and Public Consultation legislation.

This decision will meet the Committee's requirements under the Corporate Governance Committee Charter to conduct an annual self-assessment. The annual report including the self-assessment can be used to demonstrate the Committee is fulfilling the role of Council's audit committee as required under Section 126 of the *Local Government Act 1999*.

6.1.2 Financial Implications

There are no financial or resource implications resulting from Council endorsing the annual report.

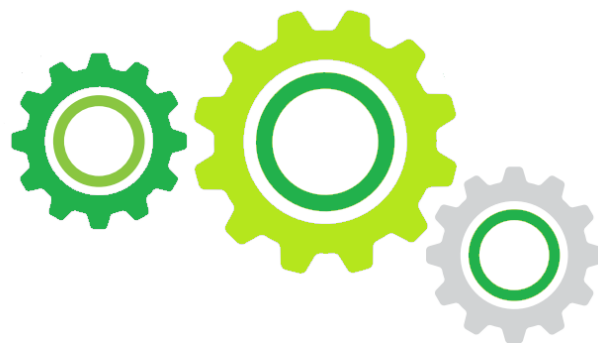
6.2 Option 2 Analysis

6.2.1 Analysis & Implications of Option 2

Council may choose to amend the recommendation and consider alternative changes to the Corporate Governance Committee Annual Report 2020/21.

6.2.2 Financial Implications

There are no financial or resource implications resulting from Council endorsing the annual report.



City of Playford

Agenda of Corporate Governance Committee - Tuesday, 7 December 2021

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City of Playford
Corporate Governance Committee
Annual Report 2020-21

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1. INTRODUCTION

This Annual Report documents the operation and activities of the City of Playford Corporate Governance Committee from 1 July 2020 to 30 June 2021.

Council's Corporate Governance Committee reviews and monitors the integrity of Council, including financial statements, internal controls, audit and risk management systems and strategic management plans.

The Committee is comprised of five (5) members consisting of the Mayor, one (1) Council Member and three (3) Independent Members.

The term of the Council Members' appointment is generally for two years but does not exceed the next General Election.

Independent Members appointed to the Committee may carry over past an election term.

The Presiding Member must be an Independent Member and will be determined by the Committee for a term of twelve (12) months, after which they may stand for re-election.

Independent Members of the Committee are appointed to bring current and relevant experience and their capacity to act as a mentor to the Council Members on the Committee.

Independent Members of the Corporate Governance Committee are paid for their services and are remunerated in accordance with the Council Policy and Committee's Charter.

During the 2020/21 financial year, the Committee's membership remained largely unchanged, with Mr Peter Brass assuming the position of Presiding Member, as resolved at the Committee on 5 May 2020 (resolution 4010).

Mayor Glenn Docherty continues his role as a Mayor representative with Cr Onuzans remaining appointed as the Council Member representative.

The table below provides a summary of current Committee Membership and Term of Office details:

Appointed Member	Endorsed by Council	Term Concludes
Cr Jane Onuzans	01 November 2019	31 October 2021
Mr Martin White	24 September 2019	31 March 2022
Mr Mark Labaz	24 March 2020	31 March 2022
Mayor Glenn Docherty	27 November 2018	November 2022
Mr Peter Brass	26 November 2019	31 March 2023

The Committee undertook a Self-Assessment Survey in October 2021 providing their individual assessment on activities related to Corporate Reporting, External Audit, Internal Audit, Risk Management, Compliance and Ethics, Membership, Meetings and Reporting and evaluating their performance, activities and recommendations.

2. ROLE OF THE COMMITTEE

The purpose of the Corporate Governance Committee is to assist in the coordination of relevant activities of management, the internal audit function and the external auditor to facilitate achieving overall organisational objectives in an efficient and effective manner.

The Committees role is to:

- Fulfil the role of Council's Audit Committee as required in Section 126 of the Local Government Act.
- Assist the Council in reviewing the principal risks facing the Council, including those that threaten the Council's strategic directions.
- Assist in the effective management of financial and other risks and the protection of Council assets.
- Review developments and adequacy of principles, policies and practices of Financial Planning and Reporting, Corporate Governance, Risk Management and Internal Control and make recommendations to Council as appropriate.

Terms of Reference

The Committee's Terms of Reference are to consider all matters outlined in Section 126(4) of the *Local Government Act 1999*, including:

- Financial Reporting
- Internal Control, Internal Audit & Risk Management Systems
- Public Interest Disclosures
- Strategic Management Plans
- Other Investigations or Evaluations

The specific objectives of the Corporate Governance Committee are outlined in the Committee's Charter.

3. MEETINGS

The Corporate Governance Committee meetings are held on the first Tuesday of the month, and during 2020/21 commenced at 4:30pm. The Committee meets a minimum six (6) times per annum, with the schedule determined by the Committee in their workplan.

During the 2020/21 period, the Committee held eight (8) meetings with the average meeting lasting 1 hours and 42 minutes.

Due to the instigation of the *Local Government Public Health Emergency Amendment Act 2020* in relation to the COVID-19 pandemic, and the need to maintain personal distancing, all members were able to participate via Zoom Video Communications, Inc. (teleconferencing) for all Corporate Governance Committee meetings. Attendance was often split between remote electronic and in person attendance.

The Committee considered 49 Reports and 15 Informal Discussion Items from 1 July 2020 to 30 June 2021. The Committee went into confidence on four (4) occasions to discuss matters of a planning nature or emerging risks that the Council considered necessary to consider these matters in confidence.

4. PRESIDING MEMBER

The Presiding Member oversees the conduct of the Corporate Governance Committee Meetings in accordance with the *Local Government Act 1999* and Code of Practice for Council and Committee Meetings. Their role ensures that all Committee Members have the opportunity to participate in debate and discussions in an open and encouraging manner.

At the May 2021 Corporate Governance Committee meeting, the Committee appointed Mr Mark Labaz as Chair for a 12-month period, taking over from Mr Peter Brass who held the position for the preceding 12 months.

5. RECORD OF ATTENDANCE

Record of Attendance for Corporate Governance Meetings held from July 2020 to June 2021.

Member Name	Total Number of Meetings	Attendance	Attendance Rate
Cr Jane Onuzans	8	7	87.50%
Mr Martin White	8	8	100.00%
Mr Mark Labaz	8	8	100.00%
Mayor Glenn Docherty	8	6	75.00%
Mr Peter Brass	8	8	100.00%

6. ADMINISTRATION SUPPORT

An Executive Officer (EO) is appointed by the CEO to support the administration and operation of the Committee with the Executive Officer and relevant staff able to provide advice during the meeting as required to aid informed decision-making. The CEO undertook the Executive Officer role for the December 2020 meeting, with the General Manager Strategy and Corporate, fulfilling the role for the remainder of the financial year.

The CEO has appointed a Minute Taker and the Governance Team provide administration support preparing and distributing agendas and meeting papers in advance of the meetings as per legislation. Minutes were publically available within five (5) days of the meeting as per the requirements of the *Local Government Act 1999*.

7. COMMITTEE EXTERNAL REVIEW

In line with the Corporate Governance Committee Charter, in the year leading up to a Council Election, the Committee will undertake an external review of the Committee's effectiveness.

This review will be undertaken in the 2021/22 financial year.

This review will set out recommendations for the structure and practices of the Committee moving forward and will be utilised by the Committee as part of their Committee work plan.

8. ICAC EVALUATION

On 10 April 2019, the Independent Commissioner Against Corruption announced that the Deputy Commissioner would conduct an evaluation of the practices, policies, and procedures of the City of Playford Council.

On 27 November 2019, the Deputy Commissioner's report titled *Evaluation of the Practices, Policies & Procedures of the City of Playford Council* was tabled in Parliament and included 21 recommendations.

The evaluation reviewed and reported on:

- The extent to which the City of Playford's governance framework adequately guarded against the risks of corruption, misconduct and maladministration.
- Practices, policies and procedures in respect of:
 1. Human Resource Management within the City of Playford and whether those practices, policies and procedures efficiently managed human resources and controlled the risks of corruption, misconduct and maladministration.
 2. Financial management and whether those practices, policies and procedures adequately protected the City of Playford's information assets from misuse.
 3. The availability and use of assets and resources by public officers employed within the City of Playford and whether those practices, policies and procedures provided sufficient safeguard to minimise the misuse of those assets and resources.

Following the release of the report, Council administration implemented an ICAC Response Program to work on the recommendations made.

Reports have been presented to the Committee at each meeting providing an overview of progress made over the preceding month and the organisational priorities for the month ahead.

Policy and procedure review formed a large part of the response program. Policies considered by the Committee during the policy review include:

- Risk Management Policy
- Community Emergency Management Policy
- Open Space Trust Fund Expenditure Policy
- Sale and Disposal of Land and Other Assets Policy
- Procurement Policy
- Fraud and Corruption Control Policy
- Fees and Charges Policy
- Prudential Management Policy
- Treasury Policy
- Internal Controls Policy
- Financial Sustainability Ratios and Targets Policy
- Accounting for Property, Plant, Equipment and Infrastructure Policy
- Asset Management Policy

9. 2020/21 SELF-ASSESSMENT

The Committee undertook their annual Self-Assessment for the 2020/21 financial year in October 2021 to consider the on-going role and effectiveness of the Committee and to report any recommendations to Council as required.

Outlined below are the matters outlined in the Terms of Reference from the Committee Charter and a brief summary of feedback provided via the Self-Assessment survey. A breakdown of the survey is provided within the annexures.

FINANCIAL REPORTING

CHARTER:

The Corporate Governance Committee shall monitor the integrity of the financial statements of the Council, reviewing significant financial reporting issues and judgements that they contain.

