

Workforce Planning and Staff Retention – Internal audit review

Tuesday, 19 September 2023
City Finance and Governance
Committee

Strategic Alignment - Enabling Priorities

Program Contact:
Alana Martin, Manager
Governance

Public

Approving Officer:
Michael Sedgman - Chief
Operating Officer

EXECUTIVE SUMMARY

As part of Council's 2022/23 Internal Audit plan KPMG reviewed the "*adequacy and effectiveness of the City of Adelaide's (CoA) processes, procedures and systems in place to support workforce planning and staff retention, considering the CoA's strategy and future workforce needs*". KPMG's report was provided to the meeting of the Audit and Risk Committee on 4 August 2023, as part of a regular update on progress of the Council's Internal Audit Plan.

At the meeting of Council on 8 August 2023 in response to a query from the Deputy Lord Mayor, Councillor Martin, the Chief Executive Officer gave an undertaking to bring the Internal Audit Report on Workforce Planning (attached to Item 5.6 of the 4 August meeting of the Audit and Risk Committee) to the City Finance and Governance Committee.

The audit report found no critical or high rated risks, three moderate rated risks, and one low rated risk. It also identified one "performance improvement opportunity" (PIO). Eleven recommendations were made in the audit report, each with a related action agreed by management to address the audit recommendations.

This report summarises the audit report findings, recommendations and agreed actions. KPMG's audit report is **Attachment A**.

RECOMMENDATION

The following recommendation will be presented to Council on 26 September 2023 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the Internal Audit Report conducted by KPMG on Workforce Planning, Attachment A to Item 4.3 on the Agenda for the meeting of the City Finance and Governance Committee held on 19 September 2023.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Outline of mitigation strategies and actions for risks identified in relation to workforce planning by the CoA internal audit program.
Opportunities	Opportunities to improve workforce planning and retention practices and systems have been identified and are being actioned.
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. As part of Council's 2022/23 Internal Audit plan KPMG reviewed the "*adequacy and effectiveness of the City of Adelaide's (CoA) processes, procedures and systems in place to support workforce planning and staff retention, considering the CoA's strategy and future workforce needs*". KPMG's report was provided to the meeting of the Audit and Risk Committee on 4 August 2023, as part of a regular update on progress of the Council's Internal Audit Plan.
2. At the meeting of Council on 8 August 2023 in response to a query from the Deputy Lord Mayor, Councillor Martin, the Chief Executive Officer gave an undertaking to bring the Internal Audit Report on Workforce Planning (attached to Item 5.6 of the 4 August meeting of the Audit and Risk Committee) to the City Finance and Governance Committee.
3. The audit assessed risks or potential risks related to current processes, controls and initiatives of the City of Adelaide's workforce planning and staff retention arrangements. It reviewed documented policies and procedures, data and systems in place, and the monitoring and reporting mechanisms in place.
4. The audit identified no critical risks, no high risks, three moderate risks, and one low risk. Each risk finding had associated recommendations, each with a mitigating action agreed with management. There are six agreed actions related to the moderate risks, and four to the low risk (eight agreed actions in total). One Performance Improvement Opportunity (PIO) is also identified.
5. Moderate risks are characterised by KPMG as issues which represent "a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives". Mitigation requires CoA Director and/or Associate Director attention, and short-term management action.
6. Low risks are characterised by KPMG as issues which represent "a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives". Timeframe for action is subject to competing priorities and cost/benefit, around 90 days.
7. The moderate risks identified were:
 - 7.1. Finding 1 - *Lack of CoA's workforce requirements to deliver on strategic objectives*. Potential impacts could limit CoA's ability to effectively complete workforce planning processes, and that consequently the future workforce may not have "the skills required to meet the strategic goals and needs of the CoA". The two recommendations for this finding are:
 - 7.1.1. Recommendation - CoA develop a strong understanding of current and future strategies and service levels; forecast the required workforce; identify future workforce trends. Agreed action, management responsibility and timeframe is:
 - 7.1.1.1. Create a HR metrics dashboard; develop and embed a workforce planning framework. (Manager, People, by December 2023. Complete and on track for rollout in September 2023).
 - 7.1.2. Recommendation – Consider developing a resource strategy tied to CoA long-term community aspirations and timeframes. Agreed action, management responsibility and timeframe is:
 - 7.1.2.1. Develop a workforce plan. (Manager, People, by March 2024. In progress).
 - 7.2. Finding 2 – *Informal and inconsistent workforce and succession planning processes*. Potential impacts could prevent CoA delivering strategic goals, and creating gaps in key leadership and technical roles. The two recommendations for this finding are:
 - 7.2.1. Recommendation – Formalise workforce planning. Agreed action, management responsibility and timeframe is:
 - 7.2.1.1. building on workforce actions for finding 1 by identifying key roles and critical skill groupings (Manager, People, by December 2023. In progress).
 - 7.2.2. Recommendation – Formalise succession planning process for key senior roles, and cascade through the organisation. Agreed action, management responsibility and timeframe is:
 - 7.2.2.1. Include talent management and succession planning goal setting performance systems (Manager, People, by June 2025. In progress); develop more robust performance, development and succession planning in review of common law contracts (Manager, People, by July 2024. In progress).
 - 7.3. Finding 3 – *Inadequate data to support workforce planning and staff retention insights, reporting and monitoring*. The two recommendations for this finding are:

