KPMG

Workforce Planning and Staff Retention

Internal Audit Report
City of Adelaide

July 2023

Acknowledgement of Country

KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

Guided by our purpose to 'Inspire Confidence. Empower Change', we are committed to placing truth-telling, self-determination and cultural safety at the centre of our approach. Driven by our commitment to achieving this, KPMG has implemented mandatory cultural awareness training for all staff as well as our Indigenous Peoples Policy. This sincere and sustained commitment has led to our 2021-2025 Reconciliation Action Plan being acknowledged by Reconciliation Australia as 'Elevate' – our third RAP to receive this highest level of recognition. We continually push ourselves to be more courageous in our actions particularly in advocating for the Uluru Statement from the Heart.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.

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Executive Summary

1.1 Objective and Scope

The overall objective and scope of this internal audit was to consider 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.

The detailed scope and approach is included in Appendix 1.

1.2 Positive Observations

The following positive observations were identified during this internal audit:

- **Internal Talent Mobility:** The CoA openly supports career mobility for employees by enabling personnel to move laterally and vertically into new roles, projects and tasks. This allows the CoA to better retain staff and develop the skill sets of employees. Additionally, a strong desire to coach and develop staff for leadership roles and support to act up in those roles was noted.

- **Proactive training and development initiatives:** The CoA has developed and implemented a number of training programs, for example the Lead 45 and City Leaders Program, which are targeted at building capabilities of emerging leaders at all levels. These programs have been developed to support emerging and current leaders, especially those with aspirations to advance their career within the CoA. Additionally, feedback from leaders was considered in the development of these programs.

- **Regular performance and development conversations:** As part of the performance framework, performance and development conversations are encouraged to be conducted each year. Additionally, it is noted that leaders are encouraged to have fortnightly informal interactions and check-ins with their team members to discuss performance. Furthermore, the Executive team conducts annual performance assessments for managers and above, utilising a nine (9) box matrix.

- **Apprentice and graduate programs:** It is understood that graduate / apprentice programs and internships were in place prior to COVID19. While the internships, apprentice and trainee programs have been re-introduced at the CoA, they have not yet returned to the numbers experienced prior to 2020, and the graduate program has not yet recommenced. The CoA is looking to re-introduce a graduate program in 2023/24, with a focus on areas which experience high skill shortages, such as planning and data analytics professionals.

1.3 Key overall observations

The CoA has a strong desire to improve workforce planning and staff attraction and retention efforts. Currently, workforce planning and staff retention initiatives are performed informally and inconsistently across the organisation, and there is a need to formalise these processes to enable further maturity.

This is of particular significance as the CoA commences its next strategic planning process and its workforce redefines itself after COVID19 and the re-shaping and streamlining of the CoA's workforce. These processes also need to be supported by systems and data to enable a holistic view of the workforce for leaders and to gain data driven insights.

The findings and performance improvement opportunities (PIO) identified during this internal audit are illustrated in the summary below. A list of the findings identified and the recommendations made is included in this report. The findings and recommendations were discussed with CoA Management.

The detailed Classification of Internal Audit Findings are included in Appendix 4.

Critical	High	Moderate	Low	PIO
-	-	3	1	1
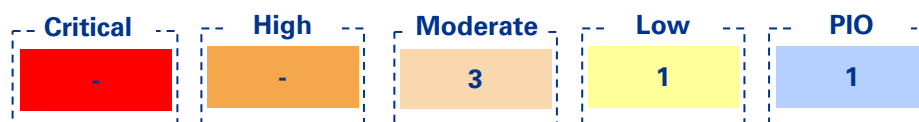
Background

2.1 Introduction

Many organisations including the CoA, are facing a rapidly changing workforce environment. The aftermath of COVID19 has seen a shift in talent management, with employees now leaning towards organisations that share values which align with their own personal values (i.e. flexibility, mental health and diversity and inclusion).

51%
**Of employees will consider a role within an organisation if their policies and purposes reflects their own values.***   *Per Hays Salary Guide FY22-23*

The CoA has an overall headcount of 966, of which 725 are permanent staff and 241 are casual staff. The headcount of 725 is equivalent to 685.6 FTE (Full-time equivalent).