The Corporate Governance Committee shall review and challenge where necessary:

- a) The consistency of, and any changes to, accounting policies on a year on year basis;*
- b) The methods used to account for significant or unusual transactions where different approaches are possible;*
- c) Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking in to account the views of the external auditor;*
- d) The clarity of disclosure in the Council's financial reports and the context in which statements are made; and*
- e) All material information presented with the financial statements, such as the operating and financial review and the External Auditor statement (insofar as it relates to the audit and risk management).*
- f) Provide input into the appointment of the External Auditor*

The Corporate Governance Committee shall meet as needed with the External Auditor. The Corporate Governance Committee shall meet the External Auditor at least once a year, without management being present, to discuss their remit and any issues arising from the External Audit.

Council's Policy Governance Framework was presented to the Committee as part of the ICAC Response Program. The Committee provided feedback regarding numerous reviewed policies which have since been endorsed by Council, following input and recommendations made by the Committee.

Appropriateness of accounting policies and methods chosen by management were reviewed and supported by the Committee.

The Committee has provided feedback into the development and production of Councils Financial statements and Audit Clearances which form part of the Council's Annual Report, which has also been reviewed by the Committee.

The Committee were presented with financial statements by Council Management together with reports and opinions from Council's external auditor.

This financial year saw the appointment of a new external audit firm. The Committee had input into the tender and the tender review panel before making a recommendation to Council which endorsed as recommended. The new auditors were introduced to the Committee at the December Committee meeting.

FEEDBACK OF SELF-ASSESSMENT:

With regard to Financial Reporting the Committee Members reported the functions and responsibilities outlined in the Committee's Charter are undertaken in a suitable and consistent manner, with an overall percentage of approximately 82%.

While overall the Committee agreed that the external audit was undertaken appropriately with approximately 76% of respondents agreeing with the process in the Self-Assessment.

INTERNAL CONTROL, INTERNAL AUDIT & RISK MANAGEMENT SYSTEMS

CHARTER:

The Corporate Governance Committee shall:

- a) Keep under review the effectiveness of the Council's internal controls, audit and risk management systems.*
- b) Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.*
- c) Receive reports on the activities of the Chief Executive Officer's Strategic Risk and Internal Audit Program including the review of management's response to audits.*
- d) Consider and make recommendations on the program of the internal controls and audit including the adequacy of resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.*

Risk Evaluation and management including the status of Council's insurance portfolios have been a regular topic of discussion. The Committee regularly enquired and investigated current practices and are satisfied with systems set in place by the Risk and WHS team.

The Committee received regular reports throughout the 2020/21 financial year supporting the ongoing development of Council's Risk Management Plans and the Risk Evaluation Action Plans.

FEEDBACK OF SELF-ASSESSMENT:

Committee Members agreed that Council's risk profile had been monitored and reviewed for possible impacts and appropriateness however would like to further review the management of insurable risks in more detail.

There is strong support from the Committee Members on the adequacy of internal control and the Risk Management Framework.

PUBLIC INTEREST DISCLOSURES

CHARTER:

The Corporate Governance Committee shall, review the Council's arrangements for its employees to raise concerns, in confidence, about possible wrongdoings in financial reporting, fraud and corruption and other matters.

The Committee shall ensure these arrangements allow independent investigations where appropriate and appropriate follow-up action.

On 1 December 2020, the Committee received an update on disclosures reported under the *Public Interest Disclosure Act 2018*.

FEEDBACK OF SELF-ASSESSMENT:

While Public Interest Disclosures were not a targeted review in the self-assessment, the Committee is satisfied that they have received updates on the process and reviewed related policies.

STRATEGIC MANAGEMENT PLANS

CHARTER:

The Corporate Governance Committee shall propose and provide information relevant to, a review of the Council's strategic management plans including the Annual Business Plan, and review and provide recommendations on the sustainability of Council's financial performance giving consideration to Council's financial indicators.

Throughout the 2020/21 financial year, the Committee has had regular reports supporting the development of Council's Annual Business Plan and Long Term Financial Plan, in addition to the Risk Management Plans.

FEEDBACK OF SELF-ASSESSMENT:

While Strategic Management Plans were not a targeted review in the self-assessment, comments indicate the Committee are satisfied in the level of input provided for this function.

OTHER INVESTIGATIONS OR EVALUATIONS

CHARTER:

The Corporate Governance Committee shall, when necessary, propose and review the exercise of Council's powers under Section 130A of the Local Government Act 1999, in relation to the conduct of efficiency and economy Audits that would not otherwise be addressed or included as part of an annual External Auditor.

The Committee may review and consider reports or recommendations from external agencies where an investigation or evaluation relates to the role of the committee.

Throughout the 2020/21 financial year, the Committee has had regular reports and updates on the response to the ICAC Evaluation.

The Committee has provided regular feedback and were encouraged by the actions being undertaken to address the recommendations contained within the evaluation report.

FEEDBACK OF SELF-ASSESSMENT:

Overall feedback by Committee Members has reflected a strongly supportive and favourable estimation of the Committee's role in providing assistance and direction to the administration throughout the ICAC evaluation process – in particular with the Policy Governance Framework. Members have found the process rewarding and a great opportunity to establish best practice.

ANNEXES

- *Corporate Governance Committee Self-Assessment Results 2020/21*
- *Agenda items considered by the Corporate Governance Committee 2020/2021*

SELF-ASSESSMENT SURVEY RESULTS 2020/2021						
MEMBERSHIP <i>The committee structure and functionality</i>	<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Neither Agree or Disagree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>	<i>Total</i>
The size of the Committee is appropriate for the Council and the responsibilities outlined in the Charter.	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Composition is regularly reviewed to ensure the appropriate balance of skills, knowledge and experience.	66.67%	33.33%	0.00%	0.00%	0.00%	100%
All members are financially literate and able to understand financial statements with at least one member with accounting or related financial expertise.	83.33%	16.67%	0.00%	0.00%	0.00%	100%
MEETINGS <i>The committee meetings effectiveness</i>	<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Neither Agree or Disagree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>	<i>Total</i>
Assessed the quality and effectiveness of the audit conducted and evaluated the performance of the audit	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Recommended to Council on the selection, appointment, re-appointment or replacement of the external auditor and rotation of engagement partner	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Reviewed the scope and terms of the external audit and the audit fee including a review of non-audit services provided by the external auditor	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Reviewed the audit plan for coverage of material risks and financial reporting requirements	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Monitored and reviewed auditor independence and objectivity	100.00%	0.00%	0.00%	0.00%	0.00%	100%

OTHER COMMITTEE ACTIVITIES <i>The committee has undertaken the following activities</i>	<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Neither Agree or Disagree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>	<i>Total</i>
The Committee reports regularly to the Council on their activities and makes recommendations where appropriate.	50.00%	50.00%	0.00%	0.00%	0.00%	100%
The Committee evaluates their performance and effectiveness as a whole at least once per year.	83.33%	16.67%	0.00%	0.00%	0.00%	100%
Appropriate training is offered, or provided, to Committee Members if requested and induction provided to new Committee Members.	66.67%	16.67%	16.67%	0.00%	0.00%	100%
FINANCIAL REPORTING <i>The committee has undertaken the following activities</i>	<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Neither Agree or Disagree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>	<i>Total</i>
Reviewed the financial statements presented by management together with reports and opinions from the external auditor.	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Reviewed the methods utilised to account for significant or unusual transactions where different approaches are possible.	66.67%	33.33%	0.00%	0.00%	0.00%	100%
Assessed the appropriateness of accounting policies and methods chosen by management.	66.67%	33.33%	0.00%	0.00%	0.00%	100%
Reviewed the results of the external audit, including significant adjustments, uncorrected misstatements and any difficulties encountered or unresolved disagreements with management.	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Reviewed with management and the external auditor all matters required to be communicated to the Committee under Australian Auditing Standards, such as key audit matters, significant internal control deficiencies, indications of fraud or corruption or noncompliance with laws or regulations.	66.67%	33.33%	0.00%	0.00%	0.00%	100%
Reviewed financial statements, note disclosures, External Auditor statement and other relevant information and made recommendations to Council if required.	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Discussed with the external auditors, matters relating to the conduct of the audit, any difficulties countered, any restrictions on scope of activities or access to information, any significant disagreements with management and the adequacy of management response.	83.33%	16.67%	0.00%	0.00%	0.00%	100%
Provided input into the appointment of the external Auditor.	66.67%	16.67%	16.67%	0.00%	0.00%	100%

INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS <i>The committee has undertaken the following activities</i>	<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Neither Agree or Disagree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>	<i>Total</i>
Monitored changes in the economic and business environment and considered possible impacts to Council's risk profile.	66.67%	33.33%	0.00%	0.00%	0.00%	100%
Reviewed the effectiveness of processes for identifying the Council's risks and the appropriateness of the risk management framework to maintain activities within the Council's risk appetite.	83.33%	16.67%	0.00%	0.00%	0.00%	100%
Considered the adequacy and effectiveness of the internal control and risk management framework from the review of reports from management, internal audit and external audit, and the review of management responses and actions to correct any noted deficiencies.	83.33%	16.67%	0.00%	0.00%	0.00%	100%
Reviewed the processes management as implemented for managing insurable risks.	50.00%	50.00%	0.00%	0.00%	0.00%	100%
Considered and made recommendations (where appropriate) on the program of the internal controls and audit.	83.33%	16.67%	0.00%	0.00%	0.00%	100%
Received updates regarding the Public Interest Disclosure process and reviewed anti-fraud and corruption policies and strategies.	66.67%	33.33%	0.00%	0.00%	0.00%	100%
OTHER INVESTIGATIONS OR EVALUATIONS	<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Neither Agree or Disagree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>	<i>Total</i>
Received regular reports regarding the ICAC Response Program.	100.00%	0.00%	0.00%	0.00%	0.00%	100%
Reviewed, provided feedback and made recommendations (where applicable) regarding policies and procedures related to financial, procurement, risk, fraud or other matters.	100.00%	0.00%	0.00%	0.00%	0.00%	100%

