

**Submission
No 26**

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

Organisation: Lockhart Shire Council

Date Received: 2 February 2022



File Ref: PV: SJ: 22/1375

2 February 2022

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

Dear Sir

Auditor-General's performance audit report – Procurement Management in Local Government – Your Reference: D21/63054

I refer to your letter dated 17 December 2021 and enclose a report as to the Council's progress in implementing the recommendations of the Auditor-General's performance audit report on Procurement Management in Local Government.

In summary, the two specific actions that the report recommended that Lockhart Shire Council should "*immediately*" implement were indeed implemented as soon as the matters were brought to Council's attention and upon release of the report. The remaining recommendations that all participating councils give consideration to certain improvements outlined in the report are being progressively implemented, firstly in respect to high value/high risk procurements whilst some processes still need to be documented in relation to low value procurements.

This was Lockhart Shire Council's first involvement in a performance audit of this kind. As a small rural council with limited resources the exercise was quite time consuming and resource hungry. However, Council appreciated the approach taken by the Audit Office personnel involved in having regard to the Council's circumstances.

Council approached the performance audit as it does other audits, including internal audits, i.e. as an opportunity for improvement. In this regard the work undertaken by the Audit Office of NSW in undertaking the performance audit and identifying opportunities for Council to consider was appreciated.

Yours sincerely



Peter Veneris
General Manager

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IMPLEMENTATION OF RECOMMENDATIONS

Lockhart Shire Council

Procurement Management in Local Government

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (section of agency responsible for implementation)
1 Lockhart Shire Council should immediately include additional information in the council's contract register to ensure compliance with Section 29(b), (f), (g), (h) and (i) of the GIPA Act.	Accepted	The Register has been modified and updated to comply with the requirements of the GIPA Act. The "access to information" pages of Council's website, which include the Contracts Register, have been reviewed and improved following a subsequent Internal Audit Review focusing on GIPA compliance.	30/11/2020	Completed	General Manager
2 Lockhart Shire Council should immediately ensure contract values are consistent between the contract register and the annual report.	Accepted	This matter was addressed in time for completion of the Council's 2020/21 Annual Report by the legislative deadline of 30 November.	30/11/2020	Completed	General Manager

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (section of agency responsible for implementation)
<p>3</p> <p>By December 2021, the six audited councils should consider the opportunities to improve procurement management in line with the improvement areas outlined in Chapter 3 of this report.</p>	Accepted	<p>Procurement training</p> <p>Assessment of supplier performance</p>	<p>31/12/2021</p> <p>31/12/2021</p>	<p>95% complete.</p> <p>Procurement training has been incorporated into the Council's Training Plan for all employees with purchasing delegations.</p> <p>It is anticipated that all relevant staff will have completed the training by 28 February 2022.</p> <p>In progress.</p> <p>Most high value procurements involve grant funding and assessment of supplier performance is undertaken as part of the grant acquittal and reporting process.</p> <p>Supplier performance for high value procurement contracts is also assessed through the contract management process e.g. holding security bonds pending satisfactory review and release etc.</p> <p>Appropriate processes still need to be developed for assessing supplier performance in respect of low value procurements.</p> <p>The requirement to assess supplier performance will be incorporated into Council's Procurement Policy (Policy 2.31) and Contract Management Policy (Policy 2.54) at the next Policy review date in accordance with Council's Policy Review Timetable i.e. April 2022.</p>	<p>General Manager</p> <p>General Manager</p>