The shape of the CoA's prospective workforce is also changing, with certain key job roles, facing skill shortages. As per the LG Workforce Skills and Capability Survey 2022 Report, there is an anticipated skill shortage in relation to building surveyors, planners, engineers, HR professionals, asset managers and IT/data analysts. In the last financial year, the CoA advertised for 225 new job roles. Accordingly, this has created a need for the CoA to identify different talent pathways and review the skill sets required for the future. There is a renewed focus on workforce planning processes in the lead up to reviewing the CoA's Strategic Plan, and maintaining and engaging the CoA's current workforce.

2.2 Workforce Planning

Workforce Planning is a critical business tool, which is driven by a business and used to position a workforce to deliver a business' strategy, as well as mitigate workforce related risks. It is used to help identify gaps in the current workforce which may hinder the organisation from reaching its strategic objectives and assist to 'future-proof' the organisation in terms of employee readiness.

CoA's objectives: now & future
Current workforce capability and capacity
Workforce plan   Identified gap
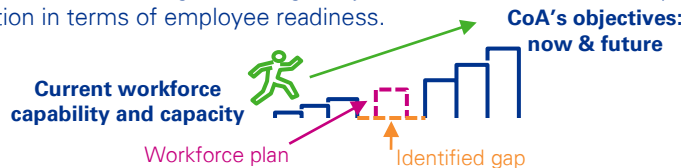
The CoA performs ad hoc workforce planning across the organisation. While future workforce needs are considered through the Business Plan and Budget Process and some areas perform siloed workforce planning, there is no consistent process across the CoA. Further, while some gaps in terms of potential skill shortages have been identified by the CoA, key or critical job families are yet to be defined and identified.

2.3 Succession Planning

A supporting activity under workforce planning is succession planning. Succession planning focuses on identifying people and pools of successors for key or critical roles in order to assess and mitigate talent risks, manage critical roles, and invest in and evolve the strategic development of an organisation's talent pool. Additionally, it also guides contract and remuneration discussions.

Detailed below are the CoA's current succession planning activities:

Leadership Capability - It is understood that on an annual basis, the Executives perform a review of all Management Contract employees and maps their performance and potential, using a nine (9) box system. This mapping is used to inform performance conversations.

Succession and Contingency - Further succession planning, beyond the assessment above, is understood to be completed in an ad hoc manner by individual areas of the CoA. There is no formal process to identify succession planning activities and pathways, i.e., key roles requiring succession planning have not been formally identified.

Talent Development - Currently, there are limited talent pathways within the CoA and as a result, the People Team are looking to implement a Graduate program. The CoA hopes to attract, develop and retain junior talent to assist with filling critical roles, which may currently be facing skill shortages. The City Operations team is also considering expanding it's current apprentice program.

2.4 Staff Retention and Employee Experience

There are a number of initiatives in place to support staff retention at the CoA:

- **'A career for life'** – the CoA believes it is able to provide employees with a career which meets all aspects of their career lifespan. In particular, internal mobility within the CoA is a key factor in meeting the needs of staff and retaining high performing and potential individuals. For example, staff are encouraged to apply for other internal roles and move laterally within the organisation.

- **Recognition and Benefits** – outside of monetary recognition/salaries, the CoA also compensates employees with benefit packages and recognition programs. For example, monthly Teams Achieving Greatness (TAG) Awards, annual awards and non-monetary benefits, such as flu shots, skin screening and health assessments.

- **Flexibility** – the CoA provides employees with the ability to access flexible arrangements including work from home and part time hours where practical for their job role.

Background

2.4 Staff Retention and Employee Experience (continued)

- **Employee Value Proposition (EVP)** – the CoA developed an EVP in 2016 which contains four key pillars (see below). The EVP aims to define for prospective and current employees, what the organisation can offer in terms of benefits, culture and purpose.

  An extraordinary team of people.

  Enjoy your life and work.

  Diversity that brings challenge, variety and opportunity.

  Be a bigger part of our amazing city.

- **Employee Experience** – The CoA performed the following surveys, prior to 2023, to gauge employee experience:

  - Culture survey - conducted annually (last conducted May 2022) and supported by pulse surveys. The survey enabled employees to share their perspective on the CoA's culture and suggest future initiatives.

  - Employee lifecycle surveys – includes two onboarding surveys – key service milestone and exit survey, which seek employee experience feedback at all important moments throughout an employees career at the CoA.

- **Learning and Development (L&D)** – The CoA has a strong L&D framework, which provides leadership development support at all levels.

2.5 Roles and Responsibilities

Workforce planning and staff retention processes are overseen by the People Team, which comprises 17.4 FTE and the following areas:

- People Services - assist with talent attraction and recruitment, and staff retention. The team includes the Human Resource Business Partners (HR BPs) who liaise directly with teams within the CoA to assist with their HR needs.