SELF-ASSESSMENT OVERALL COMMENTS

OVERALL, WHAT HAS BEEN WELL DONE BY THE COMMITTEE THIS YEAR

- *CGC had carefully considered the best interest of the Playford Council. On every meeting agendas the Independent Members provided feedbacks (sic), suggestions and thoroughly discussed matters of importance for Playford achieving effective and desired outcomes. Inputs on the following stood out for me - *Financial and Risk *External / Internal Auditors *ICAC *Review of the Councils Strategic Planning*
- *Review and update of key Council policies. Review of management implementation of ICAC recommendations. Review of Internal and External Audit plans.*
- *Review of audited financial statements and financial internal.*
- *Significant input into the review of Council's Policies for me -*
- *Provided a sounding board to Management. Provided advice on matters where advice was sought. Undertaken its statutory roles*
- *The Committee has been actively supporting Management and staff with the completion of the ICAC Implementation program by reviewing relevant policies and procedures and assurance frameworks so as to comply with ICAC recommendations. This has resulted in extraordinary meetings and out of session policy review which has been extremely rewarding and provided the opportunity for Committee to explore and share best practice advice and feedback with respect to policy implementation and review from a Corporate Governance and Risk perspective.*

CORPORATE GOVERNANCE COMMITTEE - AGENDA ITEMS from July 2020 – June 2021		
Meeting Date	Report Title	Report Type
Jul-20	Assurance Gap Analysis report and Internal Audit Plan	Decision Report
Jul-20	Risk Management Update – July 2020	Information Report
Jul-20	Chief Executive Officer Update	Information Report
Jul-20	Impact of Accounting Standards for Leases	Informal Discussion
Jul-20	COVID-19 Update	Informal Discussion
Jul-20	ICAC Response Program	Informal Discussion
Jul-20	Committee Work Plan Review	Informal Discussion
Jul-20	Audit Tender Results	Confidential Matters
Jul-20	City Assets – Major Activities Update	Confidential Matters
Aug-20	Corporate Governance Committee Update	Information Report
Aug-20	Risk Evaluation Action Plans	Information Report
Aug-20	Chief Executive Officer Update	Information Report
Aug-20	ICAC Implementation Program – July 2020	Information Report
Aug-20	Long Term Financial Plan Update	Informal Discussion
Aug-20	2020 Committee Self-Assessment	Informal Discussion
Aug-20	Committee Work Plan Review	Informal Discussion
Oct-20	Adoption 2019/20 Annual Financial Statement	Decision Report
Oct-20	Adoption of Corporate Governance Committee Annual Report 2019/20	Decision Report
Oct-20	COVID Learnings Report	Information Report
Oct-20	ICAC Implementation Program – September 2020	Information Report
Oct-20	Chief Executive Officer Update	Information Report
Oct-20	Risk Evaluation Action Plans	Information Report
Oct-20	Internal Controls Update October 2020	Information Report
Oct-20	Committee Work Plan Review	Informal Discussion
Oct-20	ICAC Recommendation 6 – Policy Schedule	Informal Discussion
Oct-20	Findings of External Audit	Confidential Matters
Dec-20	ICAC Implementation Program – November 2020	Information Report

Dec-20	Risk Management Update – December 2020	Information Report
Dec-20	2020 Local Government Risk Scheme Highlights	Information Report
Dec-20	2020/21 Risk Evaluation Audit Action Plan	Information Report
Dec-20	2020/21 Insurance Portfolio	Information Report
Dec-20	Assurance Gap Analysis – Status Update	Information Report
Dec-20	Chief Executive Officer Update	Information Report
Dec-20	Revaluation of Assets - Considerations	Information Report
Dec-20	Public Interest Disclosure Act 2018	Informal Discussion
Dec-20	Introduction of the new External Auditors to the Corporate Governance Committee	Informal Discussion
Feb-21	Mid-Year Review – End of Year Forecast	Information Report
Feb-20	External Audit Plan – Interim Audit 20-21	Information Report
Feb-20	ICAC Implementation Program – January 2020	Information Report
Feb-20	Procurement and Data Mining Internal Audit Report	Information Report
Feb-20	Long Term Financial Plan Update	Informal Discussion
Feb-20	Committee Work Plan Review	Informal Discussion
Mar-21	Revocation of Risk Management Policy	Information Report
Mar-21	Revocation of Community Emergency Management Policy	Information Report
Mar-21	Revocation of Open Space Trust Fund Expenditure Policy	Information Report
Mar-21	Sale and Disposal of Land and Other Assets Policy Review	Information Report
Apr-21	Sale and Disposal of Land and Other Assets Policy Review	Information Report
Apr-21	Procurement Policy Review	Informal Discussion
Apr-21	Fraud and Corruption Control Policy Consultation	Informal Discussion
Apr-21	Fees and Charges Policy Review	Informal Discussion
Apr-21	Prudential Management Policy Review	Informal Discussion
Apr-21	Treasury Policy Review	Informal Discussion
May-21	Appointment of Presiding Member	Decision Report
May-21	Risk Management Plan Progress Update	Information Report
May-21	2020/21 – Risk Evaluation Audit Action Plan Progress Update	Information Report
May-21	Internal Controls Policy Review	Information Report
May-21	Financial Sustainability Ratios and Targets Policy Review	Information Report

May-21	Accounting for Property, Plant, Equipment and Infrastructure Policy Review	Information Report
May-21	Asset Management Policy	Information Report
May-21	Treasury Policy	Information Report
May-21	ICAC Implementation Program – April 2021	Information Report
May-21	Chief Executive Officer Update	Information Report
May-21	Annual Business Plans Update	Informal Discussion
May-21	Cyber Security Assessment	Confidential Matters

STAFF REPORTS

MATTERS TO BE CONSIDERED BY THE COMMITTEE ONLY

Matters for Information.

5.2 RISK MANAGEMENT PLAN PROGRESS UPDATE

Responsible Executive Manager : Barry Porter

Report Author : David Gustafson

Delegated Authority : Matters for Information.

Attachments : 1 [↓](#). Risk Management Work Plan - as at 16 November 2021

Purpose

The purpose of this report is to provide the Corporate Governance Committee with an update of the Risk Management Work Plan.

STAFF RECOMMENDATION

The Committee note the update of the Risk Management Work Plan (Attachment 1).

Relevance to Strategic Plan

This item demonstrates commitment to ongoing risk management initiatives to improve our risk management processes and embed the Integrated Risk Management Framework. The effective management of risk is critical to ensuring we can achieve the objectives set out in the Council's Strategic Plan 2020-24.

Relevance to Community Engagement Policy

There is no requirement for public consultation on the Risk Management Work Plan.

Background

A Risk Management Work Plan ('Work Plan') has been developed to ensure the Integrated Risk Management Framework ('IRMF') is implemented and embedded across the organisation. The components within the Work Plan are designed to support Council's risk based culture in conjunction with the Risk Management Fundamental Principles and Risk Appetite Statement adopted by Council in April 2021.

The Corporate Governance Committee was last provided an update on the Work Plan at the meeting on 3 August 2021.

Current Situation

Since the last update to the Committee we have continued to implement actions and make positive progress. A summary of actions completed since the last update to the Committee is provided below and the high level components of the Work Plan are contained in Attachment 1.

Risk Management Software

Configuration, testing and deployment of the CAMMS risk software (risk and audit modules) is now completed. As part of the implementation administrator training was provided by CAMMS. The system has now been handed over to Council and we have a live system in place.

Due to competing priorities for the primary end users, it was decided that end user training will begin in early 2022. In the meantime the Risk & WHS Team have been familiarising themselves with the system and uploading the data from the operational risk registers.

Risk Management Reporting

The ability to extract meaningful risk management data in a timely and structured manner is a benefit that will be realised through the risk management software.

Reporting will enable enhanced risk visibility, transparency and monitoring with the intent to provide assurance dashboards to Executive and the Corporate Governance Committee. The reporting function will be explored further once we have meaningful data entered in the CAMMS system.

Operational Risk Registers

All 31 of the operational risk registers are now complete and endorsed by the relevant Senior Manager. The operational risk registers capture the identified risks together with the current controls in place. Risks are inherently and residually risk rated with consideration for the need to create any appropriate treatment plans.

The operational risk registers have been entered into the CAMMS software. Executive reporting on the top risks will be explored early next year.

Strategic Risk Register

The Strategic Risk Register (SRR) was reviewed by Executive in August 2020. As part of that review, it was identified that the current SRR had been developed with a previous Executive Team and may not reflect the strategic risks the Council is currently facing. It was agreed that to hold a workshop to undertake a more comprehensive review of the SRR and identify any emerging strategic risks.

In advance of the workshop individual meetings were held with the CEO and each of the GMs to collect feedback on the existing risk register and discuss the current risk environment that Council is operating in. The SRR workshop with Executive was held at the end of July 2021.

Following the workshop further research and refinement of the SRR has taken place and the final SRR is nearly ready for CEO endorsement. It is expected this will occur by the end of the year. An overview of the SRR will be provided to the Committee at a future meeting.

Workplace Emergency Management

The WHS Workplace Emergency Management Procedure has been reviewed and endorsed by the CEO.

The review of the Workplace Emergency & Evacuation Plans (WEEPs) across our sites is underway. All sites have had draft WEEPs prepared. Further work is required by the site wardens and Emergency Planning Committee to finalise the reviewed WEEPs.

Future Action

Over the coming months we will continue to implement the actions within the Work Plan and the Corporate Governance Committee will be provided with progress updates at future meetings.