- 7.3.1. Recommendation - Implement regular reporting and reintroduce appropriate data and insights collection (including people metrics) with defined reporting frequency. Agreed action, management responsibility and timeframe is:
 - 7.3.1.1. Reintroduce an HR metrics dashboard for managers (complete); quarterly People report to Executive (complete) ; procure and implement an employee feedback platform (in progress). (Manager, People, by October 2023).
- 7.3.2. Recommendation – ensure new reporting system has contingency planning for staff absence to ensure effective system continuity. Agreed action, management responsibility and timeframe is:
 - 7.3.2.1. Data metrics and reporting capability be considered in the design and implementation of future workforce system solutions (Manager, People, by June 2025. In progress).
- 8. The low risk identified was:
 - 8.1. Finding 4 - *Improvements to talent attraction and retention processes required*. The four recommendations for this finding are:
 - 8.1.1. Recommendation – Refresh, articulate, embed and communicate the CoA Employee Value Proposition to leverage CoA's competitive advantage and drive employee loyalty, engagement and productivity. Agreed action, management responsibility and timeframe is:
 - 8.1.1.1. Review the existing CoA Employee Value Proposition in the context of the desired employee brand, and refresh this regularly (Talent Acquisition Advisor, and Team Leader, People Services, by December 2023. In progress).
 - 8.1.2. Recommendation – Review staff flexibility offering for alignment with staff values. Agreed action, management responsibility and timeframe is:
 - 8.1.2.1. Review existing flexible working practices, and promote and embed a successful flexible working culture (Manager, People, by March 2024. In progress).
 - 8.1.3. Recommendation – Promote employee mobility “good news” stories to leverage internal intra-organisational movement opportunity for staff retention. Agreed action, management responsibility and timeframe is:
 - 8.1.3.1. Share success stories of flexible working and internal mobility (Team Leader, People Experience, by December 2023. In progress).
 - 8.1.4. Recommendation – Update performance management processes to include leadership capability discussions, and identification of high performance/potential individuals at all levels. Agreed action, management responsibility and timeframe is:
 - 8.1.4.1. Continue to support managers identify leadership capability through Performance Development Conversations (Team Leader, People Experience, by December 2023. In progress).
- 9. A Performance Improvement Opportunity was also identified:
 - 9.1. Workforce planning and staff retention processes – system limitations. The recommendation for this was:
 - 9.1.1. Recommendation – Incorporate challenges identified in the current KPMG Workforce Planning Review into the system solution being developed by the CoA, specifically around performance management, talent pool, and recruitment. Agreed action, management responsibility and timeframe is:
 - 9.1.1.1. Include system functionality around holistic performance management activity recording, talent pool creation, and increased visibility of approvals and actions (Manager, People, June 2024. In progress)
- 10. All 14 KPMG Review action deliverables agreed with Management are on track with recommended timeframes. 3 actions are complete, and 11 are in progress.

ATTACHMENTS

Attachment A – KPMG Review – Workforce planning and staff retention, Internal Audit Report (July 2023)