- People Experience – which encompasses leadership and employee development, benefits, diversity and inclusion initiatives and culture. The People Services and People Experience teams are comprised of 10.6 FTE and 1.6 FTE temporary support.

- Safety and Wellbeing - oversees workplace health and safety at the CoA and also wellbeing initiatives.

- Payroll – oversees payroll and related processes for the CoA.

2.6 Data and Systems

Workforce planning and staff retention processes are governed by the following systems:

Oscar	The CoA's intranet and is used to communicate job vacancies and reward programs.
Learn and Perform	Learning and Development system, used to capture the performance development conversations and records completion of training.
Content Manager	A records management system, used to store records relating to management of poor performance across the CoA.
CHRIS21	The CoA's payroll system, used by People Services to determine vacancies across the organisation.
Taleo	Recruitment system used for online recruitment, selection and on-boarding of successful candidates

In March 2023, a review of the People related systems was performed. The system review is currently at the design principles stage, and the CoA will aim to have a more holistic oversight of people processes in the suggested solution.

2.7 Monitoring and Reporting

Prior to 2023, the CoA had the following reporting in place in relation to workforce planning and staff retention:

- A State of the City report is prepared on a quarterly basis. The report specifies the current state of the organisation and the future requirements for further development.

- The People Team provide quarterly reports to the ELT, which includes the current vacancies across the organisation.

- Strategies, insights and performance team prepares and submits quarterly reports to the SLT and SRIA, specifying any risks or barriers identified in the execution of strategies and plans to minimize the barriers or risks.

It is noted that since late 2022, workforce and people related data and insights have not been provided to CoA leaders, due to the departure of the key personnel responsible for this reporting.

Internal Audit Findings

Internal Audit identified three (3) moderate and one (1) low finding, and one (1) performance improvement opportunity (PIO) during the review. The details of the findings are provided in the 'Detailed Findings' section of this report. These findings have been individually rated as follows:

Critical	High	Moderate	Low	PIO
-	-	3	1	1

Rating	Ref #	Description
Moderate	F1	Lack of CoA's workforce requirements to deliver on strategy objectives
Moderate	F2	Informal and inconsistent workforce and succession planning processes
Moderate	F3	Inadequate data to support workforce planning and staff retention insights, reporting and monitoring
Low	F4	Improvements required to talent attraction and retention processes
PIO	PIO1	System limitations in relation to workforce planning and staff retention processes

Finding 1 – Lack of CoA's workforce requirements to deliver on strategy objectives	Moderate

Observation:

The CoA is yet to define its workforce requirements, in terms of capacity and capability, to deliver on its strategic needs and objectives in relation to the upcoming strategic planning process.

Specifically, our review noted the following items:

- While it is understood that the CoA is about to recommence its workforce planning for 2023-24 to align to the next Strategic Plan, there is a lack of formal processes in place within the organisation to determine the CoA's future workforce needs, beyond the Business Plan and Budget Process for each area. For example, consultation with CoA Management noted that they were yet to formally determine what each areas' future skills needs were to support the CoA's strategic objectives, including any changed services.

- The CoA is yet to formally identify what key skills and capabilities will be required within the CoA's future workforce. Across local government, future skill requirements are evolving. For example, there is a growing need for change leadership (i.e. focused on performance rather than tasks), data analytics and insight, and a need for digital literacy. The CoA is yet to determine what future key skills and capabilities it requires and how it might mitigate any gaps. For example, what skills and capabilities they may be able to develop internally through training, which they may need to attract or buy in, or utilise alternative working models (e.g. service models). It is noted that the CoA also does not presently have the data and insights to support the identification of skill gaps (see Finding 3).

As a result of the above, there may be limitations in the CoA's ability to effectively complete workforce planning processes for the organisation as they approach the new strategic planning cycle.

There is a potential risk that the future workforce will not have the skills required to meet the strategic goals and needs of the CoA.

Recommendation(s):

1. It is recommended that the CoA considers the following, in the context of strategic workforce planning:

    - Ensure that there is strong understanding of the current and future strategies and services (and service levels) to be delivered by the CoA and how these are expected to change over the next 3-4 years. For example, analysis of the current workforce baseline in terms of staff, skills, gender, tenure, and age/retirement, as well as taking into consideration overall organisational capability, culture and performance. This should then be compared to future needs (see below).

