

Public Accounts Committee



LEGISLATIVE
ASSEMBLY

Examination of selected Auditor-General's Performance Audit Reports June - December 2020



Report 11/57 – October 2022

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The motto of the coat of arms for the state of New South Wales is “Orta recens quam pura nites”. It is written in Latin and means “newly risen, how brightly you shine”.

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Membership

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Chair's foreword

This is the sixth performance audit examination report of the Public Accounts Committee to be tabled in the 57th Parliament. It reviews ten performance audits from June to December 2020:

- Credit card management in Local Government
- Waste levy and grants for waste infrastructure
- Water conservation in Greater Sydney
- Their Futures Matter
- Support for regional town water infrastructure
- Government advertising 2018-19 and 2019-20
- Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments
- Procurement management in Local Government
- Health capital works
- Governance and internal controls over local infrastructure contributions.

The report examines actions taken by agencies in response to recommendations made in performance audits conducted by the Auditor-General. The Committee asked agencies in writing about measures taken to address these issues and, in some cases, received further evidence from agency representatives at a public hearing in June 2022.

This process has proven to be an effective means of reviewing agencies' responses to performance audits and to maintain scrutiny of the agencies under review.

The Committee acknowledges that significant work has been undertaken by agencies to address issues identified by the Auditor-General. We are satisfied that the agencies have fulfilled or are on track to fulfill the intent of the Audit Office's recommendations.

The Committee has made nine recommendations to NSW Government agencies. Two recommendations aim to provide guidance to local councils in regard to credit card use and procurement practices, four recommendations address the waste levy 5-yearly review and three recommendations are aimed at managing the health, safety and wellbeing of nurses and junior doctors through the use of surveys and by publishing data.

I am pleased to present this report and thank the Auditor-General and Audit Office staff for their assistance in this inquiry. I also wish to thank my fellow Committee members and the Committee secretariat for their contributions and support throughout the inquiry process.

Mr Greg Piper MP
Chair

Findings and recommendations

Recommendation 1	3
The Committee recommends that the Office of Local Government's credit card guidelines be provided to councils' Audit Risk and Improvement Committees to provide further guidance on credit card use.	
Recommendation 2	5
The Committee recommends that the Department of Planning and Environment should specify on its website or in the NSW Waste Sustainable Materials Strategy 2041 which agency is responsible for coordinating consultation on the timing and scope of the waste levy 5-yearly review.	
Recommendation 3	5
The Committee recommends that the agency responsible for coordinating consultation on the timing and scope of the waste levy 5-yearly review should publish the consultation timetable on its website.	
Recommendation 4	6
The Committee recommends that once consultation is complete, the Department of Planning and Environment update its NSW Waste and Sustainable Materials Strategy 2041 with specified review dates and scope for the waste levy 5-yearly review.	
Recommendation 5	6
The Committee recommends that the Environment Protection Authority publish data on the environmental outcomes from its waste levy compliance activities within 12 months of the end of the reporting period.	
Recommendation 6	15
The Committee recommends that NSW Health commence regular surveys of nurses in NSW hospitals to collect data about their psychological health and wellbeing, including information about WHS risks specific to nurses, and that the data be analysed to identify risk management strategies for the nursing workforce.	
Recommendation 7	15
The Committee recommends that the NSW Clinical Excellence Commission finalise and publish the Biannual Incident Report for January to June 2021 by December 2022.	
Recommendation 8	15
The Committee recommends that the NSW Clinical Excellence Commission consider publishing the Clinical Risk Advisory Group's COVID-19 Serious Incident Review Sub-Committee report on lessons for learning from the COVID-19 pandemic.	
Recommendation 9	20

The Committee recommends that the NSW Department of Planning and Environment publish comprehensive guidance to the Local Government sector on effective procurement practices by February 2023.

Chapter One – The inquiry process

- 1.1 The performance audits examined by the Committee for this inquiry were tabled by the Auditor-General in the period from June to December 2020. The aim of this examination is to assess the actions taken by relevant agencies in response to the Auditor-General's recommendations. The Committee considered evidence provided by each agency and also sought advice from the Auditor-General.
- 1.2 The Committee found significant work has been undertaken to address issues raised in the audits. It is clear that the agencies have taken the audit review process seriously and took action to implement accepted recommendations. Some recommendations will take time to fully action or are being addressed through the implementation of larger projects.
- 1.3 In accordance with its legislative responsibility outlined in section 57 of the *Government Sector Audit Act 1983*, the Committee resolved at its meeting on 19 May 2022 to commence an examination of the Auditor-General's performance audits from June to December 2020. The full terms of reference are included at Appendix One.
- 1.4 The process for this examination included:
- inviting a submission from responsible agencies twelve months after the tabling of the audit report
 - referring agencies' submissions to the Auditor-General for comment
 - where the Committee determined that further information was required, further written responses to questions were sought, or agency representatives and the Auditor-General were invited to a hearing to provide additional information.
- 1.5 The Committee examined ten performance audit reports and received 28 submissions in relation to its review. A full list of submissions can be found at Appendix Two and copies of the submissions are available on the Committee's [website](#).
- 1.6 On the basis of submissions received, the Committee sought further written clarification of aspects of agency responses to eight performance audits, namely:
- Water conservation in Greater Sydney – Department of Planning, Industry and Environment (now the Department of Planning and Environment—DPE) and Sydney Water
 - Their Futures Matter – Department of Communities and Justice
 - Governance and internal controls over local infrastructure contributions – Blacktown City Council, City of Sydney and Liverpool City Council

- Credit card management in Local Government – Department of Planning and Environment, Dubbo Regional Council, and Junee Shire Council
- Support for regional town water infrastructure – Department of Planning and Environment
- Government advertising 2018-19 and 2019-20 – Department of Customer Service and the NSW Rural Fire Service
- Waste levy and grants for waste infrastructure – Department of Planning and Environment and Environment Protection Authority
- Procurement management in Local Government – Tweed Shire Council and Lockhart Shire Council

1.7 The Committee had concerns about agency responses to recommendations contained in four performance audit reports. To conduct a more detailed examination of these reports, the Committee held a public hearing on 6 June 2022, seeking further information. The performance audits examined at the public hearing were:

- Procurement management in Local Government - Georges River Council, Waverley Council, Cumberland City Council and Department of Planning and Environment
- Governance and internal controls over local infrastructure contributions - Central Coast Council
- Health capital works - NSW Health
- Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments – NSW Health

1.8 The Relieving Auditor-General, Mr Ian Goodwin; Relieving Deputy Auditor-General, Ms Claudia Migotto and Relieving Assistant Auditor-General, Performance Audit, Mr Michael Thistlethwaite attended the public hearing.

1.9 A transcript of the hearing is located on the Committee's website. Witnesses who appeared at the hearing are listed at Appendix Three.

1.10 Discussion of the audits examined is detailed in the following chapters of the report.

Chapter Two – Performance audits not subject to public hearings

- 2.1 The Committee's practice in reviewing the reports is to decide, based on agency responses and Audit Office advice, how to carry out its scrutiny functions in regard to each report's recommendations. In some cases, the Committee may seek further written detail about steps taken to carry out the Audit Office's recommendations. In other cases, the Committee may invite agency representatives to provide more information at a public hearing.
- 2.2 This chapter contains the Committee's consideration of audit reports where the agencies were not asked to give further evidence at a public hearing. Complete information about all audits can be found on the NSW Audit Office and Public Accounts Committee's websites.

Credit card management in Local Government

Recommendation 1

The Committee recommends that the Office of Local Government's credit card guidelines be provided to councils' Audit Risk and Improvement Committees to provide further guidance on credit card use.

- 2.3 The *Credit card management in Local Government* audit assessed the effectiveness of credit card management in six local councils: Dubbo Regional Council, Junee Shire Council, Lane Cove Council, Nambucca Valley Council, Penrith City Council and Shellharbour City Council. These councils are a mix of rural, regional and metropolitan Local Government areas and were among the top ten users of credit cards within their geographical classification.¹
- 2.4 The audit referenced the NSW Treasury's Policy and Guidelines Paper TPP17–09 'Use and Management of NSW Government Purchasing Cards'.²
- 2.5 The audit concluded that all six audited councils:
- Had important gaps in their credit card policies and procedures and their reconciliation of credit card transactions needs to be enhanced to enable detection of potential misuse or fraud.³
- 2.6 After receiving submissions from all councils and reviewing efforts made to address the recommendations, the Committee is satisfied that the councils have fulfilled or are on track to fulfill the intent of the Audit Office's recommendations.

¹ Audit Office of NSW, [Credit card management in Local Government](#), September 2020, p 1. The measure for being the top ten users of credit cards was determined in terms of the number of credit cards issued or the number of transactions per credit card.

² [Credit card management in Local Government](#), p 1. The measure for being the top ten users of credit cards was determined in terms of the number of credit cards issued or the number of transactions per credit card.

³ [Credit card management in Local Government](#), p 1.

However, the Committee made one recommendation to the Office of Local Government which is highlighted above and detailed below.

- 2.7 The Audit Office recommended that DPE should publish guidelines on the minimum standards of credit card management for the Local Government sector.⁴
- 2.8 The Audit Office made recommendations that all of the councils should:
- immediately amend their credit card policies to prevent staff from sharing credit cards
 - clarify various matters in their credit card policy and procedures
 - ensure that credit card management practices have various controls including monitoring credit card limits; considering the use of credit card blocks; and keeping the credit card register up-to-date, accurate and complete
 - ensure reconciliation involves various oversight measures including reviewing business-related purposes and incident details of transactions, reviewing transactions against travel pre-approval forms, keeping a record of the reviews, recording vehicle details and mileage, and checking there are no split transactions.⁵
- 2.9 The audit report made recommendations to specific councils as follows:
- Dubbo Regional Council should ensure there is ongoing senior management oversight of credit card use and that the internal auditor undertakes monitoring activities as specified in the credit card policy.
 - Junee Shire Council, Lane Cove City Council, Nambucca Valley Council, Penrith City Council and Shellharbour City Council should develop a plan for internal audits of credit card use and management.
 - Junee Shire Council and Shellharbour City Council should ensure credit card policy and procedures are reviewed according to schedule.⁶
- 2.10 All six of the councils and DPE agreed to all the recommendations. Each of the councils submitted updates to the Committee regarding their efforts to implement the recommendations. The Committee was satisfied with all councils' initial responses except for Dubbo Regional Council and Junee Shire Council.
- 2.11 The Committee asked Dubbo Regional Council for details regarding the regularity of the council's planned internal review. The council replied that the review was delayed due to COVID-19 but is now underway. The council will provide details of

⁴ [Credit card management in Local Government](#), p 4.

⁵ [Credit card management in Local Government](#), pp 33, 36, 38, 42, 44, 46.