Organisational Risk Management Work Plan

Current status as at 16 November 2021

Action	Planned Completion Month	Current Status	Comments
Risk Management Framework			
Create Risk Appetite Statement	Sept 19	Completed	
Integrated Risk Management Framework document (inc Risk criteria & matrices)	Apr 20	Completed	
Risk Management Toolkit	Apr 20	Completed	
Integrated Risk Management Framework Training			
Identify Risk Management Training needs	Oct-20	Completed	
Create Training content Operational risk session	Oct 20	Completed	
Pilot training Operational Risk session with Peers (Senior Manager OD & Manager HR)	Oct-20	Completed	
Review and update Operational training module	Oct-20	Completed	
Create Introduction to Risk Management Training (Basics) and Application Training	Nov-20	Completed	
Pilot training Introduction to Risk session with Senior Manager OD & Manager HR	Nov-20	Completed	
Risk management training delivery to wider organisation	Mar-21	Completed	
Risk Management Software			
Create Project brief and obtain approval	Feb-20	Completed	
Determine Business requirements (Functional & Non-Functional)	Jun-20	Completed	

Action	Planned Completion Month	Current Status	Comments
Create and send request for Select Tender to vendors.	Oct-20	Completed	
Assess tender submissions against predetermined business requirements.	Mar-21	Completed	
Shortlist vendors and facilitate vendor presentations and select	Apr-21	Completed	
Engage suitable vendor to install, populate	Sep-21	Completed	
Administrator training	Sep-21	Completed	Administrator training completed as part of implementation with vendor.
User training	Feb-22	Not started	
Risk Management Reporting			
Create Suite of reports for tailored groups e.g. Executive, Corporate Governance Committee, Senior Management	Feb-22	Not started	
Operational Risk Registers			
Create Content for Operational Risk Workshops	Oct-20	Completed	
Schedule operational risk register sessions with stakeholders	Nov-20	Completed	
Complete operational risk registers with teams	July-21	Completed	
Review top risks and report to Executive	Feb-22	Not started	
Strategic Risk Register (SRR)			
Create Strategic Register	Dec 19	Completed	
Submit to Corporate Governance Committee for Feedback	May 20	Completed	
Strategic Risk Register Review	Aug 20	Completed	

Action	Planned Completion Month	Current Status	Comments
Executive Workshop to Review and Agree to Updated Strategic Risk Register	Aug-20	Completed	Workshop held with Executive end of July 2021.
Review and finalise Strategic Risk Register for CEO endorsement.	Dec-20	In Progress	Following the workshop, further research and review to refine the SRR has occurred.
Crisis Management Response Framework			
Review current suite Emergency/BCP related documentation	Apr 21	Completed	
Develop Crisis Management Response Framework	Apr 21	Completed	
Create Crisis Communications Plan	Apr 21	Action Removed	Determined not to go ahead with this as communications is included in each of the crisis management documents.
Business Continuity Plan			
Create Business Impact Assessment (BIA) Tool	Aug 20	Completed	
Undertake BIA with each Senior Manager and Relevant Stakeholders	Oct 20	Completed	
Report BIAs to relevant General Manager and Executive	Nov 20	Completed	
Develop critical function sub-plans and update BCP Document	Jan 21	Completed	
Provide updated BCP to Executive for endorsement	July-21	Completed	
Workplace Emergency Management			
Review Workplace Emergency Management Procedure.	June-21	Completed	
Provide updated WHS Workplace Emergency Management Procedure to Executive/CEO for approval in accordance with Policy Governance Framework	June-21	Completed	

Action	Planned Completion Month	Current Status	Comments
Review Workplace Emergency & Evacuation Plans (WEEPS) and supporting documentation for each Council facility	Dec-21	In Progress	Initial draft of WEEPs is completed. Further work needed with Wardens and Emergency Planning Committee to finalise.
Community Emergency Management			
Review Plans, Manuals and supporting documentation	Apr-21	Completed	
Provide updated documentation to Executive for approval, encompassing: <ul style="list-style-type: none"> • Community Emergency Management Plan and Operations Manual • Recovery Management Plan and Manual 	Jul-21	Completed	
LGRS Risk Evaluation Action Plans			
Develop 2020/21 Action Plans for WHS & Injury Management and Risk	Sep 20	Completed	
CEO approval of Action Plans for WHS & Injury Management and Risk	Oct 20	Completed	
LRGS Peer Review of Action Plans for WHS & Injury Management and Risk	Nov 20	Completed	
Provide plans to Corporate Governance Committee for reference	Dec 20	Completed	

5.3 CHIEF EXECUTIVE OFFICER UPDATE

Responsible Executive Manager : Sam Green

Report Author : Skye Nitschke

Delegated Authority : Matters for Information.

Purpose

To provide the Corporate Governance Committee with an update from the Chief Executive Officer, regarding organisational issues, priority work and emerging risks update.

STAFF RECOMMENDATION

That the Corporate Governance Committee note the organisational update provided by the Chief Executive Officer.

Relevance to Strategic Plan

The Chief Executive Officer provides information relevant to, a review of the Council's strategic management plans including the Annual Business Plan, and review and provide recommendations on the sustainability of Councils financial performance giving consideration to Council's financial indicators.

Relevance to Public Consultation Policy

Nil.

Background

As agreed at the 5th November 2019 meeting of the Corporate Governance Committee, the previously verbal update provided by the Chief Executive Officer will now be provided as information report.

Current Situation

CBD

- Council is progressing its vision for the Northern CBD with significant steps being taken recently through an Expression of Interest process being undertaken currently seeking development partners to work with Council on delivering its vision.
- Council has moved this process into the next phase where Requests for Detailed Proposals will be sought from shortlisted proponents.
- Further discussions around managing risk associated with this work will be considered in another agenda item at this meeting.

Covid Response and Border Re-openings

- One of the more challenging components of my role recently has been navigating the ongoing issues associated with Covid-19. Whilst the organisation has become

comfortable with its operating within a Covid free or lock down environment, like the rest of the State, we haven't had to confront our operations in an environment where borders are open and relatively unrestricted and where Covid may circulate more freely in our communities.

- In preparation for this, Council's Executive and Continuity Management Team, introduced a range of mitigation measures to ensure that operations were not adversely affected in this new operating environment. The success of these measures will only be determined as time goes on and it is acknowledged that flexibility in decisions may be required as things evolve.
- In addition to the above challenging scenarios around Government vaccination directions/mandates have required the organisation to confront the challenging issues associated with staff members who are reluctant, or refuse to become vaccinated in environments where it is now an inherent requirement of their roles.

External Revaluation

- This topic will also be discussed, in greater detail, within the same agenda as this item however it needs to be listed in this report as being a significant issue receiving my attention at this point in time with significant financial and asset management related decisions to be made.

Future Action

The Chief Executive Officer will continue to provide updates to the Corporate Governance Committee.

5.4 2022 SCHEDULE OF MEETINGS AND WORKPLAN

Responsible Executive Manager : Sam Green

Report Author : Barry Porter

Delegated Authority : Matters for Information.

Attachments : [1](#)  CGC Schedule and Workplan 2022

Purpose

To provide an update regarding the planned schedule of meetings and the current work plan for the Corporate Governance Committee in 2022.

STAFF RECOMMENDATION

That the Corporate Governance Committee approve the attached schedule of meeting dates and the draft work plan for 2022.

Relevance to Strategic Plan

Decision Making Filter – We will ensure that we meet our legislative requirements and legal obligations.

The approval of the schedule of meeting dates and the annual work plan is required under the Corporate Governance Committee Charter and will aid the effectiveness of the Corporate Governance Committee in the 2022 calendar year.

Relevance to Community Engagement Policy

Nil

Background

In accordance with its Charter, the Committee will determine an annual schedule of meetings and develop and approve the Committee's Work Plan.

Current Situation

The attachment provides a schedule of meeting dates and the current draft work plan for the Committee in 2022.

Future Action

The schedule of meeting dates and the draft annual work plan will be provided to the Corporate Governance Committee on an annual basis.

Corporate Governance Committee Work Plan January - December 2022								
AGENDA	Report Type	Non-recurrent/ Recurrent	Meeting Dates					
			1 Feb 2022	5 Apr 2022	3 May 2022	2 Aug 2022	4 Oct 2022	6 Dec 2022
POLICY REVIEW & FEEDBACK								
Consider relevant Policies for CGC input (as needs basis)	Discussion	N						
FINANCIAL MANAGEMENT								
External Audit:								
Annual Audit Plan by external auditor	Report	R	**					
Report on Internal Controls from Findings	Report	R			**			
Adoption of Annual Financial Statements & External Audit Report	Report	R					**	
Meeting with External Auditor	Committee Only	R					**	
Mid Year Performance Review								
Rates Review (CPQRT)	Report	N						
Presentations (as needs basis):	Presentation	N						
RISK MANAGEMENT								
Risk Management Workplan Update	Report	R						
Risk Evaluation - (WHS/IM and Risk) Progress Update	Report	R						
Insurance Portfolio	Report	R						
Major Project Update (as needs basis)	Report	N						
Prudential Reports (as needs basis)	Report	N						
INTERNAL AUDIT								
Internal Audit Work Program (as needs basis)	Report	N						
STRATEGIC PLANNING								
Review draft ABP, LTFP, AMP and LTFP Changes	Discussion	R						
COMMITTEE GOVERNANCE								
Workplan & Schedule of Meetings Update	Report	R						
Appointment of Presiding Member	Report	R						
Committee Review:								
Review of Committee Charter (Dec 2022 - following Election)	Report	R						
Committee Self Assessment (external assessment Year of an Election)	Discussion	R						
Committee Annual Report & Self Assessment	Report	R						
CEO update	Presentation	R						
Training and Development (Finance, Risk and Standards update) (as needs basis)	Presentation	N						

** External Auditor to attend meeting

5.5 CONTRACT MANAGEMENT INTERNAL AUDIT REPORT

Responsible Executive Manager : Sam Green

Report Author : Ninad Sinkar

Delegated Authority : Matters for Information.

Attachments : 1 [↓](#). Contract Management Internal Audit Report

Purpose

Provide the Contract Management Internal Audit Report.

STAFF RECOMMENDATION

That the Committee receive and note the Contract Management Internal Audit Report (Attachment 1).

Relevance to Strategic Plan

The implementation of the audit recommendations will positively impact service delivery to our community through optimum utilisation of resources, greater accountability, transparency and continuous improvement of our processes.