    - Forecast the workforce required to deliver on the above strategies and services over the short, medium and longer-term. The workforce planning process should align to the CoA's strategic planning process and any horizons contained in the next Strategic Plan. The process should focus on both capability and capacity.

    - Identify changes/trends in relation to future workforce skill requirements aligned with the CoA's needs (e.g. planners, arborists and digital literacy).

2. It is recommended that the CoA consider developing a resource strategy to support the next iteration of the Strategic Plan. This strategy should tie to the CoA's long-term community aspirations and timeframes, and ensure there are sufficient resources (time, money, assets and people) to complete the goals.

Agreed Management Action(s):

1. The CoA will take the following actions in the context of workforce planning:

    - A HR metrics dashboard will be reintroduced to Managers.

    - A Workforce Planning Framework developed to support workforce planning activities. This includes a detailed process for strategic and operational level planning to guide workforce planning.

    - Subsequent to development, the framework will be communicated and embedded across the CoA.

    Responsible Person: Manager People

    Target Date: December 2023

2. A Workforce Plan will be developed to address workforce trends and strategic priorities of the CoA.

    Responsible Person: Manager People

    Target Date: March 2024

Finding 2 – Informal and inconsistent workforce and succession planning processes

<div style="text-align:right">

Moderate

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Observation:

There are informal and inconsistent workforce and succession planning processes performed across the CoA. While some areas of the CoA perform informal workforce and succession planning activities, such as City Operations and People Experience, these activities are performed in a siloed manner, and may not be performed at all in other areas. Further, the informal processes are not consistently captured and reported, and are not supported by accurate or timely data (see Finding 3 and PIO1).

In particular, the following gaps in the workforce planning process were noted:

- Key or critical roles and job families have not been formally identified and recorded for the CoA's future required skill sets. This would typically include defining technical and functional role capabilities (i.e. qualifications), and defining governance rules to determine critical job families.

- Informal or minimal talent identification and succession planning is in place, including mapping talent to key roles. While some succession planning is completed at the Executive level as part of performance discussions, it is not formally captured in terms of successors and contingency. Further, there is no formal succession planning for roles under Executive, or roles key to the CoA operations.

- There is a lack of data and insights to support workforce planning processes, including succession planning.

- There is a lack of talent pathways to assist with filling hard to fill roles. While, it is understood that a graduate program is being considered there is overall talent support offered including mobility and L&D opportunities at the CoA, there is currently no formal talent pathway program across the organisation. While City Operations has implemented an apprenticeship program, other areas do not have a talent pathway to support key or hard to fill roles.

The above means the CoA may not have a holistic and consistent approach to workforce planning, which in turn may create the following risks:

- The CoA is unable to meet and deliver upon their strategic goals due to resourcing limitations. This may in turn have operational and reputational implications for the CoA.

- The CoA does not have appropriate succession plans for key technical/qualified roles or leadership roles. This may in turn have operational implications for the CoA.

Recommendation(s):

1. The CoA should look to formalise their workforce planning processes across the organisation. The formalised process should include the following key steps:

    - Define governance rules to identify key roles and critical job families.

    - Identify and record key roles and job families for each area of the organisation and the Executive team. These roles and job families should be based on the CoA's future skill requirements.

    - Align data and reporting (see Finding 3 and PIO1) to support the above workforce planning processes and enable insights for leaders. This may include predictive analytics to help determine the shape and size of the future workforce.

    - Define roles and responsibilities for the process. For example, which parts of the process are the remit of People Team (incl. HR BPs), or part of leadership's responsibilities.

Once the workforce planning process is formalised, the CoA can then determine the frequency and remit of process to meet future needs.

Agreed Management Action(s):

See agreed actions for Finding 1. Additional actions will include the following:

1. A Workforce Planning Framework to incorporate the processes for identifying key roles and critical job families.

    Responsibility: Manager People

    Target Date: December 2023

Finding 2 – Informal and inconsistent workforce and succession planning processes (continued)

	Moderate

Recommendation(s):

Continued from previous page

2. Formalise succession planning process for ELT and key roles. Once embedded at a leadership level, this process should then be cascaded down to all role, manager and above. Further, this process should also then be incorporated into the performance development conversations. For example:

   - Fostering an environment of continuous performance feedback.

   - Assign performance metrics to key roles/critical levels to enable a strategic link to the organisational goals of succession planning.