⁶ [Credit card management in Local Government](#), pp 33, 36, 38, 42, 44, 46.

the review to the Committee when available and it will be repeated as part of the council's three-year audit program.⁷

- 2.12 The Committee asked Junee Shire Council about progress of its plan to develop periodic reviews of credit card use and management. The council advised that they have one credit card and the General Manager will review purchases at the end of each month. The council also developed a new credit card policy in November 2020 which provides a framework, procedure and guidelines for the use of credit cards.⁸
- 2.13 DPE informed the Committee, regarding the Audit Office's recommendation that it publish credit card guidelines, that guidelines for the Local Government sector were issued in September 2021, after having been delayed due to COVID-19. The Committee inquired how the Local Government sector responded to the guidance issued. DPE stated that a number of councils and agencies had been consulted in preparation of the guidelines and since publishing the only feedback received had been positive.⁹
- 2.14 The Committee believes these guidelines will be valuable to the Local Government sector and recommends that the Office of Local Government's credit card guidelines be provided to councils' Audit Risk and Improvement Committees to provide further guidance on credit card use.
- 2.15 The Committee was interested in how DPE planned to monitor local councils' performance compared to the guidelines. DPE told the Committee that the guidelines required councils to have an audit risk improvement committee in place by June 2022. The role of these committees would be to review the council's risk management framework, fraud and corruption prevention activities, financial management processes, and the council's financial position and performance.¹⁰

Waste levy and grants for waste infrastructure

Recommendation 2

The Committee recommends that the Department of Planning and Environment should specify on its website or in the NSW Waste Sustainable Materials Strategy 2041 which agency is responsible for coordinating consultation on the timing and scope of the waste levy 5-yearly review.

Recommendation 3

The Committee recommends that the agency responsible for coordinating consultation on the timing and scope of the waste levy 5-yearly review should publish the consultation timetable on its website.

⁷ [Submission 13a](#), Dubbo Regional Council, p 1.

⁸ [Submission 15a](#), Junee Shire Council, p 1.

⁹ [Submission 28](#), NSW Department of Planning, Industry and Environment (DPIE), pp 1-2; [Submission 28a](#), Department of Planning and Environment (DPE), p 1. One call was received seeking clarification on one or two points of the guidelines.

¹⁰ [Submission 28a](#), DPE, pp 1-2.

Recommendation 4

The Committee recommends that once consultation is complete, the Department of Planning and Environment update its NSW Waste and Sustainable Materials Strategy 2041 with specified review dates and scope for the waste levy 5-yearly review.

Recommendation 5

The Committee recommends that the Environment Protection Authority publish data on the environmental outcomes from its waste levy compliance activities within 12 months of the end of the reporting period.

- 2.16 The *Waste levy and grants for waste infrastructure* audit assessed the effectiveness of the NSW Government in minimising waste sent to landfill and increasing recycling rates. The audit focused on the waste levy, which is paid by waste facility operators when waste is sent to landfill, and grant programs that fund infrastructure for waste reuse and recycling. The waste levy, regulated by the Environment Protection Authority (EPA), is generally paid when waste is disposed in landfill. Waste levy rates are set by the NSW Government.¹¹
- 2.17 The Audit Office concluded:
- The waste levy has a positive impact on diverting waste from landfill. However, aspects of the EPA's administration of the waste levy could be improved, including the frequency of its modelling of the waste levy impact and coverage, and the timeliness of reporting. Grant funding programs have supported increases in recycling capacity but are not guided by a clear strategy for investment in waste infrastructure which would help effectively target them to where waste infrastructure is most needed. Data published by the EPA indicates that the NSW Government is on track to meet the recycling target for construction and demolition waste, but recycling targets for municipal solid waste and commercial and industrial waste are unlikely to be met.¹²
- 2.18 After reviewing submissions made by the agencies about actions they have taken to implement the Audit Office's recommendations, the Committee concluded that, while the majority of the recommendations have been implemented, further action is needed to fully implement recommendations addressed to the EPA.
- 2.19 Recommendations made by the Audit Office were that:
- The EPA should establish a schedule for reviewing the waste levy settings and improve the timeliness of reporting on the environmental outcomes from its waste levy compliance activities.
 - DPE should determine the state's waste infrastructure needs to inform planning for and funding of waste infrastructure in NSW.

¹¹ Audit Office of NSW, [Waste levy and grants for waste infrastructure](#), November 2020, p 1.

¹² [Waste levy and grants for waste infrastructure](#), p 2.

- The Environmental Trust should improve record-keeping during grant program assessment committee meetings and ensure that conflict-of-interest declarations are completed and stored in accordance with record-keeping requirements.
- Both the EPA and the Environmental Trust should ensure that consistent information is provided to applicants and assessment committees within their respective grant programs.¹³

2.20 In response to the Committee's request for more information, the agencies made a joint submission of actions taken in regard to the Audit Office's recommendations. Some recommendations were accepted and some were noted.¹⁴ The Committee reviewed the agencies' response and requested further details.

2.21 In regard to the Audit Office's recommendations made to the EPA, the Government said it has committed to conducting detailed consultation on the waste levy review framework. They will consult with Local Government, waste industry, community and businesses, which will inform the timing and scope of the new 5-yearly review. The development of the assessment criteria will follow this detailed consultation.¹⁵

2.22 They advised they would publish waste performance data for the 2020-2021 financial year and that recycling rates are included in the waste performance data to be published annually.¹⁶ The Committee notes that the 2020-21 waste performance data was published by the Department in September 2022.¹⁷

2.23 The Government stated it completed actions in relation to the Audit Office's recommendation made to DPE. They advised the 20-Year Waste Strategy will set the future direction of the state's waste and resource recovery system and include examination of waste resource recovery and circular economy infrastructure needs and priorities.¹⁸

2.24 In response to the Audit Office's recommendation made to the Environmental Trust, the Government noted that gaps in record-keeping were related to projects that pre-date the current team and that changes were made years ago to ensure that record keeping was complete and thorough. Current onboarding of staff includes instructions relating to the importance of maintaining complete records. Similarly, concerns around conflict-of-interest declarations also pre-date the current team, and current processes ensure that assessors will not receive applications to assess until they have returned a signed declaration form.¹⁹

¹³ [Waste levy and grants for waste infrastructure](#), p 4.

¹⁴ [Submission 19](#), DPE, pp 2-5.

¹⁵ [Submission 19a](#), DPE, p 1.

¹⁶ [Submission 19a](#), DPE, pp 1-2.

¹⁷ NSW Environment Protection Authority, [Waste performance data](#), viewed 10 October 2022.

¹⁸ [Submission 19](#), DPE, p 3.

¹⁹ [Submission 19a](#), DPE, pp 1-2.

- 2.25 The Government responded to the recommendation addressed to both the EPA and the Environmental Trust saying the Environmental Trust Waste team works closely with their EPA project delivery partners to ensure consistency in all advice provided. This issue was raised and discussed with both organisations and the importance of ensuring alignment of advice was agreed and prioritised.²⁰
- 2.26 After reviewing responses to the Audit Office's report and follow up actions taken, the Committee recommends that DPE should specify on its website or in the NSW Waste Sustainable Materials Strategy 2041 which agency is responsible for coordinating consultation on the timing and scope of the waste levy 5-yearly review.
- 2.27 The Committee recommends that the agency determined responsible for coordinating consultation of the waste levy 5-yearly review should publish the consultation timetable on its website and, that once consultation is complete, DPE should update its NSW Waste and Sustainable Materials Strategy 2041 with specified review dates and scope for the waste levy 5-yearly review.
- 2.28 Finally, the Committee recommends that the EPA should publish data on the environmental outcomes from its waste levy compliance activities within 12 months of the end of the reporting period.

Water conservation in Greater Sydney

- 2.29 The *Water conservation in Greater Sydney* audit examined whether water conservation initiatives for the Greater Sydney Metropolitan area are effectively investigated, implemented and supported. Both the Department of Planning, Industry and Environment (DPIE) (now known as the Department of Planning and Environment – DPE) and Sydney Water Corporation (Sydney Water) were reviewed, with a focus on activities since 2016.²¹
- 2.30 The audit concluded that DPE and Sydney Water:
- Have not effectively investigated, implemented or supported water conservation initiatives in Greater Sydney. The agencies have not met key requirements of the Metropolitan Water Plan and Sydney Water has not met all its operating licence requirements for water conservation. There has been little policy or regulatory reform, little focus on identifying new options and investments, and limited planning and implementation of water conservation initiatives. As a result, Greater Sydney's water supply may be less resilient to population growth and climate variability, including drought.²²
- 2.31 Both agencies made contributions to the Committee's review of the performance audit and have taken substantial actions to address recommendations made by the Audit Office. After reviewing initial submissions from both agencies, gaining feedback from the Audit Office and considering supplementary submissions from

²⁰ [Submission 19a](#), DPE, p 3.

²¹ Audit Office of NSW, [Water conservation in Greater Sydney](#), June 2020, pp 1-2.

²² [Water conservation in Greater Sydney](#), p 2.

both agencies, the Committee is satisfied both agencies have fulfilled or are on track to fulfill the intent of the audit recommendations.

2.32 At the conclusion of its audit, the Audit Office recommended that DPE should:

- develop a clear policy on water efficiency, potable water reuse, water recycling and stormwater harvesting
- establish mechanisms to ensure water conservation is treated in the management of Greater Sydney's water resources
- determine and implement a practical mechanism for funding water conservation initiatives in Greater Sydney
- work with Sydney Water to assess the viability of current and future water conservation initiatives.²³

2.33 The Audit Office recommended that Sydney Water should:

- develop and implement a five-year plan for water conservation that meets the requirements of the Greater Sydney Water Strategy and its operating licence
- improve annual reporting on water conservation so that it meets the requirements of its operating licence and is clear and evidenced.²⁴

2.34 Both agencies accepted all recommendations issued by the Auditor-General.²⁵

2.35 DPE told the Committee they had made progress in response to recommendations made by the Audit Office, especially by way of the NSW Water Strategy. This is the first 20-year water strategy for all of NSW and puts water on the same footing as other essential resources and services such as transport. The Strategy has a focus on water conservation including recycling, stormwater harvesting, water efficiency and leakage reduction. The Committee notes that the Strategy was released in August 2022.²⁶

2.36 DPE noted new regulation is being drafted to support amendments to the *Water Industry Competition Act 2006* which will further enable private water utilities to compete in the market. DPE advised work is being done to streamline the approval process for private water and sewerage schemes under the *Environmental Planning and Assessment Act 1979*.²⁷

2.37 DPE also gave updates on progress, timeframes and milestones for various projects.²⁸

²³ [Water conservation in Greater Sydney](#), pp 4-5.

²⁴ [Water conservation in Greater Sydney](#), p 5.

²⁵ [Submission 1](#), Department of Planning, Industry and Environment (DPIE); [Submission 2](#), Sydney Water Corporation.

²⁶ [Submission 1a](#), DPE, pp 1-2; DPE, [Greater Sydney Water Strategy](#), August 2022.

²⁷ [Submission 1a](#), DPE, pp 4-5.

²⁸ [Submission 1a](#), DPE, pp 5-11.