Relevance to Community Engagement Policy

There is no requirement under the Council's Public Consultation Policy to consult on this issue.

Background

As a part of the approved Internal Audit plan, a Contract Management Internal Audit was performed. The audit was performed by the in-house Internal Auditor.

Executive Summary

The overall objective of the audit was to consider the effectiveness of key processes and controls relating to Council's contract management processes.

Internal Audit notes the following aspects of the Council's Contract Management process:

- The contract management function is decentralised and responsibility is assigned to an individual Project Manager, within a department, to manage a specific contract and act as the point of contact between Council and the contractor. It is also the responsibility of the Project Manager to liaise with the contractor for payment for work completed.
- Contract management activities include the following: measuring completed work, computing and approving payments, monitoring contract performance, incorporating necessary changes and modifications to the contract, and actively interacting with contractors to achieve the contract objectives.

Summary of Audit Observations

A summary of key audit observations and recommendations identified during the course of this internal audit is outlined below.

- **Contract record keeping:** Internal Audit noted that there is currently no standard documentation structure in place for contract management files. This leads to inconsistencies in the level and type of documentation maintained on record. Internal Audit recommends that management implement a standard documentation structure for all contract management activities
- **Contract risk management:** Internal Audit noted that contract managers are not always managing risk in a manner consistent with the Council's risk management framework. The lack of a formal risk management process can lead to no formal risk assessment being undertaken or inconsistent application of risk management procedures across various contracts. Internal Audit recommends that management implement requirements that establish the risk-related activities that need to be completed, specific to the contract value or classification type.
- **Contract performance and milestones:** Internal Audit noted from the sample tested, that whilst key milestones were built into the contracts and payment was linked to these milestones and deliverables, there did not appear to be any specific performance measures or requirements (such as Key Performance Indicators (KPIs)) specified in order to measure performance over the life of the contract (including the periods between key milestones) and verify whether deliverables meet the associated requirement specified in the contract. It is recommended that management implement formal performance measures for higher value/and or higher risk contracts to assist with monitoring contractor performance.
- **Contract reporting:** Internal Audit noted that the level of ongoing contract monitoring varied across the sample of contracts selected for testing ranging from formal to relatively informal, such as formal progress reporting to email correspondence with the contractor. It is recommended management strengthen performance monitoring and contract reporting requirements to ensure contract outcomes are being achieved.

Current Situation

The detailed findings and recommendations have been included in the attached audit report. Each item has been delegated to the relevant area for action and an estimated completion date provided. Internal Audit is satisfied with the responses and implementation timelines provided by the management.

Future Action

Going forward, all the action items will be tracked by the Internal Auditor. The intention is to ensure all actions are undertaken by their due date or altered approved timelines.

1. Contract Management Internal Audit Report

Submitted by

Mr Ninad Sinkar
Internal Auditor

City of Playford

P: (08) 8256 0146
nsinkar@playford.sa.gov.au
www.playford.sa.gov.au

October 2021

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1. Executive summary

1.1 Objective

In accordance with the 2021/2022 Internal Audit Plan, an internal audit of the Contract Management Framework was performed.

The overall objective of the internal audit was to consider the effectiveness of key processes and controls relating to Council's contract management processes.

1.2 Scope

- Based on the objectives outlined above, the scope of the internal audit included consideration of the following:
 - Review of existing contract management policies and processes;
 - Whether the obligations and responsibilities of both , the Council and the contractor are clearly stated in the contract;
 - Whether appropriate records are retained, including justification and authorisation of contracts and variations;
 - Whether contract risks are identified and monitored;
 - Whether contract costs are monitored and payments against contracts are at contracted rates for services supplied as per contractual requirements and payments are appropriately authorised;
 - Whether contractor deliverables and performance measures are defined satisfactorily and delivery is monitored on an ongoing basis to determine whether contractor delivery meets contractual requirements
 - Whether strategies have been developed for identifying and managing poor performance;
 - Whether contractor reporting systems are in place and include reporting frequency, format and information to be reported; and
 - Whether dispute resolution processes, as per the relevant contractual provisions, have been established in the event of a dispute

-

1.3 Key findings and recommendations

- The findings identified during the course of this internal audit are outlined in the summary below. A full list of the findings identified and the recommendations made is included in this report. The classification of internal audit findings is detailed in Appendix 1 to this report.

- A summary of findings and recommendations follow:

- **Considered whether appropriate records are retained, including justification and authorisation of contracts and variations**

- Per Finding 3.5, Internal Audit noted that there is currently no standard documentation structure in place for contract management files. This leads to inconsistencies in the level and type of documentation maintained on record. Internal Audit recommends that management implement a standard documentation structure for all contract management activities. This will ensure consistency in the records management process across all Council contracts.

- **Considered whether contract risks are identified and monitored**

- Per Finding 3.1 and 3.2, Internal Audit noted that contract managers are not managing risk in a manner consistent with the Council's risk management framework. The lack of a formal risk management process can lead to no formal risk assessment being undertaken or inconsistent application of risk management procedures across various contracts. Internal Audit recommends that management implement requirements that establish the risk-related activities that need to be completed, specific to the contract value or classification type.

- **Considered whether contractor deliverables and performance measures are defined satisfactorily and delivery is monitored on an ongoing basis to determine whether contractor delivery meets contractual requirements**

- Per Finding 3.3, Internal Audit noted from the sample tested, that whilst key milestones were built into the contracts and payment was linked to these milestones and deliverables, there did not appear to be any specific performance measures or requirements (such as Key Performance Indicators (KPIs)) specified in order to measure performance over the life of the contract (including the periods between key milestones) and verify whether deliverables meet the associated requirement specified in the contract. It is recommended that management implement formal performance measures for higher value/and or higher risk contracts to assist with monitoring contractor performance.

- **Considered whether contractor reporting systems are in place and include reporting frequency, format and information to be reported**
- Per Finding # 3.4, Internal Audit noted that the level of ongoing contract monitoring varied across the sample of contracts selected for testing ranging from formal to relatively informal, such as formal progress reporting to email correspondence with the contractor. It is recommended management strengthen performance monitoring and contract reporting requirements to ensure contract outcomes are being achieved.
- **Report findings**
- The findings and recommendations raised were discussed with the CEO. This report also includes any findings and recommendations where management has implemented the action plans to date. The management action plans will be included in the tracking of internal audit recommendations maintained by Internal Audit.
- Classification of Internal audit findings.
-

Foundation and Value Adding audit findings
• 4
Future improvement opportunities (FIO)
2

Summary of internal audit findings

Ref #	Description	Issue Owner	Target Date
3.1	Develop contract management plans to assist with contract monitoring.	General Manager City Assets	June 2022
3.2	Implement process to manage contract risks in a manner consistent with City of Playford's risk management framework.	General Manager City Assets	June 2022
3.3	Specific performance measures should be outlined within contracts.	General Manager Strategy & Corporate	Post June 2022
3.4	Ensure ongoing and consistent level of performance monitoring and contract reporting across all contracts.	General Manager Strategy & Corporate	Post June 2022
3.5	Establish standard documentation structure for contract management files.	General Manager City Assets	June 2022
3.6	Develop awareness of the contract management process and contract management requirements.	General Manager Strategy & Corporate	June 2022

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2. Background to internal audit

- **Current contract management process**
- The contract management function is decentralised and responsibility is assigned to an individual Project Manager, within a department, to manage a specific contract and act as the point of contact between Council and the contractor. It is also the responsibility of the Project Manager to liaise with the contractor for payment for work completed.
- Contract management activities include the following: measuring completed work, computing and approving payments, monitoring contract performance, incorporating necessary changes and modifications to the contract, and actively interacting with contractors to achieve the contract objectives.
- **Overview of contractor segmentation – better practice**
- Current better practice in contractor management creates differentiation that allows for effective resource allocation across risk management activities. Such segmentation informs the level of due diligence to be conducted before the contract is awarded and monitoring required post-contract execution.
- The most common segmentation model includes three levels:
 - Strategic Contractors – Tier One: those that are critical to performance; tightly integrated with internal processes and impact multiple risk areas including business continuity risk;
 - Operational Contractors – Tier Two: those with some integrated internal processes and/or would be difficult to transition to another contractor;
 - Commodity Contractors – Tier Three: those that are not integrated with internal processes; easily transitioned and where the relationship is solely driven by cost and contractor performance against objective measures.
- **Differentiated resource allocation among segmented contractors**
- The table below provides an indicative example of differentiated resource allocation amongst each of the three tiers:

Activity	Conducted by	Risk segment		
		Tier One	Tier Two	Tier Three
Performance monitoring	Contract Manager	Ongoing	Ongoing	Ongoing
Refresh basic due diligence	Procurement	Annually	Annually	Biennially
Risk incident management	Contract Manager	Ongoing	Ongoing	Ongoing
Performance reporting	Procurement	Annually	Annually	N/A

Activity	Conducted by	Risk segment		
		Tier One	Tier Two	Tier Three
Contractual reviews	Contract Manager	Annually	Biennially	Triennially

-

- **Recent developments in Government contractor management frameworks**

- State Government departments have recently been affected by fraudulent activity in procurement from third parties, suffering significant potential losses. These activities have seen public servants undertaking procurement transactions in exchange for 'kickbacks'.

- As a result, the State Government is currently revising its contract management framework to consider:

- Mandatory review of contract clauses to include clarity on the department's position in using gifts and benefits;
- At a minimum, a public officer managing a routine contract is required to have completed the Procurement Services SA Principles of Contract Management course (or similar) within the last two-year period;
- Public officers managing complex and strategic contracts are required to have completed the Procurement Services SA Principles of Contract Management course and Advanced Contract Management course (or similar);
- Enhancing supplier performance measurement clauses and ensuring effective audit clauses for core suppliers, with self-reporting and on-site audits where necessary;
- Mandatory awareness training for all procurement staff to inform on the various sales techniques that can be employed by vendors.