   This will allow the CoA to build a pipeline and nurture talent from the junior levels up.

3. Once recommendations 1 and 2 are formalised, the CoA should also provide appropriate communications to relevant stakeholders advising of the changes to be implemented and reiterating the importance of the processes.

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2. The CoA will take the following actions in the context of succession planning:

   - Design and implementation of any future performance and talent management solution to incorporate goal setting, succession planning and talent management functionality.

   Target Date: June 2025

   - The annual common law remuneration review process will incorporate more robust performance, development and succession planning processes.

   Responsibility: Manager People

   Target Date: July 2024

Finding 3 – Inadequate data to support workforce planning and staff retention insights, reporting and monitoring	Moderate

Observation:

There is a lack of data to provide relevant and timely insights in relation to key workforce metrics and to enable ongoing monitoring and appropriate reporting to leadership. While some data is collected at a macro level, such as performance reviews and feedback from employees, this data provides minimal insights to assist leaders in workforce planning and staff retention processes.

It is understood that while quarterly reporting was in place prior to 2023, the key staff member performing this reporting has departed and reporting has not been performed since. Accordingly, there are no readily available insights to support the workforce planning process, or to provide leaders with accurate and timely insights to key people metrics across the organisation or within their team. For example, insights as to age profiles or those nearing retirement, gender ratios within teams and role vacancies across the CoA. Further, there is no formal ability to quickly gauge high performing and high potential employees across the business to support succession planning. It is understood the CoA is looking to reintroduce the reporting channels this year.

The above means the CoA may not be able to have accurate insights from data to support workforce planning process, which in turn may create the following risks:

- It may be difficult to evaluate the current workforce across the CoA and within each area, and support short term and strategic workforce planning. This may create a risk that strategic goals are not met and operations may suffer disruption in the short term, due to inappropriate workforce planning.

- High performing and high potential individuals may be unsatisfied with their job role or could be overlooked for promotion if not readily identified. This could impact employee wellbeing, morale and create a risk that they may leave the organisation.

Recommendation(s):

1. The CoA should look to implement regular reporting, and reintroduce appropriate data and insights to support short and long term workforce planning processes. This should include:

    - Updating current people data metrics provided to leaders to enable real time insights. For example, reporting people related trends, such as turnover trends, which have powerful insights for the CoA to take corrective actions.

    - Defining the reporting frequency, format and key metrics to be provided to SRIA and the ELT.

    As part of the above, the CoA may also like to consider expanding their reporting to include other key metrics. Better practice examples of these metrics have been included in Appendix 2.

2. Once the CoA reintroduces new reporting, whether this be via a new system solution or by a new employee, the CoA should ensure there is a contingency plan in place. For example, training two people to extract or run the reporting for the people related reports. This will reduce the likelihood that reporting cannot be produced for a length of time if the person responsible for the system or process leaves the organisation.

Agreed Management Action(s):

1. The following actions will be re-introduced to support workforce planning processes at the CoA:

    - HR metrics dashboard for Managers.

    - Quarterly reporting to Executive on key people metrics.

    - Further to support future workforce planning an employee feedback platform will be procured and implemented. This will provide better employee insights from different sources including cultural surveys, onboarding surveys and exit surveys.

    Responsibility: Manager People

    Target Date: October 2023

2. Data metrics and reporting capabilities will be considered in the design and implementation of any future workforce system solutions.

    Responsibility: Manager People

    Target Date: June 2025

Finding 4 – Improvements required to talent attraction and retention processes

Low

Observation:

Improvements are required to the CoA's talent attraction and retention processes to further mature the CoA's ability to attract and retain talent. While the CoA has some initiatives in place, such as an Employee Value Proposition (EVP), these have not evolved and matured subsequent to COVID19 and the CoA's reshaping. It is understood that this has largely been due to budget constraints placed on the organisation during this time. Accordingly, the initiatives no longer align or support the current workforce mindset.

In particular the following were identified as areas requiring further maturity:

- Updated EVP – While an EVP was introduced in 2016 and is used in talent attraction processes, it has not been formally updated since this time and is not embedded and communicated to support staff retention initiatives. An EVP should be evaluated on an annual basis to align to better practice and re-assessed regularly. The CoA's EVP also does not reflect current employee or prospective talent values, such as the desire for flexible working (see below).