2.38 In its response to the Committee, Sydney Water provided details of baseline funding for water conservation and water use programs. It explained the 'Economic Level of Water Conservation' method and its view on whether the historical data program has impacted its ability to report on ongoing water savings from previous initiatives.²⁹

Their Futures Matter

2.39 In 2015 an independent review was conducted of Out of Home Care in NSW, known as the 'Tune Review'. It found that the out of home care system was ineffective and unsustainable. In 2016 'Their Futures Matter' (TFM), a whole-of-government reform, was launched to improve outcomes for vulnerable children, young people and their families.³⁰

2.40 The *Their Futures Matter* audit objective was to determine whether TFM had effective governance and partnership arrangements in place to enable an evidence-based early intervention investment approach for vulnerable children and families. It also aimed to assess whether the TFM reform was driven by effective governance arrangements, was supported by effective cross-agency collaboration and whether it generated an evidence base to inform a cross-agency investment approach in the future.³¹

2.41 The conclusion of the audit was that:

The governance and cross-agency partnership arrangements used to deliver the Their Futures Matter reform were ineffective. Important foundations were put in place, and new programs trialled over the reform's four years. However, an evidence-based, whole-of-government, early intervention approach for vulnerable children and families in NSW – the key objective of the reform – was not established. The reform concluded in June 2020 without a strategy or plan in place to achieve its intent.³²

2.42 After reviewing the Department of Communities and Justice's (DCJ) initial response to the audit and requesting supplementary details, the Committee is satisfied that DCJ is on track to fulfill the intent of the audit recommendations.

2.43 The Audit Office made recommendations that DCJ should:

- continue work to deliver the intent of the reform
- revise the governance arrangements for the next stage of the TFM reform
- work with partner ministers and agencies to develop and implement a mutually agreed standard of evidence for informed funding decisions and processes to guide future funding by evaluating evidence and outcomes

²⁹ [Submission 2a](#), Sydney Water Corporation, pp 1-2.

³⁰ Audit Office of NSW, [Their Futures Matter](#), July 2020, p 1.

³¹ [Their Futures Matter](#), p 1.

³² [Their Futures Matter](#), p 2.

- ensure the TFM Human Services Data Set has governance arrangements, accountability of data sharing, that it captures outcomes, and that insights/analytics are shared and used effectively.³³
- 2.44 DCJ accepted all recommendations and provided a summary of ongoing actions being taken. Their first submission to the Committee showed that recommendations were being addressed, except the recommendation to develop and implement an agreed standard of evidence to make informed funding decisions. A response to this recommendation had been delayed pending the finalisation of the Investment Plan for Human Services in NSW.³⁴
- 2.45 In response to a request for further information regarding the delay to this recommendation, DCJ explained that work is underway to develop guidelines around evidence and effectiveness requirements to support Stronger Communities Investment (SCI) Pool funding decisions. These guidelines are intended to complement the Draft Investment Plan which had been the delay in actioning the recommendation.³⁵
- 2.46 DCJ also stated that the comparative evaluation approach and standards of evidence will highlight where additional evaluation is required to provide context on program implementation and service delivery to complement outcomes and economic findings and inform decisions.³⁶
- 2.47 DCJ said the guidelines and evidence standards are being progressed together with the 'rapid evaluation' of SCI Pool programs, for completion in 2022-23.³⁷

Support for regional town water infrastructure

- 2.48 The *Support for regional town water infrastructure* audit examined whether DPE has effectively supported the planning for and funding of town water infrastructure in regional NSW since 2014.³⁸
- 2.49 The audit concluded that DPE:
- Has not effectively supported or overseen town water infrastructure planning in regional NSW since at least 2014. It has also lacked a strategic, evidence-based approach to target investments in town water infrastructure.
- A continued focus on coordinating town water planning, investments and sector engagement is needed for the Department to more effectively support, plan for and fund town water infrastructure, and work with Local Water Utilities (LWUs) to help avoid future shortages of safe water in regional towns and cities.³⁹

³³ [Their Futures Matter](#), pp 5-6.

³⁴ [Submission 3](#), Department of Communities and Justice NSW (DCJ), pp 2-12.

³⁵ [Submission 3a](#), DCJ, p 4.

³⁶ [Submission 3a](#), DCJ, p 4.

³⁷ [Submission 3a](#), DCJ, p 4.

³⁸ Audit Office of New South Wales, [Support for regional town water infrastructure](#), September 2020, p 1.

³⁹ [Support for regional town water infrastructure](#), p 2.

- 2.50 After considering DPE's response to how it has implemented the audit's recommendations, the Committee is satisfied that DPE has, or will fulfill, the intent of the Audit Office's recommendations.
- 2.51 The Auditor-General recommended that DPE should, as a matter of priority:
- develop and implement a clear policy and regulatory approach to overseeing and supporting Local Water Utilities (LWUs), in consultation with the LWU sector
 - address coordination, timing and LWU sector engagement risks to integrate state-wide regional water planning with investments in town water infrastructure and risk reduction.⁴⁰
- 2.52 The Auditor-General recommended that DPE should, by October 2021:
- design and commence implementation of an outcomes-focused approach to its oversight and support of LWUs' Integrated Water Cycle Management planning
 - improve the administration and transparency of its LWU oversight, support and funding activities, meeting the requirements of the *NSW State Records Act 1998*
 - establish arrangements coordinating strategic planning, investment prioritisation and regulatory approaches to improve town water outcomes
 - formalise arrangements with the LWU sector to better enable collaboration.⁴¹
- 2.53 Finally, the Auditor-General recommended that DPE should monitor and evaluate its investments in town water risk reduction and infrastructure funding to improve transparency and enable it to identify outcomes and the contributions of its investments towards policy goals.⁴²
- 2.54 DPE accepted all recommendations and provided an update on its progress. It reported it was progressing on all seven audit recommendations as a priority through the Regional Water Strategies, Town Water Risk Reduction Program, Safe and Secure Water Program and continual improvement activities across the Department's Water Group. DPE stated that it continues to deliver these initiatives in consultation with the LWU sector and is on track to complete all recommendations by December 2022.⁴³

Government advertising 2018-19 and 2019-20

- 2.55 The *Government Advertising Act 2011* requires the Auditor-General to conduct a performance audit on the activities of one or more government agencies in

⁴⁰ [Support for regional town water infrastructure](#), p 5.

⁴¹ [Support for regional town water infrastructure](#), pp 5-6.

⁴² [Support for regional town water infrastructure](#), p 6.

⁴³ [Submission 16a](#), DPE, p 1.

relation to government advertising campaigns each financial year. The performance audit assesses whether a government agency or agencies have carried out activities in relation to government advertising in an effective, economical and efficient manner and in compliance with legislation, regulations and guidelines.⁴⁴

- 2.56 The *Government advertising 2018-19 and 2019-20* audit assessed two government advertising campaigns, namely:
- 'Cost of Living' run by Service NSW (SNSW), a campaign aimed to build awareness of the available help to ease the cost of living for people under financial pressure
 - 'How Fireproof Is Your Plan?' run by the NSW Rural Fire Service (NSWRFS), a campaign encouraging people to plan and prepare for bush fires across the summer period.⁴⁵
- 2.57 The Audit Office also reviewed the Department of Customer Service (DCS) because it had managed the peer review process.⁴⁶
- 2.58 The Audit Office report concluded that:
- Neither campaign breached the prohibition on political advertising contained in section 6 of the Act. While both campaigns met most requirements of the Act, the regulations, other laws and the Guidelines, we identified some instances of non-compliance. Service NSW inappropriately used its post campaign evaluation to measure sentiment towards and confidence in the NSW Government.⁴⁷
- 2.59 After reviewing efforts made by SNSW, the NSWRFS and DCS, the Committee is satisfied that the agencies have fulfilled the intent of the Audit Office's recommendations.
- 2.60 The Audit Office recommended that DCS should, as part of its peer review process:
- update its guidance to ensure post-campaign evaluations are not used to measure sentiment towards the Government
 - review its guidance and the new process for campaign review to ensure its guidance supports agencies to comply with requirements set out in legislation, regulations and guidelines.⁴⁸
- 2.61 DCS accepted both recommendations in principle and completed actions including updating the nsw.gov.au website and communications, updating its

⁴⁴ Audit Office of New South Wales, [Government advertising 2018-19 and 2019-20](#), November 2020, p 1.

⁴⁵ [Government advertising 2018-19 and 2019-20](#), p 1.

⁴⁶ [Government advertising 2018-19 and 2019-20](#), pp 4-5. Government advertising campaigns likely to cost over \$250,000 are subject to peer review before the campaign commences.

⁴⁷ [Government advertising 2018-19 and 2019-20](#), p 2.

⁴⁸ [Government advertising 2018-19 and 2019-20](#), p 2.

advertising submission template, discussing requirements with stakeholders and reminding agencies of the requirements.⁴⁹

- 2.62 The Committee asked for further information from DCS to understand how it updated its website and communicated the message to stakeholders.
- 2.63 DCS replied that it had updated its website with the statement, 'All government advertising must be apolitical in line with the *Government Advertising Act 2011*. Campaign evaluation activity should be clearly linked to campaign objectives.' DCS also included a verbal update on this matter at a cross-agency marketing meeting attended by approximately 20 agencies and issued an article highlighting this guidance in the NSW Government Communications e-newsletter.⁵⁰
- 2.64 DCS also stated it had updated templates for the Peer Review process to reinforce that campaign evaluation must link to the campaign objectives and track campaign effectiveness against defined targets. It noted that design of objectives and campaign evaluation is also discussed between DCS and agencies during the peer review process for individual campaigns.⁵¹
- 2.65 No recommendations were made for NSWRFSS to action. However, it took actions to ensure that alternatives to advertising were outlined in the cost benefit analysis, campaign objectives were refined and feedback was provided to DCS through the regular campaign review process.⁵²

⁴⁹ [Submission 18](#), NSW Department of Customer Service (DCS), pp 1-2.

⁵⁰ [Submission 18a](#), DCS, p 1.

⁵¹ [Submission 18a](#), DCS, p 1.

⁵² [Submission 17](#), NSW Rural Fire Service, p 1.

Chapter Three – Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments

Recommendation 6

The Committee recommends that NSW Health commence regular surveys of nurses in NSW hospitals to collect data about their psychological health and wellbeing, including information about WHS risks specific to nurses, and that the data be analysed to identify risk management strategies for the nursing workforce.

Recommendation 7

The Committee recommends that the NSW Clinical Excellence Commission finalise and publish the Biannual Incident Report for January to June 2021 by December 2022.

Recommendation 8

The Committee recommends that the NSW Clinical Excellence Commission consider publishing the Clinical Risk Advisory Group's COVID-19 Serious Incident Review Sub-Committee report on lessons for learning from the COVID-19 pandemic.

- 3.1 The *Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments* audit began in 2019 with a focus on the health, safety and wellbeing of nurses and junior doctors in high demand hospital wards. The audit focused on emergency departments, mental health wards and aged care wards during 'business as usual' periods of hospital operations.⁵³
- 3.2 In May 2020, the focus of the audit expanded to assess the effectiveness of NSW Health's management of the health and safety risks to staff during the COVID-19 health emergency. The Audit Office assessed the impacts on emergency departments and intensive care units, as these were the wards where staff were most likely to come into contact with COVID-19.⁵⁴
- 3.3 The audit report assessed the effectiveness of NSW Health's:
- systems, forums and workplace cultures to support reporting and generate data about risk
 - initiatives to support safe workplaces and effectively respond to health and safety incidents

⁵³ NSW Auditor-General, Performance Audit Report, [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), December 2020, p 1.

