

**Submission  
No 23**

**EXAMINATION OF THE AUDITOR GENERAL'S PERFORMANCE AUDIT  
REPORTS JUNE - DECEMBER 2020**

**Organisation:** Waverley Council

**Date Received:** 9 February 2022



Mr Greg Piper MP  
Chair, Public Accounts Committee  
Parliament of New South Wales  
Macquarie Street Sydney  
NSW 2000 Australia

Our reference: D22/11281  
Your reference: D21/63056

10 February 2022

**Re: Auditor-General's performance audit report – Procurement Management in Local Government for the period between 1/7/2016 and 30/6/2019**

Dear Mr Piper,

Thank you for giving Waverley Council the opportunity to provide an update on the actions we have taken to implement the recommendations provided by the Audit Office of NSW, as well as providing feedback on the overall effectiveness of the audit process.

In the table provided below, we have outlined the actions taken to date in the process of implementing the recommendations. We have also provided details on the status and actions required for the remaining recommendations that are to be implemented.

In terms of providing feedback relating to the effectiveness of the audit process, we found that the Audit Office team members conducting the audit were professional and diligent. When requesting information pertaining to the audit from Council officers, they provided sufficient lead time to enable the provision of informative responses, which in many cases, were quite detailed and comprehensive. Conversely, Audit Office team members also responded to any questions raised by Council officers on a timely basis. Overall, they carried out the audit in an efficient and timely manner.

We note that in their final report, the Audit Office acknowledged that all six Councils audited (including Waverley) were generally compliant with legislative requirements and their respective policies and procedures. We recognise that there are still opportunities to improve certain performance gaps as detailed in table below, and also that the findings / recommendations provided by the Audit Office have certainly provided some valuable insights.

Again, I would like to thank you for the opportunity to provide feedback in relation the work undertaken by the Audit Office. Should you wish to discuss any of the items referred to in this letter, please contact me directly on [REDACTED], [REDACTED]  
[REDACTED]

Yours Sincerely,

[REDACTED]

Emily Scott  
General Manager, Waverley Council

[REDACTED]  
[REDACTED]

## IMPLEMENTATION OF RECOMMENDATIONS

### Waverley Council

### Procurement Management in Local Government

RECOMMENDATION		ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
1	Procurement policy in place	Accepted	N/A – Recommendation completed	Complete	Completed; <ul style="list-style-type: none"> <li>Updated Procurement Policy was completed, adopted by ELT and issued for use in July 2021.</li> </ul>	Procurement
	Procurement Procedures in place	Accepted	<ul style="list-style-type: none"> <li>Procedures to be reviewed and updated</li> <li>Supporting documentation such as RFx templates, approval forms, etc. are to be reviewed and updated.</li> </ul>	Q2 2022	On-Track; <ul style="list-style-type: none"> <li>Procurement Procedures are currently being reviewed and updated.</li> </ul>	
2	Involvement of procurement team	Accepted	N/A – Recommendation completed	Complete	Completed; <ul style="list-style-type: none"> <li>The procurement team provides support for all procurement activities.</li> <li>The level of support ranges from providing</li> </ul>	Procurement



RECOMMENDATION		ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
					advice on policy and procedures, through to complete end-to-end facilitation of RFQ / RFT / EOI processes through to contract award.	
3	Managing conflicts of interest	Accepted	N/A – Recommendation completed	Complete	Completed; <ul style="list-style-type: none"> <li>Any staff member involved in the evaluation of submissions that may lead to the engagement of a supplier, must complete and sign a Conflict of Interest declaration form, which is then filed by Procurement staff.</li> </ul>	Procurement
4	Established approach to tender assessment	Accepted	N/A – Recommendation completed	Complete	Completed; <ul style="list-style-type: none"> <li>Tender assessments and evaluations are facilitated by Procurement staff.</li> <li>Subject matter experts from various divisions within Council evaluate tenders as they arise, with Procurement staff providing probity oversight.</li> <li>For large, complex and high risk projects, the services of an external independent Probity Advisor are utilised.</li> </ul>	Procurement
5	Centralised contract register	Accepted	N/A – Recommendation completed	Complete	Completed; <ul style="list-style-type: none"> <li>All contracts, regardless of value, are now</li> </ul>	Procurement