- Flexibility - While the CoA does provide flexibility in relation to employees' working conditions, where feasible, such as part-time work and working from home arrangements, it was noted that flexibility was not well communicated in the organisation. In particular, through stakeholder discussions, it was noted that the flexibility offered by the CoA did not always align to leaders' expectations and was not well embedded in all areas as an accepted practice.

  The lack of flexibility has also been advised as a recent exit reason for departing staff. From exit surveys completed during January to March 2023, nine (9) out of sixteen (16) employees selected greater flexibility as one of the reasons for leaving the CoA. From stakeholder consultations, this was also noted to be an anecdotal reason provided to leaders by employees exiting their teams.

Recommendation(s):

1. The CoA should look to refresh, articulate, communicate and embed it's EVP. The EVP should consider the CoA's competitive advantage in local government and drive employee loyalty, engagement, and productivity. The updated EVP should include:

   - The mobility offered by the CoA, which feeds into talent attraction, employee experience and overall retention.

   - Flexibility offered by the CoA.

   - Measurable metrics to review and report on the impact of the EVP elements included.

   The EVP should then be reviewed on a regular basis to enable alignment to any changes in employees values. The CoA should utilise insights derived from the updated engagement and culture surveys, as well as exit data and other relevant insights, as part of this review process.

   Once updated, the EVP should be communicated across the CoA, and the CoA should look to embed the EVP into their strategies moving forward. For example, the EVP may be taken into account in future programs and policy. Further EVP elements may be measured to determine their impact across the CoA.

2. The CoA should review the flexibility offering to staff and ensure it aligns to employees' values. The flexibility offering should be recommunicated as part of the updated EVP, with messaging to come from Executive down to enable the flexibility offering to be appropriately embedded. This may include providing "good news stories" and examples of how flexibility is being used across the organisation.

Agreed Management Action(s):

1. The following actions will be taken by the CoA:

   - Review of existing EVP to be undertaken, with consideration given to the CoA's desired employee brand and employee feedback. Further, communication of revised EVP to existing employees, and strategy will be developed to communicate the EVP to external stakeholders e.g. Careers Page, and social media channels.

   - The EVP will be reviewed and refreshed on an ongoing basis, in alignment with the culture surveys.

   Responsibility: Talent Acquisition Advisor and Team Leader People Services

   Target Date: December 2023

2. Review of existing flexible working practices to be undertaken, with intent to further promote flexible working space and create an environment in which flexible working conversations are available to all workers and both managers and employees understand their roles and responsibilities to successfully embed a culture of flexible working.

   Responsibility: People Manager

   Target Date: March 2024

Finding 4 – Improvements required to talent attraction and retention processes (continued) | **Low**

Observation:

Continued from previous page

- Mobility - It was identified that not all non-monetary benefits are always disclosed in job advertisements for CoA roles. For example, stakeholders advised the internal mobility offered at the CoA is a key retention factor for current employees. While the internal mobility offering is well known to employees, it is not advertised or communicated to prospective employees. For example, through employee experience videos and interviews on social platforms.

- Performance Management - While there is a good performance management framework in place, it was noted that performance development conversations and reviews may not be consistently performed across the CoA. Further, the performance management framework does not capture discussions of high performing and potential employees. It is understood that while the performance management process was reviewed and updated in 2021, it does not consistently capture the individual employee goals and effective communication amongst managers and employees, which may impact operations and strategic objectives.

The above creates the risk that the CoA may not be able to attract and retain high performing and high potential talent to roles. This in turn may have adverse operational impacts on the organisation.

Recommendation(s):

Continued from previous page

3. As part of future talent attraction initiatives, the CoA should consider using "good news" stories of CoA employees who have utilised the CoA's mobility offering. For example, developing social media campaigns on LinkedIn or their careers page. These stories should also be shared internally to reiterate the ability to move within the organisation and support staff retention.

4. The CoA should update the performance management process to include:

   - Discussions of leadership capability and desire.

   - Identifying high performance and high potential individuals at all levels.

   As part of the performance management review, the CoA should review the role responsibilities and accountabilities for all staff to ensure they align to the organisation's strategic goals after the re-shaping. The CoA should then consider implementing performance metrics. Once updated, the revised performance management process and revised accountabilities should be appropriately communicated to staff and leaders and be lead from the top down. This could align to any new system implemented by the CoA as a result of the systems review.

3. The following opportunities will be identified and implemented:

   - Opportunities to share flexible working 'success stories' within internal and external corporate communications.

   - Opportunities to share mobility 'success stories' within internal and external corporate communications.