⁵⁴ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), p 1.

- actions to continuously improve staff health, safety and wellbeing in hospital environments.⁵⁵

3.4 In regard to the management of health and safety risks in NSW hospitals, the audit concluded that:

NSW Health is effectively monitoring and managing most incidents and risks to the physical health and safety of nurses and junior doctors in NSW hospitals. However, systems and resources are not fully effective across all Local Health Districts for monitoring or managing psychological and wellbeing risks - particularly in relation to nurses.⁵⁶

3.5 In relation to the management of health and safety risks associated with COVID-19, the Audit Office concluded that:

To date, NSW Health has effectively managed most COVID-19 related health and safety risks to hospital staff. The overall effectiveness of NSW Health's preparations and responses to COVID-19 could have been improved in the early phases of the health emergency - from January to early April 2020 - by ensuring that hospital staff in all Local Health Districts had access to pandemic training, that all emergency response policies had been updated and circulated, that state-wide communication systems were able to be rapidly upscaled to deliver consistent messages to hospital staff across the health system, and that PPE supply lines could provide sufficient stock to meet requirements during all pandemic response phases.⁵⁷

3.6 After reviewing the audit, NSW Health's submission to the Committee, and evidence heard at the public hearing, the Committee would like to commend the progress made by NSW Health, especially given the unique challenges posed to the State's health system during the COVID-19 pandemic.

3.7 The evidence demonstrates NSW Health's strong commitment to strengthening the framework of resources and support for junior doctors and nurses.

3.8 However, the Committee still has concerns about NSW Health's response to the audit and would like to see further progress made. For this reason, the Committee has made recommendations to NSW Health which are listed at the beginning of this section and described below.

3.9 In total, the Audit Office made seven recommendations to NSW Health which can be read in full in the audit report. NSW Health accepted all of the recommendations.⁵⁸ The Committee was interested to hear more about NSW Health's progress in response to the audit and invited the agency to a public hearing.

3.10 One recommendation made by the Audit Office was to ensure that nurses and junior doctors have regular opportunities to report on risks to their psychological health and wellbeing. Similarly, it was recommended that NSW Health should develop and implement an evidence-based guiding framework and strategy to

⁵⁵ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), p 1.

⁵⁶ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), p 2.

⁵⁷ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), p 2.

⁵⁸ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), pp 3, 31-32.

support hospital staff in the aftermath of traumatic or unexpected workplace incidents.⁵⁹

- 3.11 The Committee was interested in initiatives to address psychological and wellbeing risks to junior doctors and nurses. In particular, the Committee noted that NSW Health's response did not refer specifically to programs or strategies for nurses and wanted more information about wellbeing measures and initiatives which are directly targeted to them.
- 3.12 At the hearing, when asked about feedback from young medical officers, Mr Richard Griffiths, Executive Director of Workforce Planning and Talent Development in the Ministry of Health (Ministry), highlighted significant investment made into programs focusing on the wellbeing and workload of junior doctors in the past four to five years.⁶⁰
- 3.13 Mr Griffiths drew attention to the Ministry's final 'Your Training and Wellbeing Matters' survey for junior doctors in 2021, along with the ongoing annual medical training survey. He stated they show there has been gradual improvement in junior doctors' working conditions, hours and workplace culture issues like bullying.⁶¹
- 3.14 The disparity between the measures in place for junior doctors compared to nurses was noted by the Relieving Auditor-General at the public hearing. Recognising that nurses represent a large proportion of the hospital workforce, he stressed their role should not be lost in the work undertaken.⁶² While the Committee is encouraged by the Department's investment in wellbeing initiatives, it is concerned that there appears to be no initiatives which focus on the psychological and wellbeing risks to nurses.
- 3.15 The Committee therefore recommends that NSW Health commence regular surveys of nurses in NSW hospitals to collect data about their psychological health and wellbeing, similar to the 'Your Training and Wellbeing Matters' survey. The data collected from this survey should include information about WHS risks specific to nurses and should be analysed to identify risk management strategies for the nursing workforce.
- 3.16 Another recommendation by the Audit Office was that, at regular intervals, NSW Health should publicly report aggregate Root Cause Analysis data detailing the hospital system factors that contribute to clinical incidents.⁶³
- 3.17 In its submission, NSW Health accepted this recommendation and responded that four methodologies can be used for the review of serious incidents, including

⁵⁹ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), p 3.

⁶⁰ Mr Richard Griffiths, Executive Director, Workforce Planning and Talent Development, Ministry of Health, NSW Health, [Transcript of evidence](#), 6 June 2022, p 19.

⁶¹ Mr Richard Griffiths, [Transcript of evidence](#), p 19. The [Medical Training Survey](#) is an annual nation-wide survey of all Australian doctors in training which provides a yearly snapshot of potential issues in medical training of junior medical officers.

⁶² Mr Ian Goodwin, Relieving Auditor-General, Audit Office of New South Wales, [Transcript of evidence](#), 6 June 2022, p 21.

⁶³ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), p 3.

Root Cause Analysis, and they are collectively referred to as Serious Adverse Event Review (SAER). Data relating to system and risk factors identified by SAERs are reported publicly in Biannual Incident Reports.⁶⁴

- 3.18 NSW Health advised in its submission that the January to June 2021 Biannual Incident Report was in draft form and had not been published.⁶⁵ The Committee notes that, at the time of writing, the January to June 2021 Biannual Incident Report is still outstanding.⁶⁶
- 3.19 The Committee understands that the Biannual Incident Reports are an important source of public oversight and is concerned that reporting is not up-to-date. For this reason, the Committee recommends that the CEC finalise and publish the Biannual Incident Report for January to June 2021 by December 2022.
- 3.20 Another recommendation made by the Audit Office was that NSW Health should conduct a post-pandemic 'lessons learned' review focusing on the effectiveness of key strategies implemented during the COVID-19 pandemic and make policy and operational recommendations for future pandemic responses.⁶⁷
- 3.21 The CEC has established the COVID-19 Serious Incident Review Sub-Committee to review all COVID related SAERs and Corporate Reviews to identify themes, risks and lessons for learning in the present and future.⁶⁸ However, these reports are subject to statutory privilege and require approval for publication and have not been published yet.⁶⁹
- 3.22 The Committee believes that the information gained from this review will be valuable and recommends that the CEC publish the Clinical Risk Advisory Group's COVID-19 Serious Incident Review Sub-Committee report on lessons for learning from the COVID-19 pandemic.
- 3.23 The Audit Office recommended that NSW Health should evaluate the effectiveness of the new incident management system, called IMS+, to enable full reporting of health and safety incidents and risks in all hospital wards.⁷⁰
- 3.24 At the public hearing, Dr Patricia Bradd, Director of Patient Safety at the Clinical Excellence Commission (CEC), said that prior to May 2022, the functionality of the IMS+ system made it challenging to collect information. She said it has now 'been turned on' so CEC 'has got some good information'. She mentioned that, in regard to the time taken to enter incidents, there is some variation which depends on complexity. She also mentioned that the CEC is starting to monitor

⁶⁴ [Submission 20](#), NSW Health, p 3.

⁶⁵ [Submission 20](#), NSW Health, p 3.

⁶⁶ Clinical Excellence Commission, [Biannual Incident Report \(July – December 2020\) – Clinical Excellence Commission](#), viewed 10 October 2022.

⁶⁷ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), p 3.

⁶⁸ [Submission 20](#), NSW Health, p 3.

⁶⁹ Clinical Excellence Commission, [Serious Incident Reviews – Clinical Excellence Commission](#), viewed 10 October 2022.

⁷⁰ [Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments](#), p 3.

information about specialty groups and that having information allows them to learn from what is happening.⁷¹

- 3.25 At the conclusion of the hearing, the Audit Office welcomed the progress made by NSW Health to address issues identified in the audit report, particularly given the high complexity involved in managing the wellbeing of hospital staff. However, the Relieving Auditor-General stressed the importance of improving the hospital reporting culture with a focus on reported incidents.⁷²
- 3.26 The Relieving Auditor-General spoke about the psychological risks and wellbeing highlighted in the audit report, noting that IMS+ lacked a strong focus on trauma burnout and other mental health issues faced by junior doctors and nurses.⁷³

⁷¹ Dr Patricia Bradd, Director, Patient Safety, Clinical Excellence Commission, NSW Health, [Transcript of evidence](#), 6 June 2022, p 18.

⁷² Mr Ian Goodwin, [Transcript of evidence](#), p 21.

⁷³ Mr Ian Goodwin, [Transcript of evidence](#), p 21.

Chapter Four – Procurement management in Local Government

Recommendation 9

The Committee recommends that the NSW Department of Planning and Environment publish comprehensive guidance to the Local Government sector on effective procurement practices by February 2023.

- 4.1 The *Procurement management in Local Government* audit examines in detail the effectiveness of procurement management practices in six councils. The councils reviewed were Cumberland City Council, Georges River Council, Lockhart Shire Council, Tweed Shire Council, Waverley Council and Wollongong City Council. They were selected to provide a mix of councils of different geographical classifications, sizes, priorities and levels of resourcing.⁷⁴
- 4.2 Effective procurement is important in ensuring councils achieve their objectives, demonstrate value for money and deliver benefits to the community when purchasing goods and services. Procurement also comes with risks and challenges in ensuring the purchased goods and services deliver to expectations.⁷⁵
- 4.3 After its examination, the Audit Office concluded that all six councils:
- Had procurement management policies and procedures that were consistent with the legislative requirements for sourcing and assessing tender offers. Their policies and procedures extended beyond the legislative requirements to cover key aspects of procurement, from planning to completion... the six councils were mostly compliant with legislative requirements and their own policies and procedures, but there were some gaps in compliance in some councils... There were also opportunities for councils to improve procurement management to mitigate risks to transparency, accountability and value for money.⁷⁶
- 4.4 After a review of the audit, submissions to the Committee and evidence at the public hearing, the Committee acknowledges that work undertaken by the councils satisfies the intent of the recommendations addressed to them. The Committee commends the six audited councils for the clear and concrete actions they have taken to address the gaps identified by the audit report.
- 4.5 Although DPE has made progress to implement the recommendations made by the Audit Office, the Committee has made a recommendation to DPE which is highlighted above and discussed in detail below.
- 4.6 Recommendations made by the Audit Office are that:

⁷⁴ NSW Auditor-General, Performance Audit Report, [Procurement management in Local Government](#), 17 December 2020, p 1.

⁷⁵ [Procurement management in Local Government](#), p 1.

⁷⁶ [Procurement management in Local Government](#), p 1.