RECOMMENDATION		ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
					<p>uploaded onto Council's Contract Register by Procurement staff.</p> <ul style="list-style-type: none"><li>Any subsequent contract variations and/or extensions are facilitated by Procurement staff and updated on the Contract Register as they occur.</li><li>Procurement staff also publicly disclose details of contracts &gt;\$150k (incl GST) on Waverley Council's website in accordance with GIPA Legislation.</li></ul>	
6	Assessment of supplier performance	Accepted	<ul style="list-style-type: none"><li>Procurement to work with Council Project Managers who work closely with their suppliers, obtaining and recording feedback on their performance for future reference.</li></ul>	Q3 2022	<p>On-Track;</p> <ul style="list-style-type: none"><li>This recommendation relating to the assessment of supplier performance, is aligned with <i>Recommendation 7 Contract Management</i>.</li><li>Suppliers are expected to carry out the delivery of their goods and / or services as per their contractual obligations</li><li>Such obligations include timeliness, quality, cost and value for money.</li></ul>	Procurement / Major Projects
7	Contract management policy in place	Accepted	<ul style="list-style-type: none"><li>The Contract Management Policy is to be drafted.</li></ul>	Q2 2022	<p>On-Track;</p> <ul style="list-style-type: none"><li>The Contract Management Policy is to be informed by 'best practice' contract management, including but not limited to,</li></ul>	Procurement / Major Projects / ICT



RECOMMENDATION		ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
					guidelines provided by Local Government Procurement (LGP) and NSW Government Procurement.	
8	Documented justification of procurement needs	Accepted	N/A – Recommendation completed	Complete	Completed; <ul style="list-style-type: none"><li>• Waverley Council's Operating Plan and Community Strategic Plan outline projects that are to be undertaken, which essentially provides a form of justification for the procurement required to complete these projects.</li><li>• All procurement activity requires approval from the respective Divisional Managers with sufficient financial delegation relative to the value of the goods or services being procured.</li><li>• The Tender Approval Template has been updated to include sections for;<ul style="list-style-type: none"><li>○ Justification of Procurement.</li><li>○ Rationale behind weighting of evaluation criteria.</li></ul></li></ul>	Procurement
9	Segregation of duties	Accepted	N/A – Recommendation completed	Complete	Completed; <ul style="list-style-type: none"><li>• A 'Centre led' procurement function is now in operation at Waverley Council.</li><li>• Procurement staff are now actively involved</li></ul>	Procurement



RECOMMENDATION		ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
					in procurement activities and facilitate the end-to-end procurement process (market approach, evaluation, contract drafting and award).	
10	Procurement training	Accepted	<ul style="list-style-type: none"> <li>Procurement have consulted with the HR Learning Experience team for advice on the best approach for the training.</li> <li>A tailored approach to procurement training is required, where content is formulated based level of procurement activity undertaken by the respective Council division.</li> <li>Training content to be specifically drafted for other areas within Council that undertake infrequent low value / low risk procurement.</li> </ul>	Q3 2022	On-Track <ul style="list-style-type: none"> <li>During 2021, LGP and VendorPanel conducted online workshops for Waverley Council's Capital Project team members, utilisation of Vendor Panel for high value / high risk procurement.</li> <li>Council staff are also able to access video tutorials offered by both VendorPanel and LGP via their secure login.</li> </ul>	Procurement / HR
11	Evaluation of community outcomes and value for money	Accepted	<ul style="list-style-type: none"> <li>Procurement have been in consultation with Council Project Managers and Communications to determine a practical</li> </ul>	Q4 2022	On-Track <ul style="list-style-type: none"> <li>Community and value for money outcomes may be evaluated using data obtained from;               <ul style="list-style-type: none"> <li>Waverley Community Surveys</li> <li>The "Have Your Say" function on</li> </ul> </li> </ul>	Procurement / Communications



WAVERLEY COUNCIL

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RECOMMENDATION		ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
			approach on how to best obtain feedback from the community.		<ul style="list-style-type: none"><li>○ Council's website</li><li>○ Assessment of supplier performance (Recommendation 6 above)</li><li>○ Community Satisfaction Surveys</li></ul>	