   Responsibility: Team Leader People Experience

   Target Date: December 2023

4. The People Team will continue providing support and guidance to managers in holding meaningful Performance Development Conversation (PDC) conversations to identify leadership capability and desires.

   Responsibility: Team Leader People Experience

   Target Date: December 2023

PIO 1 – System limitations in relation to workforce planning and staff retention processes

	PIO

Observation:

There was noted to be a number of systems limitations or challenges to adequately support the future workforce planning and staff retention processes. Prior to this review, a system review was performed of the current HR systems utilised by the CoA. It is understood that as a result of this review the CoA is now in the process of designing a potential future solution which will uplift current capabilities across talent management.

As part of the internal audit the following areas were noted to be current system limitations, and should be considered as part of any future solution implemented by CoA:

- Performance management - Currently, some elements of performance management process sit outside the system - Learn and Perform, preventing a holistic view of the performance management process. For example, performance development conversations held with the staff may not be readily captured within Learn and Perform due to system constraints. Further, the Oscar system does not enable the CoA to record and monitor high performing and potential employees identified through the performance management process.

- Talent Pool - Currently, there is no database of candidates that the CoA can keep in contact with for future jobs at CoA. For example, candidates who were unsuccessful for a role, but would make great applicants for a future job role. Talent pools can be regularly reviewed and proactively built to support contingency plans for the needs of future staff.

- Recruitment - At present, managers are required to provide system-based workflow approvals for 'requests to hire' prior to offers being made to the successful candidates. However, if the approval is delayed or halted, there are currently no automated notifications generated to prompt relevant managers or hiring staff to revisit the approval request. This may create delays in providing an offer to a successful candidate and risk losing the talent to another offer.

Recommendation(s):

The CoA should consider the system challenges raised in PIO 1 as part of the solution considered from the current People system review.

Agreed Management Action(s):

The observed limitations and challenges were also identified throughout the discovery stage of the Workforce Management System review project. In considering the future state design of any solution, and any subsequent procurement process, the below functionality will be included:

- More holistic recording of performance management activity

- Creation of talent pools (both for external and internal talent)

- Increased visibility of workflow approvals and actions.

Responsibility: Manager People

Target Date: June 2024

Appendices

Appendices

Appendix 1 – Scope and Approach

Objective

The overall objective of this audit was to consider the adequacy and effectiveness of the CoA's processes, procedures and systems in place to support workforce planning and staff retention in light of CoA's strategy and future workforce needs.

Scope

The scope of this internal audit included the following:

- CoA's current workforce planning process, key controls and any future initiatives, and how they support the CoA's strategic plan and future workforce capabilities. This will include:

  - How critical or key roles are identified and managed to future proof the CoA, including any succession planning processes.

  - Review of the current resourcing skills and capabilities available to support workforce planning within the People Team and leadership/management positions across the CoA.

- CoA's staff retention process, key controls and initiatives. This will include how talent is identified, retained and managed (including employee value proposition and employee experience) for all roles across CoA, with a focus on critical or key and hard to fill roles.

- Review of documented policies and procedures which provide governance over the CoA's workforce and staff retention processes and initiatives.

- The data and systems in place to support the workforce planning and staff retention processes and to enable to CoA to meet their strategic and future workforce needs.

- Monitoring and reporting in place to workforce planning, staff retention and talent management. This will include consideration of how the success of any strategies in place for staff retention is measured.

Approach

This engagement was performed with the following approach:

- Desktop review of relevant CoA documentation, including policies, procedures and strategies.

- Consultation with key stakeholders to obtain an understanding of the workforce planning and staff retention processes, practices, controls and system utilised. This included key People Services staff, as well as a cross section of leaders across the CoA (limited to four (4) consults).

- Test procedures to examine the design and effectiveness of the identified key controls.

- Reporting, including the identification of any performance improvement opportunities and better practice insights as they relate to workforce planning and staff retention. This will include informal benchmarking of CoA's workforce planning and staff retention processes to better practice organisations.

- Discussion of findings with Management and subsequent issuance of a draft internal audit report, for feedback and finalisation.

Appendix 2 – Example Employee Metrics

Listed below is a summary of potential employee metrics for the CoA's consideration that may provide insight on the success of relevant initiatives, key strategic direction, drive decision management and support day-to-day operational processes. Going forward, a suite of key metrics will help to accurately measure and understand performance.