- DPE should publish comprehensive and updated guidance on effective procurement practices and review and update the *Local Government (General) Regulation 2005* (Regulation) to reflect the increasing use of electronic tender submissions.
- All six councils should consider the opportunities to improve procurement management in line with the improvement areas outlined in chapter three of the audit report.
- Cumberland City Council should ensure contract values are consistent between the contract register and the annual report, and introduce procedures to ensure supplier performance reviews are conducted as per the council's policy.
- Georges River Council should ensure contract values are consistent between the contract register and the annual report, introduce procedures to ensure all the steps up to the awarding of a contract are documented as per the council's policy, and introduce procedures to ensure outcome evaluations are conducted as per the council's policy.
- Lockhart Shire Council should include additional information in the council's contract register to ensure compliance with specific sections of the *Government Information (Public Access) Act 2009* (GIPA Act), and ensure contract values are consistent between the contract register and the annual report.
- Waverley Council should ensure contracts are disclosed in the annual report as per the Regulation.⁷⁷

4.7 The Committee received submissions from DPE and all councils which generally accepted all recommendations. On the basis of those submissions, the Committee invited representatives from DPE, Cumberland City Council, Georges River Council and Waverley Council to give evidence at the public hearing.

Department of Planning and Environment

4.8 In regard to updating the Regulation, DPE stated in its submission that the Office of Local Government expected to finalise proposed amendments by June 2022.⁷⁸ Ms Alison Dench, Executive Director of Local Government, Office of Local Government, confirmed that the amendments would allow councils to determine their preferred method for submitting tenders.⁷⁹

4.9 However, DPE noted that the updated comprehensive guidance recommended by the Auditor-General would be a substantial undertaking that could not be

⁷⁷ [Procurement management in Local Government](#), p 2.

⁷⁸ [Submission 21](#), NSW Department of Planning and Environment (DPIE), p 1.

⁷⁹ Ms Alison Dench, Executive Director, Local Government, Office of Local Government, NSW Department of Planning and Environment, [Transcript of evidence](#), 6 June 2022, p 7.

progressed until those amendments were finalised.⁸⁰ Ms Dench elaborated the scope of this project:

...it will need to be developed in consultation with the Local Government sector, and also with the expert input of procurement practitioners to ensure that it appropriately reflects and supports the unique and diverse needs of councils... We expect to undertake the consultation on the guidelines with councils in the next few months... It is likely the guidelines will not be finished until mid-2023.⁸¹

- 4.10 Although the Committee appreciates that DPE is on track to implement the recommendations made by the Audit Office, the common gaps identified in councils' practices in the audit report highlights that there is an ongoing need for additional guidance to the Local Government sector. Further delays in issuing guidance may undermine improvements intended by amendments to the Regulation. For this reason, the Committee recommends that DPE publish comprehensive guidance to the Local Government sector on effective procurement practices by February 2023, which is sooner than estimated by the Office of Local Government.
- 4.11 The Relieving Auditor-General acknowledged that the work being progressed by DPE will improve the broader regulatory system, in line with the recommendation directed at it. However, he stressed that this needs to be coupled with guidance in order to mitigate the risks identified by the performance audit. The Relieving Auditor-General emphasised the need to expedite the guidance especially since the report was tabled in December 2020.⁸²

Cumberland City Council

- 4.12 Cumberland City Council's submission outlined the actions it is undertaking to implement recommendations addressed to it. The council informed the Committee that it has regular audits to crosscheck contract information between documents.⁸³ It also has finalised its contract management framework, management dashboards are live, and supplier performance reviews have commenced.⁸⁴
- 4.13 The Committee noted that the submission did not mention the recommendation addressed to all six councils. Mr Charlie Ayoub, Executive Manager of the General Manager's Unit at the council, advised that it had since implemented 'a whole host of improvements to its procurement framework, particularly around the contract management space' as a result of the recommendations.⁸⁵

⁸⁰ [Submission 21](#), DPIE, p 2.

⁸¹ Ms Alison Dench, [Transcript of evidence](#), p 7.

⁸² Mr Ian Goodwin, Relieving Auditor-General, Audit Office of New South Wales, [Transcript of evidence](#), 6 June 2022, pp 7-8.

⁸³ [Submission 24](#), Cumberland City Council, p 2.

⁸⁴ Mr Charlie Ayoub, Executive Manager, General Manager's Unit, Cumberland City Council, [Transcript of evidence](#), 6 June 2022, p 3.

⁸⁵ Mr Charlie Ayoub, [Transcript of evidence](#), p 2.

Georges River Council

- 4.14 Georges River Council stated in its submission that it had completed actions to implement recommendations addressed to it as well as the recommendation addressed to all six councils.⁸⁶
- 4.15 At the public hearing, Ms Sue Weatherley, Director of Business and Corporate Services at the council, talked about implementing processes for business managers to validate contract information prior to publishing annual reports. She also discussed the new Contract Management Policy which is implemented through two business units with support from their procurement office.⁸⁷

Waverley Council

- 4.16 In its submission, Waverley Council outlined steps taken by the council to implement the recommendation addressed to all six councils by the Audit Office. Almost all improvement areas had been completed and work was ongoing to ensure the council had procurement procedures, supplier performance assessments and a contract management policy in place.⁸⁸ At the public hearing, Mr Vince Tari, Executive Manager of Procurement at the council, explained that the COVID-19 pandemic had delayed implementation of these actions.⁸⁹
- 4.17 The Committee noted that Waverley Council had implemented a 'centre-led procurement function' which involved staff in all procurement activities along the process. When asked how this maintains segregation of duties suggested in the audit report, Mr Tari stated that the procurement process has been converted from a decentralised procurement system to a centralised system which is led by the procurement team and is run in conjunction with individual departments. This ensures integrity, fairness and transparency in procurement processes.⁹⁰
- 4.18 Regarding improvements to the assessment of supplier performance, Mr Tari noted that the council conducts follow-up meetings with suppliers at the end of large projects 'to make sure that the outcomes of the suppliers' performance is managed'. This includes looking at things like budget overruns and missed time frames or KPIs.⁹¹
- 4.19 Finally, the Committee mentioned the council's submission failed to address the recommendation directed towards it. Mr Richard Sheridan, Interim Director of Finance and Governance at the council, confirmed that the council had accepted and implemented that recommendation.⁹²

⁸⁶ [Submission 25](#), Georges River Council, pp 2-3.

⁸⁷ Ms Sue Weatherley, Director of Business and Corporate Services, Georges River Council, [Transcript of evidence](#), 6 June 2022, p 5.

⁸⁸ [Submission 23](#), Waverley Council, pp 2-8.

⁸⁹ Mr Vince Tari, Executive Manager, Procurement, Waverley Council, [Transcript of evidence](#), 6 June 2022, p 4.

⁹⁰ Mr Vince Tari, [Transcript of evidence](#), pp 3-4.

⁹¹ Mr Vince Tari, [Transcript of evidence](#), p 4.

⁹² Mr Richard Sheridan, Interim Director, Finance and Governance, Waverley Council, [Transcript of evidence](#), 6 June 2022, p 4.

Lockhart Shire Council

- 4.20 Lockhart Shire Council confirmed in its submission that it had addressed the recommendation directed to it. The council confirmed that it had modified its contract register to comply with the requirements of section 29 of the GIPA Act as well as ensuring consistency of contract values between the register and annual report. It had undertaken an internal audit review of its compliance with the GIPA Act and made consequential improvements to its website.⁹³
- 4.21 The council accepted the recommendation made to all six councils and was implementing improvements to procurement training and assessing supplier performance.⁹⁴ In its supplementary submission, the council confirmed all relevant employees with purchasing delegations had completed procurement training in accordance with its training plan.⁹⁵
- 4.22 Lockhart Shire Council confirmed a requirement to assess supplier performance would be incorporated into procurement and contract management policies. It also acknowledged the need to formally document supplier performance assessments for low value procurements, noting that these assessments are currently occurring informally.⁹⁶

Tweed Shire Council

- 4.23 Tweed Shire Council stated in its submission to the Committee that it had taken on the recommendation made to all six councils and outlined actions taken to implement all areas specified in chapter three of the audit report. While some actions are ongoing, it had completed actions to address issues of segregation of duties, staff procurement training and managing supplier performance.⁹⁷
- 4.24 The council emphasised that it takes a 'risk-based approach' to introducing additional measures for documenting justification of procurement needs and evaluating outcomes.⁹⁸ The Committee notes that the submission does not explain what constitutes a 'risk-based approach' to these matters, however it recognises that Tweed Shire Council is progressing work which satisfies the intention behind the recommendation.

Wollongong City Council

- 4.25 In its submission, Wollongong City Council accepted that opportunities existed for the council to improve procurement management in line with the recommendation addressed to all six councils. It detailed actions it had taken to develop processes for staff to document justification of procurement needs and ensure consistent contract management at all levels of procurement.⁹⁹

⁹³ [Submission 26](#), Lockhart Shire Council, pp 1-2.

⁹⁴ [Submission 26](#), Lockhart Shire Council, pp 1, 3.

⁹⁵ [Submission 26a](#), Lockhart Shire Council, p 1.

⁹⁶ [Submission 26](#), Lockhart Shire Council, pp 3; [Submission 26a](#), Lockhart Shire Council, p 1.

⁹⁷ [Submission 27](#), Tweed Shire Council, pp 2-3.

⁹⁸ [Submission 27](#), Tweed Shire Council, pp 2-3.

⁹⁹ [Submission 22](#), Wollongong City Council, pp 2-3.

Chapter Five – Health capital works

- 5.1 The objective of the *Health capital works* audit was to assess the effectiveness of planning and delivery of major capital works to meet demand for health services in NSW. The audit examined whether the Ministry of Health (Ministry) has effective procedures for planning and prioritising investments in major health capital works; whether Health Infrastructure (HI) develops robust business cases for initiated major capital works; and whether HI has effective project governance and management systems that support delivering projects on-time, within budget and that achieve intended benefits.¹⁰⁰
- 5.2 The audit focused on the Ministry and HI which are the lead agencies within NSW Health responsible for prioritising, planning and delivering major health capital works across the State. The audit examined 13 business cases for eight projects over a ten-year period.¹⁰¹
- 5.3 Conclusions made by the Audit Office were that:
- NSW Health has substantially expanded health infrastructure across NSW since 2015. However, its planning and prioritisation processes were not assessed against a long-term statewide health infrastructure plan and lacked rigorous assessment against non-capital options creating a risk that they do not maximise value for NSW....
- NSW Health's ability to effectively test and analyse its capital investment options has been compromised by unclear decision-making roles and responsibilities between Health Infrastructure and the Ministry of Health agencies....
- Substantial delays and budget overruns on some major projects indicate that Health Infrastructure's project governance, risk assessment and management systems could be improved.¹⁰²
- 5.4 The Committee reviewed NSW Health's submission regarding the recommendations made by the Audit Office and heard evidence from them at a public hearing. After reviewing all evidence and gaining feedback from the Audit Office, the Committee is satisfied that actions taken fulfill the intent of recommendations made by the Audit Office.
- 5.5 The Committee commends NSW Health for the work it has undertaken to address these issues even while coping with the unprecedented challenges of the COVID-19 pandemic.
- 5.6 In its performance audit report, the Audit Office recommended that:
- The Ministry of Health should, by December 2020, establish effective arrangements to ensure the Health cluster's capital funds are used to deliver

¹⁰⁰ NSW Auditor-General, Performance Audit Report, [Health capital works](#), 12 August 2020, p 1.

