

**Submission
No 27**

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

Organisation: Tweed Shire Council

Date Received: 16 February 2022

Council Reference:
Your Reference:



16 February 2022

Customer Service 1300 292 872 (02)6670 2400

Mr Greg Piper
Legislative Assembly
Public Accounts Committee
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Please address all communications
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Att: Mr Bjarne Nordin Committee Manager

bjarne.nordin@parliament.nsw.gov.au

Dear Mr Piper

Performance Audit – Procurement management in Local Government

We refer to your letter inviting Tweed Shire Council (TSC) to outline Council's response to the *Procurement Management in Local Government* audit that was undertaken in 2020.

TSC has taken on the recommendations in the report and the actions are recorded in the template provided and attached.

In relation to the findings regarding the management of supplier performance we have introduced actions as recorded in the attached however would like to re-iterate the comments we made at the tabling of the report.

Historically, TSC has found that the rating of suppliers in isolation by individual councils, while useful to ensure poor performers are not re-engaged by Council itself, provide little incentive for suppliers to improve their practices due the small market share in the region. There is no sector-wide mechanism to prohibit poor performing contractors moving between councils.

A sector-wide approach should be considered to centrally register contractor performance assessments by councils and other public authorities. This could for example, be similar to the contractor and supplier performance register previously managed by Procurement NSW and prior to that by NSW PWA.

TSC acknowledges and thanks the Audit Office and its representatives for working collaboratively during the audit process.

Yours faithfully



Troy Green PSM
GENERAL MANAGER
Attach:

IMPLEMENTATION OF RECOMMENDATIONS

Tweed Shire 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 or agency responsible for implementation)
1	Segregation of duties	Accepted	While segregation of duties has always been a requirement under Council's procurement procedures, this has now been built into Council's software through Finance One configuration. The change has occurred since the audit, as acknowledged in the report	Oct 2020	Completed prior to report publication	Finance
2	Procurement Training	Accepted	Mandatory training with a test requiring 80% pass rate has been rolled out to all staff since the audit, as acknowledged in the report.	Oct 2020	Completed prior to report publication	Human Resources
3	Documented justification of procurement needs		<p>TSC is taking a risk based approach to introducing additional measures to document justification of procurement needs.</p> <p>The measures are:</p> <ul style="list-style-type: none"> a) Business case preparation for significant procurement activities b) The introduction of checks within current tools and processes to verify that justification has been provided and that it aligns with strategic goals 	Ongoing	<p>a) On track b) Underway</p> <p>TSC considers a risk based approach to be the most effective method of address that is also appropriate to the scale of Local Government</p>	Contracts Section

			Progress on these measures are being tracked through the corporate planning software Cascade			
	Evaluation of community outcomes and value for money		<p>The evaluation of outcomes for projects is assessed and reported through Council's Project Management system Brightwork. This covers the majority of Council's significant procurement activities.</p> <p>For all other activities TSC is taking a risk based approach to introducing additional measures for evaluating community outcomes in order to make the most cost effective and appropriate allocation of resources available.</p> <p>Progress and compliance with these two actions is being tracked through the corporate planning software Cascade</p>	Ongoing	<p>Underway</p> <p>TSC considers a risk based approach to be the most effective method of address that is also appropriate to the scale of Local Government</p>	Contracts Section
	Management of supplier performance		Council to introduce Contract Management software which provides a comprehensive supplier performance review tool to ensure consistency of evaluation across all procurement activities	December 2021	<p>Completed.</p> <p>The new contracts management system was introduced in July 2021</p> <p>TSC considers the most effective address to this recommendation would be the introduction of a sector wide central register that local government</p>	Contracts Section