Better Practice Framework

• The table below details better practice contract management activities based on the Australian Government Department of Finance- Contract Management Guide. Based on conversations with relevant personnel and sample testing performed during the audit, we have assessed the areas of Council’s contract management as either aligned, partly aligned or not aligned to better practice. This table has formed the basis of our findings as referenced in the table and detailed in the following section in this report.

• **Legend**

<ul style="list-style-type: none"> • Aligned • Consistent with better practice 	<ul style="list-style-type: none"> • Partly Aligned • Controls exist, further improvement is required 	<ul style="list-style-type: none"> • Not Aligned • Improvement required
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• Phase/Activities	• Objectives	• Current Practice	• Assessment against better practice
1) Portfolio Management			
• Contract Management Framework	• Contract management protocols and responsibilities are clearly defined, documented, communicated and appropriately resourced. This includes a set of consistent template documents and checklists for each stage of the process to assist compliance.	• Council has a standard template for entering into contracts. There is no overarching framework.	• Partly Aligned
Risk Management	• Risks associated with the contract are identified as early as possible and subject to ongoing monitoring. Contracts are segmented into tiers and management effort assigned on a sliding scale (please refer to the Background for further information).	• Internal Audit noted that contract managers are not managing risk in a manner consistent with the Council’s risk management framework.	• Not Aligned

• Phase/Activities	• Objectives	• Current Practice	• Assessment against better practice
Change Management	<ul style="list-style-type: none"> Changes are managed so as to ensure they are appropriately authorised and documented and objectives are not compromised. 	<ul style="list-style-type: none"> Council's Procurement Policy outlines the process for contract variations and the circumstances where it is appropriate to vary a contract. Council has a contract variation template to be used when varying a contract. Both parties must sign this variation. 	<ul style="list-style-type: none"> Partly Aligned
Contract Record Management	<ul style="list-style-type: none"> Maintain adequate records of communication (paper & electronic) and all interactions with the supplier on a central file. 	<ul style="list-style-type: none"> It is the responsibility of the project manager/contract manager to maintain contract management files which contain adequate records of communication and interaction with the supplier. Council has not yet established a formal contract management system and file structure. There were inconsistencies between the level and type of documentation maintained on shared drive across individual contracts. 	<ul style="list-style-type: none"> Partly Aligned
2) Contract Establishment			
<ul style="list-style-type: none"> Establish Contract Performance Indicators 	<ul style="list-style-type: none"> Contract performance measures are comprehensive and specific to allow the contract manager to certify that the deliverables meet contractual requirements. Performance measures should be comprehensive, measurable and in line with the delivery of the service requirements. 	<ul style="list-style-type: none"> Contracts contain key milestones based on deliverables and dates. Contract payments are linked to these milestones. This serves as useful mechanism to monitor contract costs and contract performance. However, the contracts selected for testing did not specify key performance indicators (KPIs) to measure performance over the life of the contract (including the periods between key milestones) and verify whether deliverables meet the associated requirement specified in the contract. 	<ul style="list-style-type: none"> Partly Aligned

• Phase/Activities	• Objectives	• Current Practice	• Assessment against better practice
Contract Management Plan	<ul style="list-style-type: none"> Established for each contract outlining the objectives and outcomes and how the contract should be managed including key milestones, success factors, risk mitigating strategies and quality assurance practices. The degree of resource allocated to each of these factors should be dependent upon the tiered structure discussed in the Background section of this report. 	<ul style="list-style-type: none"> Council currently does not develop contract management plans for individual contracts. Contract schedules, contained within the contract, outline key contract requirements such as deliverables, pricing and timing. 	<ul style="list-style-type: none"> Partly Aligned
3) Ongoing management			
Monitoring Performance	<ul style="list-style-type: none"> There is adequate monitoring of contractor performance to ensure service standards are met and objectives are achieved. 	<ul style="list-style-type: none"> There is inadequate evidence to support the level of formal performance monitoring across individual contracts. 	<ul style="list-style-type: none"> Not Aligned
Monitoring Contract Payments/Costs	<ul style="list-style-type: none"> Payment clauses specify the quantum and timing of payments as well as any conditions that must be met before the acquiring entity is liable for payments under the contract. 	<ul style="list-style-type: none"> Payment milestones are built into each contract and payments are linked to contract deliverables. The timing for each deliverable is specified in the contract 	<ul style="list-style-type: none"> Aligned
Contract Reporting	<ul style="list-style-type: none"> Relevant information is communicated from the contractor to monitor activity and compliance under the contract. 	<ul style="list-style-type: none"> The level of formal communication and contract reporting varies depending on the size of the contract. Council's standard contract template includes a right of audit clause. There is an opportunity for Council to implement formal reporting thresholds based on the value and risk of the contract. 	<ul style="list-style-type: none"> Partly Aligned
Managing Problems	<ul style="list-style-type: none"> Contract dispute resolution process is designed to identify and manage problems in a fair and expedient manner. 	<ul style="list-style-type: none"> All contracts have standard dispute resolution procedures and mechanisms included in the contract document. 	<ul style="list-style-type: none"> Partly Aligned

• Phase/Activities	• Objectives	• Current Practice	• Assessment against better practice
	•	• •	•
4) Contract Close			
• Evaluate Contractor Performance	• An evaluation should be undertaken at the end of all contracts. Contract evaluation should encompass the overall performance of the contractor and the acquiring entity. The evaluation of the contract and of contract outcomes can be very useful in understanding and improving overall contract management, improving contractor performance and can assist in future decision making and contracting activity.	• Council has not yet developed a contractor performance evaluation template/process. •	• Not Aligned

3. Internal audit findings

3.1 Develop contract management plans to assist with contract monitoring

Foundation and Value Add Findings

Finding(s) and impact

Internal Audit observed that City of Playford does not develop contract management plans to assist with the management of individual contracts for strategic suppliers. Reliance is placed on the final signed contract document to specify key contract requirements such as deliverables, pricing, payments and timing.

Contract management plans outline the objectives and outcomes of the contract and how the contract should be managed. Contract management plans include the roles and responsibilities of each party, key milestones, reporting and meeting requirements, success factors, key performance indicators, risk mitigating strategies and quality assurance practices.

Typically a Contract Management Plan (CMP) should include items such as:

- The objectives and outcomes of the contract and how the contract should be managed;
- The role, responsibility and obligation of each party;
- Communication and relationship management;
- Completion and renewal arrangements;
- Continuous improvement;
- Contract changes and variations;
- Contract deliverables;
- Contract management meetings;
- Data and information management;
- Dispute resolution processes;
- Financial management;
- Governance structures;
- Inspection and testing procedures;
- Key success factors or performance indicators;
- Payment milestones;
- Performance monitoring and reporting; and
- Risk management

Recommendation(s)

Internal Audit recommends that the Council develop contract management plans for Tier One contracts to assist with ongoing contract monitoring of strategic suppliers.

Agreed Management action(s)

- Council develop contract management plans for Tier One contracts to assist with ongoing contract monitoring of strategic suppliers.

Responsibility	General Manager City Assets
Target date	June 2022

3.2 Implement process to manage contract risks in a manner consistent with City of Playford's risk management framework

Foundation and Value Add Findings

Finding(s) and impact

Internal Audit noted that contract managers are not managing risk in a manner consistent with the City of Playford risk management framework. Internal Audit observed that whilst there was evidence of basic risk assessment for some of the contracts tested, the majority of these contracts did not demonstrate the use of a risk management plan, or evidence of the monitoring of risks in an effective and frequent manner. The lack of a formal risk management process can lead to no formal risk assessment being undertaken or inconsistent application of risk management procedures across various contracts.

Managing risk is an integral part of managing contracts. The approach to managing risks for individual contracts should be consistent with City of Playford's broader risk management framework. It should involve the periodic revision of risk assessments undertaken and enhancement and modification of risk treatments where required.

Internal Audit acknowledges that City of Playford has recently developed the risk management framework, which is being implemented across the organisation.

Recommendation(s) Internal Audit recommends that City of Playford implement, and follow, a formal risk management procedure in relation to contract management. This should adopt a tiered structure similar in methodology to that outlined in the Background section to this report and outlines the risk-related activities that need to be completed, specific to the value and classification of a contract.

Agreed Management action(s)

- That the City of Playford implement, and follow, a formal risk management procedure in relation to contract management. This should adopt a tiered structure similar in methodology to that outlined in the Background section to this report and outlines the risk-related activities that need to be completed, specific to the value and classification of a contract.

Responsibility	General Manager City Assets
Target date	June 2022

3.3 Specific performance measures should be outlined within contracts Foundation and Value Add Findings

Finding(s) and impact

- Internal Audit noted that from the sample tested, whilst key milestones were built into the contracts and payment was linked to these milestones and deliverables, there did not appear to be any specific performance measures or requirements (such as Key Performance Indicators (KPIs)) specified in order to measure performance over the life of the contract (including the periods between key milestones) and verify whether deliverables meet the associated requirement specified in the contract.

Performance measures include indicators with related targets and performance standards, and assist in the assessment over the life of the contract. They also provide the basis for authorising payments and can alert the contract manager to potential problems or under-performance, so remedial action can be taken if necessary. In the event of a potential breach of contract without a detailed set of performance standards it may be difficult to establish the breach.

- In line with the tiered structure discussed in the Background to this report, and recommended in Finding 3.2, Internal Audit acknowledges that detailed performance measures may not be necessary for lower value contracts with minimal risk e.g. one month consultancy contracts. Generally, in these circumstances payments that are linked to milestones will suffice.

Recommendation(s)

It is recommended that City of Playford implement formal performance measures for higher value/and or higher risk contracts to assist with monitoring contractor performance (consistent with the tiered structure recommended).

Performance measures need to be specific and comprehensive to allow the contract manager to certify that the work meets contractual requirements.

Agreed Management action(s)

That the City of Playford implement formal performance measures for higher value/and or higher risk contracts to assist with monitoring contractor performance (consistent with the tiered structure recommended).