¹⁰¹ [Health capital works](#), p 1.

¹⁰² [Health capital works](#), p 2.

the greatest value for NSW. This includes commencing the implementation plan for the new 20-year Health Infrastructure Strategy and related Prioritisation Framework, detailing the basis of annual prioritisation decisions, coordinating and aligning capital priorities of Health cluster agencies with the new Strategy, and informing the Government on alignment with statewide directions for health infrastructure investment in the 20-year Strategy.

- The Ministry of Health should, by September 2020, work with Health Infrastructure and stakeholders to strengthen the Process of Facility Planning and monitor and publicly report on the total amount of contingency funds controlled by NSW Health and all major new works initiated by NSW Health with an Estimated Total Cost of \$5.0 million or more.
- Health Infrastructure should, by September 2020, enhance its governance and project management systems by developing a quality framework, and associated KPIs for the planning and delivery phases of all projects to support systematic monitoring and transparent reporting.¹⁰³

- 5.7 Full details of the Audit Office's recommendations can be found in the audit report.
- 5.8 The Committee asked NSW Health about progress made in relation to the Audit Office's recommendations. NSW Health responded it had accepted all recommendations except one: to monitor and publicly report on the total amount of contingency funds controlled by NSW Health and all major new works initiated by NSW Health with an Estimated Total Cost of \$5.0 million or more. NSW Health stated the recommendation was seen as duplication of existing processes.¹⁰⁴
- 5.9 NSW Health noted that some actions had been completed but some were only partially complete.¹⁰⁵
- 5.10 After considering NSW Health's responses the Committee resolved to invite the agency to attend a public hearing. The hearing was attended by Dr Nigel Lyons, Deputy Secretary, Health System Strategy and Planning and Ms Rebeca Wark, Chief Executive, Health Infrastructure.
- 5.11 At the public hearing, Dr Lyons explained NSW Health's rejection of the recommendation on contingency funds. He explained, at the time of the audit, NSW Health was annually reporting data on the management of contingency funds in line with Treasury policy and that reporting on this contingency data publicly would be a duplication.¹⁰⁶
- 5.12 Dr Lyons further noted that NSW Health's process of managing contingencies transparently across the system has been strengthened. This included adding

¹⁰³ [Health capital works](#), p 6.

¹⁰⁴ [Submission 4](#), NSW Health, pp 1-8.

¹⁰⁵ [Submission 4](#), NSW Health, pp 2-8.

¹⁰⁶ Dr Nigel Lyons, Deputy Secretary, Health System Strategy and Planning, NSW Health, [Transcript of evidence](#), 6 June 2022, p 15.

reviews of contingency management as a term of reference for the Capital Strategy Group.¹⁰⁷

- 5.13 Regarding capital funds, Dr Lyons confirmed that NSW Health's capital team had provided revised ordering of capital priorities to the Government as part of NSW Health's 2021 budget process. He further stated that NSW Health continues to regularly advise the Government to ensure ongoing Government priorities align with the Department's prioritisation process and feed back into the NSW Health's '10-year capital investment plan'.¹⁰⁸
- 5.14 NSW Health's submission noted that it had revised and replaced the Process of Facility Planning Guideline with the NSW Health Facility Planning Process in July 2020. The new process outlines the roles and responsibilities of agencies in the Health Cluster when developing business cases.¹⁰⁹
- 5.15 At the hearing, Dr Lyons said a focus of the Ministry is on the planning aspect of the capital strategy. In particular, the initial phases and assessments, rather than the facility planning and clinical involvement overseen by Health Infrastructure.¹¹⁰
- 5.16 At the hearing, the Committee sought details on NSW Health's response to the recommendation on governance and project management systems. NSW Health's submission stated HI were developing several 'detailed elements' of the new Quality Management System and Assurance Framework during 2021-2022.¹¹¹
- 5.17 Dr Lyons confirmed those elements had been defined but were in the process of being implemented. He explained 'it is an iterative process and develops over time'.¹¹²
- 5.18 At the hearing, the Relieving Auditor-General acknowledged the evidence given by NSW Health demonstrated pleasing progress. He emphasised the significance of this progress, given the challenges faced by the NSW Health cluster during the COVID-19 pandemic. Mr Goodwin commented that, while NSW Health had not accepted recommendation three of the report, the actions outlined had met the intent of what the Audit Office was seeking.¹¹³

¹⁰⁷ Dr Nigel Lyons, [Transcript of evidence](#), p 15.

¹⁰⁸ Dr Nigel Lyons, [Transcript of evidence](#), pp 12-13.

¹⁰⁹ [Submission 4](#), NSW Health, pp 4-5.

¹¹⁰ Dr Nigel Lyons, [Transcript of evidence](#), p 14.

¹¹¹ [Submission 4](#), NSW Health, p 7.

¹¹² Dr Nigel Lyons, [Transcript of evidence](#), p 17.

¹¹³ Mr Ian Goodwin, Relieving Auditor-General, Audit Office of New South Wales, [Transcript of evidence](#), 6 June 2022, p 17.

Chapter Six – Governance and internal controls over local infrastructure contributions

- 6.1 In its audit *Governance and internal controls over local infrastructure contributions*, the Audit Office examined the effectiveness of governance and internal controls over local infrastructure contributions, known as developer contributions, held by four councils during the 2017-18 and 2018-19 financial years. This performance audit was conducted with reference to the legislative and regulatory planning framework that was in place during that period.¹¹⁴
- 6.2 The four councils reviewed were Blacktown City Council, Central Coast Council, City of Sydney Council and Liverpool City Council. As of June 2018, these councils held the four highest Local Infrastructure Contributions (LIC) balances, each over \$140 million.¹¹⁵
- 6.3 The Audit Office concluded that:
- Three of the four councils audited were currently compliant with legislation, regulations and Ministerial Directions regarding LICs. All had gaps in governance and controls over Local Infrastructure Contributions which limited effective oversight.¹¹⁶
- 6.4 After reviewing submissions from each of the councils and hearing further evidence from Central Coast Council at a public hearing, the Committee is satisfied that the intent of the recommendations has been addressed. The Committee commends the councils and their staff for their efforts in implementing the Auditor-General's recommendations.
- 6.5 In the councils' initial submissions to the Committee, all councils advised they had implemented or were implementing accepted recommendations.¹¹⁷
- 6.6 The Committee requested further information from Blacktown City Council, Liverpool City Council and City of Sydney regarding recommendations directed to them. The Committee invited Central Coast Council to attend a public hearing.

Central Coast Council

- 6.7 Summarising Central Coast Council's outcome in the audit, the Audit Office said:
- Central Coast Council's governance and internal controls over LICs were not fully effective. Between 2001 and 2019, more than \$13.0 million in LICs was misspent on administration costs in breach of the *Environmental Planning and Assessment Act (1979)*. There is scope for improved oversight of the projected financial status of

¹¹⁴ Audit Office of NSW, [Governance and internal controls over local infrastructure contributions](#), August 2020, p 1.

¹¹⁵ [Governance and internal controls over local infrastructure contributions](#), p 3.

¹¹⁶ [Governance and internal controls over local infrastructure contributions](#), p 3.

¹¹⁷ [Submission 5](#), City of Sydney; [Submission 6](#), Blacktown City Council; [Submission 7](#), Liverpool City Council, [Submission 8](#), Central Coast Council.

contributions plans and credit arrangements with developers. Policies and procedures from the two former councils are not aligned.¹¹⁸

- 6.8 The audit addressed thirteen recommendations to Central Coast Council which are fully outlined in the audit report along with findings.
- 6.9 There were two urgent recommendations. One was that council should obtain independent validation of the adjustment made to the restricted asset accounts and general fund to repay the LICs misspent on administration costs. The audit report noted that these funds were repaid in late 2019.¹¹⁹
- 6.10 The second urgent recommendation was to publish current contributions plans from the former Gosford City Council on the Central Coast Council website.¹²⁰ The council noted in its submission that the plans had been published on their website in April 2020.¹²¹
- 6.11 Another recommendation was that the council should implement security measures to ensure the integrity of spreadsheets used to manage LICs.¹²² At the public hearing, Dr Alice Howe, Director Environment and Planning, Central Coast Council, stated the council had eliminated the use of spreadsheets to manage LICs. The council now uses the Pathways system which has inbuilt approval processes and restricted authorised users to ensure the integrity of LIC data.¹²³
- 6.12 Further recommendations included aligning policies and procedures relating to LICs across the amalgamated council, and completing and adopting council's works-in-kind policy currently under development. A few recommendations applied to Voluntary Planning Agreements.¹²⁴
- 6.13 At the hearing, in response to these recommendations, Dr Howe outlined, that while the council has developed consistent works-in-kind policies and procedures it still uses separate north (former Wyong Shire Council) and south (former Gosford City Council) development service plans. Dr Howe further outlined that the council's update and consolidation of its policy on Voluntary Planning Agreements policy is ongoing.¹²⁵
- 6.14 At the public hearing, Mr David Farmer, Chief Executive Officer, Central Coast Council, gave background to the number of findings and recommendations made in the audit. Mr Farmer told the Committee that the audit covered a period shortly after the council's amalgamation, during which the council was busy unifying two sets of systems and processes.¹²⁶

¹¹⁸ [Governance and internal controls over local infrastructure contributions](#), p 23.

¹¹⁹ [Governance and internal controls over local infrastructure contributions](#), pp 3, 23.

¹²⁰ [Governance and internal controls over local infrastructure contributions](#), p 23.

¹²¹ [Submission 8](#), Central Coast Council, p 2.

¹²² [Governance and internal controls over local infrastructure contributions](#), p 23.

¹²³ Dr Alice Howe, Director, Central Coast Council, [Transcript of Evidence](#), 6 June 2022, p 10.

¹²⁴ [Governance and internal controls over local infrastructure contributions](#), p 23. Central Coast Council was formed in 2016 due to the amalgamation of the former Gosford City and Wyong Shire Councils.

¹²⁵ Dr Alice Howe, [Transcript of Evidence](#), p 10-11.

¹²⁶ Mr David Farmer, CEO, Central Coast Council, [Transcript of Evidence](#), 6 June 2022, p 9.

- 6.15 The Committee noted that while not yet fully implemented, the council has made considerable progress consolidating its contribution plans. Mr Farmer stated that, at time of amalgamation, the council had 54 contributions plans and has reduced this number down to 19. The council plans to further reduce this number down to five or six contribution plans.¹²⁷

Blacktown City Council

- 6.16 In regard to Blacktown City Council the Audit Office found that:

Overall, Blacktown City Council demonstrates effective governance over the LIC funds but there is scope for improved oversight of the projected financial status of contributions plans and credit arrangements with developers. Blacktown City Council also needs to update its operating procedures relating to LICs and improve security over key information.¹²⁸

- 6.17 Recommendations made to Blacktown City Council included items such as regularly reporting to senior management on the projected financial status of contributions plans, updating council's works-in-kind policy to address probity risks during negotiations with developers, and updating procedures for managing LICs. A full list of recommendations can be found in the Audit Office report.¹²⁹

- 6.18 In its submission to the Committee, the council stated they engaged a software provider to develop a program to assist in modelling projects of short-, medium- and long-term LIC cash flows. Using this program, the council is able to model different indicators to project future cash positions for the council's contributions plans. The council uses these projections to support internal reporting to senior management.¹³⁰

City of Sydney Council

- 6.19 In its performance audit report, the Audit Office stated:

City of Sydney Council manages a complex development environment across the Sydney CBD and inner suburbs. Overall, governance and internal controls over LICs are effective although there is scope for improved oversight of the projected financial status of contributions plans.¹³¹

- 6.20 The Audit Office made recommendations that City of Sydney Council should regularly report to senior management on the projected financial status of contributions plans, improve public reporting about expenditure of cash collected under voluntary planning agreements, periodically review the risk of unpaid LICs associated with complying development certificates and assess whether additional controls are required, and implement security measures to ensure the integrity of key spreadsheets used to manage LICs.¹³²

¹²⁷ Mr David Farmer, [Transcript of Evidence](#), p 9.

¹²⁸ [Governance and internal controls over local infrastructure contributions](#), p 21.

¹²⁹ [Governance and internal controls over local infrastructure contributions](#), p 21.

¹³⁰ [Submission 6a](#), Blacktown City Council, p1.

¹³¹ [Governance and internal controls over local infrastructure contributions](#), p 27.

¹³² [Governance and internal controls over local infrastructure contributions](#), p 27.

- 6.21 The council rejected the recommendation about implementing security measures, expressing that it was low-risk. City of Sydney Council explained their current process and stated they protect spreadsheets from 'unwanted external access through the application of its user security protocols, firewalls and other cybersecurity measures'. They further stated, 'The City invests heavily to protect its information security.... our monitoring and surveillance are designed to advise of any breaches.'¹³³
- 6.22 When asked for feedback about the council's position, the Audit Office expressed that risk associated with lack of internal controls over key spreadsheets used to manage LICs still exist. Based on this, the Committee suggests that City of Sydney Council continue to reassess their view on this recommendation.

Liverpool City Council

- 6.23 In relation to Liverpool City Council, the Audit Office concluded:
- During the audit period 2017–18 and 2018–19, Liverpool City Council did not have effective governance and internal controls over LICs. Liverpool City Council is addressing deficiencies and risks identified through an internal audit published in December 2018 although further work is required. There is scope for improved oversight of the projected financial status of contributions plans.¹³⁴
- 6.24 Recommendations made to Liverpool City Council include updating council's works-in-kind and Land Acquisition Policy to address probity risks during negotiations with developers, mitigating risks associated with lack of independence in valuations of works-in-kind and dedicated land, and implementing security measures over critical or private information. A full list of recommendations and findings can be found in the Audit Office report.¹³⁵
- 6.25 Liverpool City Council updated the Committee on its implementation of consistent works-in-kind policies and procedures. They confirmed that a works-in-kind application has been set up in the council's Pathways system but has not been implemented due to delays in training staff because of COVID-19 and work volumes in the Land Development Team. The council planned to fully implement this by 1 July 2022.¹³⁶
- 6.26 The council clarified that it has revised its Probity Policy to address risks. The final draft of this policy was scheduled to be tabled at the June 2022 Ordinary meeting of council, with recommendation to place the policy on public exhibition.¹³⁷ The Committee notes the policy was adopted in August 2022.¹³⁸

¹³³ [Submission 5a](#), City of Sydney, pp 1-3.

¹³⁴ [Governance and internal controls over local infrastructure contributions](#), p 29.

¹³⁵ [Governance and internal controls over local infrastructure contributions](#), p 29.

¹³⁶ [Submission 7a](#), Liverpool City Council, p 1.

¹³⁷ [Submission 7a](#), Liverpool City Council, p 1.

¹³⁸ Liverpool City Council, [Probity Policy](#), August 2022.

Appendix One – Terms of reference

Under section 57 of the Government Sector Audit Act 1983 (NSW), the functions of the Committee include the examination of any report of the Auditor-General laid before the Legislative Assembly and any circumstances with those reports.

On 19 May 2022, the Committee resolved the following terms of references for the inquiry:

That the Committee inquires into and reports on any circumstances connected with the following reports of the Auditor-General which the Committee considers ought to be brought to the notice of the Legislative Assembly:

- 336 - Water conservation in Greater Sydney
- 337 - Their Futures Matter
- 338 - Health Capital Works
- 339 - Governance and internal controls over Local Infrastructure Contributions
- 340 - Credit card management in Local Government
- 341 - Support for regional town water infrastructure
- 342 - Government Advertising 2018-19 and 2019-20
- 343 - Waste levy and grants for waste infrastructure
- 344 - Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments
- 345 - Procurement Management in Local Government

Appendix Two – Submissions

1	Department of Planning, Industry and Environment (DPIE)
1a	Department of Planning, Industry and Environment (DPIE)
2	Sydney Water
2a	Sydney Water
3	Department of Communities and Justice NSW
3a	Department of Communities and Justice NSW
4	NSW Health
5	City of Sydney
5a	City of Sydney
6	Blacktown City Council
6a	Blacktown City Council
7	Liverpool City Council
7a	Liverpool City Council
8	Central Coast Council
9	Department of Planning, Industry and Environment (DPIE)
10	Nambucca Valley Council
11	Shellharbour City Council
12	Penrith City Council
13	Dubbo Regional Council
13a	Dubbo Regional Council
14	Lane Cove Council
15	Junee Shire Council
15a	Junee Shire Council
16	Department of Planning, Industry and Environment (DPIE)
16a	Department of Planning, Industry and Environment (DPIE)

17	NSW Rural Fire Service
18	Department of Customer Service
18a	Department of Customer Service
19	NSW Department of Planning and Environment
19a	NSW Department of Planning and Environment
20	NSW Health
21	NSW Department of Planning and Environment
22	Wollongong City Council
23	Waverley Council
24	Cumberland City Council
25	Georges River Council
26	Lockhart Shire Council
26a	Lockhart Shire Council
27	Tweed Shire Council
28	NSW Department of Planning & Environment
28a	NSW Department of Planning & Environment

Appendix Three – Witnesses

6 June 2022, 815-815, Parliament House, Sydney

Witness	Organisation
Mr Peter J Fitzgerald General Manager	Cumberland City Council
Mr Charlie Ayoub Executive Manager General Manager's Unit	Cumberland City Council
Mr Richard Sheridan Interim Director, Finance and Governance	Waverley Council
Mr Vince Tari Executive Manager, Procurement	Waverley Council
Ms Sue Weatherley Director of Business and Corporate Services	Georges River Council
Mr Todd Payne Team Leader Procurement and Contracts Governance	Georges River Council
Ms Ally Dench Executive Director	Local Government, Office of Local Government, NSW Department of Planning and Environment
Mr David Farmer Chief Executive Officer	Central Coast Council
Ms Alice Howe Director Environment and Planning	Central Coast Council
Dr Nigel Lyons Deputy Secretary, Health System Strategy and Planning	NSW Health
Ms Rebecca Wark Chief Executive, Health Infrastructure, Chief Executive, Health Infrastructure	NSW Health
Mr Richard Griffiths Workforce Planning and Talent Development, Ministry of Health	NSW Health
Dr Patricia Bradd Director, Patient Safety, Clinical Excellence Commission	NSW Health

Appendix Four – Extracts from minutes

Meeting no 34

TIME & DATE	09.35AM, 19 MAY 2022	LOCATION	JUBILEE ROOM
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MEMBERS PRESENT

Greg Piper (**Chair**), Dave Layzell (**Deputy Chair**), Melanie Gibbons, Nichole Overall, Ryan Park, Ray Williams.

OFFICERS PRESENT

Leon Last, Alison Buskens, Amy Pond, Anna Tran and Nicolle Gill.

APOLOGIES

Nil.

AGENDA ITEM

1. **Confirmation of minutes - Minutes of Meeting No. 33**

Resolved, on the motion of Mr Layzell, seconded by Ms Gibbons: That the draft minutes of deliberative meeting No. 33 on 31 March 2022 be agreed to.

2. **Committee Membership**

The Chair informed the Committee of the appointment of Stephen Bromhead, in place of Lee Evans, as recorded in item 17(2) of the Legislative Assembly Votes and Proceedings of 31 March 2022.

The Chair informed the Committee of the appointment of Nichole Overall, in place of Stephen Bromhead, as recorded in item 13(2) of the Legislative Assembly Votes and Proceedings of 18 May 2022.

3. ***

4. **Consideration of Auditor-General's Performance Audit Reports June – December 2020**

The Committee considered its treatment of performance audit reports tabled by the Auditor-General between June and December 2020.

Resolved, on the motion of Mr Park, seconded by Mr Williams:

- That the Committee receive the submissions received thus far from agencies, and authorise their publication on the Committee's webpage.
- That the Committee writes to the agencies identified in the recommendations table provided, requesting responses to information about the current status and action taken on the issues identified.
- That the Committee requests representatives of further identified agencies to provide additional information at a public hearing at a time and date to be determined.

5. ***

6. ***

7. ***

8. ***

9. **Next meeting**

The meeting adjourned at 10.35am until 9.30am on Thursday 23 June 2022.

Meeting no 35

TIME & DATE	9.48AM, 6 JUNE 2022	LOCATION	MEETING ROOM 814/815 AND WEBEX
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MEMBERS PRESENT

Greg Piper (**Chair**), Dave Layzell (**Deputy Chair**), Melanie Gibbons (by Webex), Nichole Overall, Ryan Park, Ray Williams (by Webex),

OFFICERS PRESENT

Clara Hawker, Leon Last, Alison Buskens, Nichole Gill, Ze Nan Ma, Amy Pond and Anna Tran.

APOLOGIES

None

AGENDA ITEM

1. Deliberative meeting

1.1. Confirmation of minutes

Resolved, on the motion of Mr Layzell, seconded by Mr Williams: That the minutes of the meeting of 19 May 2022 be confirmed.

1.2. Examination of the Auditor General's performance audit reports June - December 2020

1.2.1. Public hearing

Resolved, on the motion of Mr Layzell, seconded by Mrs Overall: That the Committee invite the witnesses listed in the notice of hearing for Monday, 6 June 2022 to give evidence in relation to the examination of the Auditor General's performance audit reports June - December 2020.

1.2.2. Media orders

Resolved on the motion of Mr Layzell, seconded Mrs Overall: That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 6 June 2022, in accordance with the Legislative Assembly's guidelines for the coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

1.2.3. Publication of transcript

Resolved on the motion of Mr Park, seconded Mr Williams: That the corrected transcript of evidence given on 6 June 2022 be authorised for publication and uploaded on the Committee's website

1.2.4. Answers to questions taken on notice

Resolved on the motion of Mr Layzell, seconded Mr Williams: That witnesses be requested to return answers to questions taken on notice and supplementary questions within 14 days of the date on which the questions are forwarded, and that once received, answers be published on the Committee's website.