- Performance measures need to be specific and comprehensive to allow the contract manager to certify that the work meets contractual requirements.

Responsibility	General Manager Strategy & Corporate
Target date	Post June 2022

3.4 Ensure ongoing and consistent level of performance monitoring and contract reporting across all contracts

Foundation and Value Add Findings

Finding(s) and impact

The level of ongoing contract monitoring varied across the sample of contracts selected for testing ranging from formal to relatively informal, such as formal progress reporting to email correspondence with the contractor.

Performance monitoring should be undertaken throughout the life of the contract and for all contracts, whether straightforward or complex.

Arrangements for monitoring and contract reporting should be specified and agreed between City of Playford and the contractor. For instance, the frequency of progress reporting and contract management meetings (e.g. weekly, monthly, quarterly, six monthly etc.).

- City of Playford may consider implementing formal reporting thresholds based on the duration and value of the procurement. For instance, a contract greater than one year with a value >\$100,000 - <\$500,000 may require

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contract reporting on a six monthly basis (consistent with the tiered structure recommended).

- In line with the tiered structure discussed in the Background to this report, and recommended in Finding 3.2, Internal Audit acknowledges that the level of formal ongoing contract management and reporting will depend on the nature and the value of the contract.

Recommendation(s)

It is recommended City of Playford strengthen its performance monitoring and contract reporting requirements to ensure contract outcomes are being achieved.

Agreed Management action(s)

- The City of Playford strengthen its performance monitoring and contract reporting requirements to ensure contract outcomes are being achieved.

Responsibility

General Manager Strategy & Corporate

Target date

Post June 2022

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3.5 Establish standard documentation structure for contract management files

Future Improvement Opportunities

Finding(s) and impact

Internal Audit noted that there is currently no standard file structure in place for contract management files. This leads to inconsistencies in the level and type of documentation maintained on file, in particular relating to the monitoring and management of risks throughout the life-to-date of the contract. Internal Audit observed that the records maintained by each of the contract managers varied in detail across the individual contracts included in the sample.

Recommendation(s)

- Internal Audit recommends that City of Playford implement a standard structure for all contract management records. This will ensure consistency in the management of records across all City of Playford contracts. Documentation may be maintained for the following:
 - Contract management plans;
 - Risk assessments;
 - Performance reports;
 - Contract management meeting minutes and agendas;
 - Correspondence between the parties;
 - Contract variations, including justification for each variations;
 - Evidence that contract costs are being monitored;
 - Payment information; and
 - Records of any disputes and related discussions or negotiations.
- It is the responsibility of City of Playford to ensure that adequate and appropriate documentation is maintained during the life of the contract to monitor and manage the contract effectively.

Agreed Management action(s)

- That the City of Playford implement a standard structure for all contract management records. This will ensure consistency in the management of records across all City of Playford contracts. Documentation may be maintained for the following:
 - Contract management plans;
 - Risk assessments;
 - Performance reports;
 - Contract management meeting minutes and agendas;
 - Correspondence between the parties;
 - Contract variations, including justification for each variations;
 - Evidence that contract costs are being monitored;
 - Payment information; and
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- Records of any disputes and related discussions or negotiations.
- It is the responsibility of City of Playford to ensure that adequate and appropriate documentation is maintained during the life of the contract to monitor and manage the contract effectively.

Responsibility	General Manager City Assets
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Target date	June 2022
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3.6 Develop awareness of the contract management process and contract management requirements

Future Improvement Opportunities

Finding(s) and Recommendation(s)

As highlighted in the finding 3.1 and 3.2, currently City of Playford does not have a standard contract management framework or process. Every Project Manager/Contract Manager, manages contracts based on their individual knowledge and experience. The record keeping varies between different Contract Managers.

Recommendation(s)

Internal Audit notes that there is an opportunity to raise awareness of the contract management process and contract management requirements at City of Playford. Awareness could be raised through the intranet, targeted emails, an internal training course or staff presentations.

Agreed Management action(s)

- To raise awareness of the contract management process and contract management requirements at City of Playford through the intranet, targeted emails, an internal training course or staff presentations.

Responsibility

General Manager Strategy & Corporate

Target date

June 2022

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Appendix 1 – Classification of findings

Foundation and Value Adding audit findings

- Audit findings rated as foundation and value added findings do not necessarily meet every criterion listed below but could comprise one or more items.
- Control weaknesses that could lead to misappropriation, losses or misstatement of financial results but which are compensated for by informal controls. There is no reliance that the informal control system will continue to operate in a consistent fashion.
- Control weaknesses that could result in a loss considered significant by internal audit and management and upwards, but have not yet resulted in a loss and which are being properly addressed by management.
- Some segregation of duties issues.
- Policy non compliance
- A lack of policy and procedures covering significant transactions/activities or non-compliance with policies and procedures covering significant transactions/activities.
- Risks are not being effectively managed which could result in failure to ensure that the Council's objectives are met

Future improvement opportunities (FIO)

- Audit findings rates as FIO do not necessarily meet every criterion listed below but could comprise one or more items.
- Objectives are being partially achieved
- Limited segregation of duties and delegation
- Control weaknesses are of minor importance and are not likely to significantly impact the accuracy of results or effectiveness of operations.
- Strengthening of controls/processes and policies would benefit the organisation and lead to improved and efficient operations.
- Controls that provide management with worthwhile benefits relative to greater confidence in decision-making.
- Some controls, if re-engineered, would benefit productivity or effectiveness.

5.6 RECRUITMENT AND SELECTION INTERNAL ASSURANCE REPORT

Responsible Executive Manager : Sam Green

Report Author : Ninad Sinkar

Delegated Authority : Matters for Information.

Attachments : 1 [↓](#). Recruitment and Selection Internal Assurance report

Purpose

Provide the Recruitment and Selection Internal Assurance Report.

STAFF RECOMMENDATION

That the Committee receive and note the Recruitment and Selection Internal Assurance Report (Attachment 1).

Relevance to Strategic Plan

The implementation of the recommendations will positively impact service delivery to our community through optimum utilisation of resources, greater accountability, transparency and continuous improvement of our processes.

Relevance to Community Engagement Policy

There is no requirement under the Council's Public Consultation Policy to consult on this issue.

Background

Internal Audit notes that in 2019, the Independent Commissioner against Corruption (ICAC) conducted an evaluation of policies and procedures followed by the Council. The evaluation covered various aspects of the Council's operations and also included recruitment and selection processes.

Internal Audit conducted an assurance audit of Recruitment and Selection processes within the organisation. The objective of the assurance audit was to assess the adequacy and effectiveness of control processes over staff recruitment followed by the Council and assessing the adherence to process changes developed in response to the ICAC recommendations.

Executive Summary

Internal Audit reviewed the application of the recruitment and selection policies, processes and tools by line management across the Council. In each of the areas covered in the assurance audit, Internal Audit identified a number of positive practices. These are captured in the overall assurance audit observations in this report. In general, the Internal Audit notes that the Council has made commendable efforts as part of the current reform to strengthen and improve recruitment and selection processes. The policies and practices in recruitment have evolved and introduced flexibility and independence in the recruitment and selection techniques.

Current Situation

Internal Audit notes that the level of documentation and adherence to the policies and procedures was satisfactory across the sample selected for audit. There were some instances where Internal Audit was unable to sight the documentation as it was either not attached to the correct form or located in another corporate system. Whilst not ideal, the documentation was able to be provided by the Manager – Human Resources as it was saved either in Council's records management system or another corporate drive. Internal Audit acknowledges that the Council is currently working on a documentation management system and process which is being implemented across the organisation.

Future Action

In order to verify ongoing compliance with the Recruitment policies/procedures, Internal Audit will conduct a follow up review in April 2022 and October 2022 and present the results to the Management and Corporate Governance Committee.

Recruitment and Selection Internal Assurance Report

Submitted by

Mr Ninad Sinkar
Internal Auditor

City of Playford

P: (08) 8256 0146
nsinkar@playford.sa.gov.au
www.playford.sa.gov.au

November 2021

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Distribution	
For action	For information
Sam Green - CEO	General Managers Corporate Governance Committee

Executive Summary

Background

Internal Audit notes that in 2019, the Independent Commissioner against Corruption (ICAC) conducted an evaluation of policies and procedures followed by the Council. The evaluation covered various aspects of the Council’s operations and also included recruitment and selection processes.

The key recommendations made in the evaluation regarding recruitment and selection are noted below:

- Reconsider the approach to managing actual or perceived conflicts of interest during recruitment and selection processes
- Introduce a requirement that members of a selection panel be required to complete and sign a selection summary report which outlines the candidates who applied for a position, the performance of each candidate during the selection process, the deliberations of the panel in respect of the suitability of each candidate together with the reasons the panel recommended the selection of a particular candidate
- Reinforce the need to complete interview notes in a consistent manner and that the notes bear the name and signature of the panel member completing the notes.

Over the last two years following the evaluation, the Council has been reforming its human resources management policies and procedures, and recruitment and selection has been a significant focus of this.

Internal Audit conducted an assurance audit of Recruitment and Selection processes within the organisation. The assurance audit was conducted from September 2021 to October 2021, and covered recruitment and other personnel management activities from the period from January 2019 to August 2021. The objective of the assurance audit was to assess the adequacy and effectiveness of control processes over staff recruitment followed by the Council and assessing the adherence to process changes developed in response to the ICAC recommendations.

Internal Audit reviewed the application of the recruitment and selection policies, processes and tools by line management across the Council. It is important to note that the Council recruits staff through several methods – competitive and merit-based selection with vacancy announcements issued across various platforms (both internal only and internal/external), reclassifications and changes to positions lateral reassignments without competition (Employment Conditions Changes), as well as temporary secondments for specific projects/purposes. The following table shows the total number of recruitments undertaken by the Council during the period January 2020 to September 2021.