The deliberative meeting closed at 9.56 am.

2. **Public hearing: Examination of the Auditor General's performance audit reports June - December 2020**

The public hearing commenced at 10.01am and the Chair made a short opening statement.

The following witnesses representing the Audit Office of NSW were admitted:

- Mr Ian Godwin, Relieving Auditor-General, Audit Office of NSW, sworn and examined.
- Ms Claudia Migotto, Relieving Deputy Auditor-General, Audit Office of NSW, affirmed and examined.
- Mr Michael Thistlethwaite, Relieving Assistant Auditor-General, Performance Audit, Audit Office of NSW, affirmed and examined.

2.1. Audit 345 – *Procurement management in local government*

The following witnesses were admitted:

- Mr Peter Fitzgerald, General Manager, Cumberland City Council, sworn and examined.
- Mr Charlie Ayoub, Executive Manager, General Manager's Unit, Cumberland City Council, sworn and examined.
- Mr Vince Tari, Executive Manager, Procurement, Waverley Council sworn and examined.
- Mr Richard Sheridan, Interim Director, Finance and Governance, Waverley Council, sworn and examined.

The following witnesses were admitted by Webex:

- Ms Alison Dench, Executive Director, Office of Local Government, Department of Planning and Environment sworn and examined.
- Ms Sue Weatherley, Director of Business and Corporate Services, Georges River Council, sworn and examined.

The Committee questioned the witnesses.

Evidence concluded and the witnesses withdrew.

2.2. Audit 339 – *Governance and internal controls over local infrastructure contributions*

The following witnesses representing Central Coast Council were admitted by Webex:

-
- Mr David Farmer, Chief Executive Officer, Central Coast Council, affirmed and examined.
 - Dr Alice Howe, Director Environment and Planning, Central Coast Council, affirmed and examined.

Mr Farmer made an opening statement.

The Committee questioned the witnesses.

Evidence concluded and the witnesses withdrew.

2.3. Audit 338 – Health Capital Works

The following witnesses representing NSW Health were admitted:

- Dr Nigel Lyons, Deputy Secretary, Health Systems Strategy and Planning, Ministry of Health, sworn and examined.
- Ms Rebecca Wark, Chief Executive, Health Infrastructure, affirmed and examined.

Dr Lyons made an opening statement.

The Committee questioned the witnesses.

Evidence concluded and the witnesses withdrew.

2.4. Audit 344 – Managing the health, safety and wellbeing of nurses and junior doctors in high demand hospital environments

The following witnesses representing NSW Health were admitted:

- Mr Richard Griffiths, Executive Director, Workforce Planning and Talent Development, Ministry of Health, sworn and examined.
- Dr Patricia Bradd, PhD, Director, Patient Safety, Clinical Excellence Commission, sworn and examined.

The Committee questioned the witnesses.

Evidence concluded and the witnesses withdrew.

The public hearing concluded at 12.18pm.

3. Next meeting

The Committee adjourned at 12.18pm until 9.30am, Thursday 23 June 2022.

Meeting no 36

TIME & DATE	09.40AM, 23 JUNE 2022	LOCATION	MEETING ROOM 1254
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MEMBERS PRESENT

Greg Piper (**Chair**), Dave Layzell (**Deputy Chair**), Melanie Gibbons, Nichole Overall, Ray Williams.

OFFICERS PRESENT

Leon Last, Alison Buskens and Anna Tran.

APOLOGIES

Ryan Park.

AGENDA ITEM

1. Confirmation of minutes - Minutes of Meeting No. 35

Resolved, on the motion of Mr Williams, seconded by Ms Gibbons: That the draft minutes of the deliberative meeting and public hearing held on 6 June 2022 be confirmed.

2. Examination of Auditor-General's Performance Audit Reports June – December 2020

2.1. Publication of submissions

The Committee considered the following submissions received from agencies, as part of its examination of Auditor-General's Performance Audit Reports June – December 2020:

- From Junee Council in relation to the Performance Audit (340) '*Credit Card Management in Local Government*', dated 26 May 2022
- From Sydney Water in relation to the Performance Audit (336) '*Water Conservation in Greater Sydney*', dated 1 June 2022
- From the Department of Planning and Environment in relation to the Performance Audit (341) '*Support for regional town water infrastructure*', dated 2 June 2022
- From the Department of Planning and Environment in relation to the Performance Audit (340) '*Credit card management in Local Government*', dated 2 June 2022

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- From Blacktown City Council in relation to the Performance Audit (339) '*Governance and internal controls over local infrastructure contributions*', dated 2 June 2022.
 - From Dubbo Regional Council in relation to the Performance Audit (340) '*Credit card management in Local Government*', dated 3 June 2022
 - From City of Sydney Council in relation to the Performance Audit (339) '*Governance and internal controls over local infrastructure*', dated 3 June 2022
 - From Liverpool City Council in relation to the Performance Audit (339) '*Governance and internal controls over local infrastructure*', dated 8 June 2022
 - From the Department of Planning and Environment in relation to the Performance Audit (336) '*Water Conservation in Greater Sydney*', dated 8 June 2022
 - From the Department of Customer Service in relation to the Performance Audit (342) '*Government Advertising 2018-19 and 2019-20*', dated 9 June 2022

Resolved, on the motion of Mrs Overall, seconded by Mr Layzell: That the submissions from agencies responding to requests for further information in connection with the Auditor-General's performance audit reports June to December 2020 be received, authorised for publication and published on the Committee's webpage.

2.2. Public hearing

The Committee considered the following correspondence received from witnesses clarifying statements they made at the public hearing:

- From Central Coast Council clarifying the response to questions on recommendation 1 of the performance audit on governance and internal controls over local infrastructure contributions, dated 8 June.
- From Georges River Council clarifying the status of certain policies established to respond to recommendation 4 of the performance audit on procurement management in local government, dated 8 June.

Resolved, on the motion of Mr Layzell, seconded by Mr Williams: That the correspondence from Central Coast Council and Georges River Council be published on the Committee's webpage, and that a footnote be added to the relevant sections of the transcript referencing the correspondence.

2.3. Supplementary questions

The Committee considered sending supplementary questions to NSW Health to clarify certain matters.

Resolved, on the motion of Ms Gibbons, seconded by Mrs Overall: That the proposed supplementary questions are sent to NSW Health.

3. ***

4. ***

5. ***

6. ***

7. **Next meeting**

The meeting adjourned at 10:47am until a date and time to be determined.

Meeting no 37

TIME & DATE	09.30AM, 17 AUGUST 2022	LOCATION	MEETING ROOM 1254 AND VIA WEBEX
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MEMBERS PRESENT

Greg Piper (**Chair**), Melanie Gibbons (by Webex), Nichole Overall (by Webex), Ryan Park (by Webex) and Ray Williams.

OFFICERS PRESENT

Clara Hawker, Leon Last, Alison Buskens, Amy Pond (by Webex), Anna Tran, Nicolle Gill and Gerard Rajakariar.

APOLOGIES

An apology was received from Dave Layzell.

AGENDA ITEM

1. **Confirmation of minutes - Minutes of Meeting No. 36**

Resolved, on the motion of Mr Williams, seconded by Ms Gibbons: That the draft minutes of the deliberative meeting on 23 June 2022 be confirmed.

2. Examination of Auditor-General's Performance Audit Reports June – December 2020

2.1. Publication of submissions

Resolved, on the motion of Mr Park, seconded by Mr Williams: That the following supplementary submissions be received, authorised for publication and published on the Committee's webpage:

- Department of Planning and Environment in relation to the Performance Audit (343) – Waste Level and Grants for Waste Infrastructure, received 2 June 2022
- Lockhart Shire Council in relation to the Performance Audit (345) - Procurement Management, received 1 July 2022

3. ***

4. ***

5. ***

6. Next meeting

The meeting adjourned at 10.06 am until Monday, 19 September 2022 in the Jubilee Room.

Meeting no 38

TIME & DATE	08.38AM, 21 SEPTEMBER 2022	LOCATION	MACQUARIE ROOM AND VIA WEBEX
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MEMBERS PRESENT

Greg Piper (**Chair**), Melanie Gibbons (by Webex), Nichole Overall, Ryan Park and Ray Williams (by telephone).

OFFICERS PRESENT

Clara Hawker, Leon Last, Alison Buskens, Anna Tran and Gerard Rajakariar.

APOLOGIES

An apology was received from Mr Layzell.

AGENDA ITEM

1. **Confirmation of minutes - Minutes of Meeting No. 37**

Resolved, on the motion of Mrs Overall, seconded by Mr Park: That the draft minutes of the deliberative meeting on 17 August 2022 be confirmed.

2. ***

3. **Examination of Auditor-General's Performance Audit Reports June – December 2020**

3.1. Answers to supplementary questions

The Committee received answers to supplementary questions from NSW Health regarding the Performance Audit – *Managing the health, safety and wellbeing of nurses and junior medical officers* – 8 August 2022.

Resolved, on the motion of Mr Park, seconded by Ms Gibbons: That the answers to supplementary questions be received, authorised for publication and published on the Committee's webpage.

3.2. Publication of submissions

The Committee has received a supplementary submission from the Department of Communities and Justice providing further information on the *Their Futures Matter* performance audit – 6 September 2022.

Resolved, on the motion of Mr Williams, seconded by Mrs Overall: That the supplementary submission be received, authorised for publication and published on the Committee's webpage.

4. ***

5. ***

6. **Next meeting**

The meeting adjourned at 8.51 am until the public hearing at 9am on Thursday, 29 September 2022.

Meeting no 40

TIME & DATE	9.43AM, 20 OCTOBER 2022	LOCATION	MEETING ROOM 1254
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MEMBERS PRESENT

Mr Greg Piper (**Chair**), Mr Dave Layzell (**Deputy Chair**), Mr Ryan Park and Mr Ray Williams.

OFFICERS PRESENT

Clara Hawker, Leon Last, Alison Buskens, Amy Pond, Anna Tran, Nicolle Gill and Gerard Rajakariar.

APOLOGIES

Apologies were received from Ms Gibbons and Mrs Overall.

AGENDA ITEM

1. **Confirmation of minutes - Minutes of Meeting No. 39**

Resolved, on the motion of Mr Park, seconded by Mr Williams: That the draft minutes of the deliberative meeting and public hearing held on 29 September 2022 be confirmed.

2. ***

3. **Examination of Auditor-General's Performance Audit Reports June – December 2020**

3.1. **Consideration of Chair's draft report**

The Committee considered the Chair's draft report, as previously circulated.

Resolved, on the motion of Mr Layzell, seconded by Mr Park:

- That the Committee adopts Chapters 1 to 6 of the Chair's Draft Report.
- That the Committee adopt the recommendations of the Chair's Draft Report.
- That the Committee adopts the draft report and signed by the Chair for presentation to the House, and authorises Committee staff to make appropriate final editing and stylistic changes as required.

-
- That once tabled, the report be published on the Committee's webpage.

4. ***

5. ***

6. ***

7. **Next meeting**

The meeting adjourned at 10.17am until Thursday, 17 November 2022.