Business Unit	Strategy and Corporate	City Assets	City Services
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January 2020 to December 2020	24	25	26
January 2021 to September 2021	32	28	35

The following table shows the total number of employee classification changes undertaken by the Council during the period January 2020 to September 2021

Business Unit	Strategy and Corporate	City Assets	City Services
January 2020 to December 2020	0	4	3
January 2021 to September 2021	5	6	0

** Data provided by Manager – Human Resources

In each of the areas covered in the assurance audit, Internal Audit identified a number of positive practices. These are captured in the overall assurance audit observations in this report. In general, the Internal Audit notes that the Council has made commendable efforts as part of the current reform to strengthen and improve recruitment and selection processes. The policies and practices in recruitment have evolved and introduced flexibility and independence in the recruitment and selection techniques.

Objective

The objective of the assurance audit was to consider the controls and processes surrounding the recruitment and selection of Council personnel, with consideration of related Organisational Development policy, procedure and practices and the inclusion of a sample of newly recruited personnel. The key focus of the assurance audit was on ensuring that a transparent and competitive recruitment process has been undertaken to date.

Scope

The scope of this internal assurance audit included the following:

- Review the adherence to policies and procedures relating to the recruitment and selection of City of Playford staff against the requirements of transparency and competitiveness;
- Needs analysis – Consideration of the requirements of a specific role;
- Verify the effectiveness and efficiency of controls and processes in place in relation to recruitment and selection process;
- Sample selection and testing of recent recruitments, selections, employee classification changes and verifying their compliance with policies;
- Assess the compliance with the following ICAC recommendations:
 - Consider the approach to managing actual or perceived conflicts of interest during recruitment and selection processes in light of the observations made in ICAC report.
 - Verify that members of a selection panel complete and sign a selection summary report which outlines the candidates who applied for a position, the performance of each candidate during the selection process, the deliberations of the panel in respect of the suitability of each candidate together with the reasons the panel recommended the selection of a particular candidate.
 - Verify that that the selection panel complete interview notes in a consistent manner and that the notes bear the name and signature of the panel member completing the notes.
 - Verify that every selection panel include at least one panel member who does not work within the workgroup for which a recruitment is being conducted.

Methodology

The Recruitment and Selection internal assurance audit was performed using the following approach:

- Discussions with key personnel and considerations of relevant documentation of key risk and controls;
- Sample testing of key control points identified in the process; and
- Discussions with management with regards to any identified control weaknesses.

Audit summary

Internal Audit notes that in May 2021, the Chief Executive Officer approved the revised Recruitment and Onboarding policy and procedure. This policy and procedure aims to give hiring managers, in partnership with the Organisational Development team, greater flexibility to shape the staff recruitment process, ensuring the right approach for the position for which they are recruiting. The intent of the policy is to ensure that the Council recruits the right people into the right roles. The recruitment process involves the following key stages:

- 1) Planning stage – the HR Partner and hiring manager agree on the recruitment steps to be undertaken and timeframes, and discuss the workforce requirements, business needs, department budgets, as well as alternative solutions to recruitment like secondments/ higher duties etc.
- 2) Recruitment and shortlisting - Vacancies are advertised either internally only, or internally and externally. Assessment of candidates is conducted on merit and any conflicts of interest from both a Recruitment Panel Member and/or a Candidate is declared at this stage.
- 3) Final candidates selection - once the advertising period is closed, the hiring manager and HR partner conduct a shortlisting of the candidates. Shortlisted candidates may be interviewed initially by phone and then in person by a panel consisting of one independent member who is unrelated to the hiring manager's department. Each panel member completes an individual candidate interview summary report for each interviewed candidate. A final reference check is completed and the recruitment panel summary report is prepared and signed by all panel members, prior to getting approval in the system from the department senior manager/general manager. The successful candidate is informed and employment contract is sent for signing.

Internal Audit notes that many of the above stages are conducted electronically and involve the use of following forms:

- 1) The Recruitment Requisition Form – In this form the Hiring Manager provides rationale for the requirement to undertake recruitment for the role, as well as the steps to be undertaken in the Recruitment process and the rationale for their chosen process. The Hiring Manager includes names of the Interview Panel Members and the need for an OD representative or employee outside of the immediate Department to be on the panel, as well as their core competencies that are being sought after for the role.
- 2) Expr3ss portal - This portal stores all the applications and candidate data electronically and provides benchmarks and personal candidate information for the Hiring Manager to efficiently and effectively evaluate and shortlist for their role.
- 3) The Recruitment Appointment form, which includes a completed Recruitment Panel Summary

Report, completed Individual Candidate Interview Summary report and any other relevant documentation to all be attached by the Hiring Manager, is used to finalise the recruitment decision and track workflow approvals.

Key Audit observations

The key observations relating to the assurance audit tests conducted during the course of this audit are noted below:

Test 1- Recruitment Requisition form

Audit Test: In order to verify the compliance with the policies and procedures, Internal Audit selected a sample of 15 recruitments undertaken by the Council during the period January 2020 to September 2021. This included both internal only and internal/external recruitments. The sample was selected in such a way as to ensure an equal spread across all departments over a period of time.

Observation: Internal Audit notes that the level of documentation maintained by the Council for recruitment processes conducted (both internal and external) has significantly improved over this period. This provides a reasonable level of assurance to the Council.

Audit Test: The updated Recruitment Requisition Form must include details on the steps that the Hiring Manager will undertake in the recruitment process, the core competencies that are being sought in the role and the names of the Interview Panel Members and the need for an OD representative or employee outside of the immediate Department to be on the panel.

Observation: Internal Audit noted that these details are appropriately included in the forms sampled during this period, which provides a reasonable level of assurance to the Council regarding the effectiveness of the processes.

Test 2 – Receiving applications

Audit Test: Internal audit reviewed the Expr3ss portal for verifying the authenticity of the applications and the use of the system for shortlisting of candidates. The Expr3ss portal stores all the applications received from interested candidates and their associated data and documentation. It then has the ability to rate the applications based on certain set algorithms and criteria set up for the advertised position which, whilst not entirely relied upon for the shortlisting process, provides additional data for the Hiring Manager to consider and to support their decision-making.

Observation: Internal Audit notes that the process followed for shortlisting of candidates is appropriate and no issues were noted with the level of documentation maintained for the audit sample. This provides a reasonable level of assurance to the Council regarding the effectiveness of the processes.

Test 3 – Recruitment appointment forms

Audit Test: Internal Audit reviewed a sample of 15 recruitment appointment forms, which are used for finalising the recruitment process. The Hiring managers have to complete this form and attach key documents i.e. the Individual candidate interview summary reports, and the Recruitment panel summary report that includes reference check details. The approval process for the appointment is

electronic and workflow based.

Observation: Internal Audit notes that out of a sample of 15 recruitments reviewed, 4 were missing the Individual candidate summary reports - however, on further discussion with the Manager – HR Services, it was noted that these reports were completed and saved either on ECM or the relevant G–drive folder. Internal Audit acknowledges that the Council is in the process of implementing the updated Records Management framework and the documentation standards for all Human Resources documents will be improved and revised in line with the records management framework. Overall, Internal Audit notes that the level of compliance with the policies and procedures has improved.

Overall observation by Internal Audit

As noted in the background section of this report, Internal Audit notes that the level of documentation and adherence to the policies and procedures was noted across the sample selected for audit. There were some instances where Internal Audit was unable to sight the documentation since it was either not attached to the correct form. However on further inquiry the documentation was provided by the Manager – Human Resources as it was saved either in ECM or on relevant G Drive folder. Internal Audit acknowledges that the Council is currently working on a documentation management system and process which is being implemented across the organisation.

Next steps

In order to verify ongoing compliance with the Recruitment policies/procedures, Internal Audit will conduct a follow up review in April 2022 and October 2022 and present the results to the Management and Corporate Governance Committee.

INFORMAL DISCUSSION

6.1 Review of Financial Sustainability Ratios

Presenter: Barry Porter

Purpose: For the Committee to consider and provide feedback regarding the review of financial sustainability ratios within Council.

Duration: 30 mins

INFORMAL DISCUSSION

8.1 REVALUATION ASSETS

Contact Person: Barry Porter

Why is this matter before the Council or Committee?

Informal Discussion

Purpose

For Council to make a determination on whether to deal with this matter in confidence.

A. COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

STAFF RECOMMENDATION

Pursuant to Section 90(2) of the Local Government Act 1999 an order is made that the public be excluded from attendance at the meeting, with the exception of:

- Chief Executive Officer;
- General Manager Strategy and Corporate;
- General Manager City Services;
- General Manager City Assets;
- Executive Strategic Advisor;
- Senior Manager Financial Services;
- Senior Manager City and Corporate Planning;
- Manager Finance;
- Strategic Finance Analyst;
- Governance Support;
- Minute Taker;

in order to consider in confidence agenda item 8.1 under Section 90 (3) (b) of the Local Government Act 1999 on the basis that:

(b) information the disclosure of which –

i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and

ii) would, on balance, be contrary to the public interest.

This matter is Confidential because the report relates to investment of council money in the 2022/23 Annual Business Plan.

On the basis of this information, the principle that meetings should be conducted in a place open to the public has been outweighed in this instance; Committee consider it necessary to consider this matter in confidence.

Section B below to be discussed in the confidential section of the agenda once the meeting moves into confidence for each item.

B. The Matters as per item 8.1

C. COMMITTEE TO DECIDE HOW LONG ITEM 8.1 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 8.1 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of the Local Government Act 1999, the Committee orders that the following aspects of Item 8.1 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90 (3) (b) of the Local Government Act 1999:

- Report for Item 8.1
- Attachment(s) for Item 8.1
- Minutes for Item 8.1

Duration of Order:

This order shall operate until the publication of the 2022/23 Annual Business Plan; or will be reviewed and determined as part of the annual review by Council in accordance with Section 91(9)(a) of the Local Government Act 1999, whichever comes first..