#	Process Element	Metric Description	Formula	Category	Units of Measure
1	Recruit, source, and select employees	Cycle time in days from approval of job requisition to acceptance of job offer	Cycle time in days from approval of job requisition to accept of job offer	Cycle Time	Days
2	Recruit, source, and select employees	Percentage of senior management/executive positions filled by internal promotion for the past 3 years	Percentage of management positions filled by internal promotion versus external recruitment for senior management/executive employees for the past three years	Process Efficiency	Percentage
3	Recruit, source, and select employees	Percentage of middle management/specialist positions filled by internal promotion for the past 3 years	Percentage of management positions filled by internal promotion versus external recruitment for middle management/specialist employees for the past three years	Process Efficiency	Percentage
4	Manage new hire/re-hire	Percentage of middle management/specialist new hire retention after 12 months	Percentage of middle management/specialist employees who joined in the past 12 months that are still within your business entity	Process Efficiency	Percentage
5	Manage new hire/re-hire	Percentage of operational worker/office staff new hire retention after 12 months	Percentage of operational worker/office staff employees who joined in the past 12 months that are still within your business entity	Process Efficiency	Percentage
6	Manage new hire/re-hire	Percentage of senior management/executive new hire retention after 12 months	Percentage of senior management/executive employees who joined in the past 12 months that are still within your business entity	Process Efficiency	Percentage
7	Manage new hire/re-hire	New employees as a percentage of total business entity employees	(Total number of new hires / Number of business entity employees)*100	Supplemental Information	Percentage
8	Manage new hire/re-hire	Job offer acceptance rate for middle management/specialists	Job offer acceptance rate for middle management/specialists employees	Process Efficiency	Percentage

Appendix 2 – Example Employee Metrics (continued)

#	Process Element	Metric Description	Formula	Category	Units of Measure
9	Manage new hire/re-hire	Job offer acceptance rate for operational workers/office staff	Job offer acceptance rate for operational workers/office staff employees	Process Efficiency	Percentage
10	Manage new hire/re-hire	Job offer acceptance rate for management/executive	Job offer acceptance rate for management/executive employees	Process Efficiency	Percentage
11	Manage employee performance	Percentage of middle management/specialists that receive a formal performance review	Percentage of middle management/specialist employees that receive a formal performance review	Process Efficiency	Percentage
12	Manage employee performance	Percentage of operational workers/office staff that receive a formal performance review	Percentage of operational workers/office staff employees that receive a formal performance review	Process Efficiency	Percentage
13	Manage employee performance	Percentage of senior management/executives that receive a formal performance review	Percentage of senior management/executive employees that receive a formal performance review	Process Efficiency	Percentage
14	Develop and train employees	Learning budget per business entity employee	Budget for learning for the process group "develop and counsel-learning only"/Number of business entity employees	Cost Effectiveness	Dollars
15	Recruit, source, and select employees	New hire satisfaction rate for the recruiting process	Latest captured satisfaction rate of new hires with the recruiting	Process Efficiency	Percent
19	Reward and retain employees	Operational workers or office staff overtime pay as a percentage of total pay (including cost of benefits)	(Total overtime pay for operational worker/office staff employees/total pay for operational worker/office staff employees)	Supplemental Information	Percentage

Appendix 3 – Stakeholders Consulted

The table below outlines all personnel who were involved in discussions and contributed to the outputs of this engagement.

Personnel	Role
Louise Williams	Manager, People Services
Steph Tramontin	Team Leader, People Experience
Deb Bough	Team Leader, People Services
Davin Jaehne	Talent Acquisition Advisor
Garry Herdegen	Associate Director, City Operations
Bree Goodchild	Manager, Strategy Insights and Performance
Jennifer Kalionis	Associate Director, City Culture
Stephen Zaluski	Associate Director, Regulatory Services (Acting COO)

Appendix 4 – Classification of Internal Audit Findings

The following framework for internal audit ratings has been developed and agreed with the CoA's Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with the CoA's Management.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	• Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public's confidence in the CoA. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening.	• Requires immediate notification to the CoA Audit Committee via the Presiding Member. • Requires immediate notification to CoA's Chief Executive Officer. • Requires immediate action planning/remediation actions.
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	• Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public's confidence in the CoA. • Major decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries.	• Requires immediate CoA Director notification. • Requires prompt management action planning/remediation actions.

Appendix 4 – Classification of Internal Audit Findings (continued)

Moderate	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives.	• Moderate impact on operations or functions. • Reputation will be affected in the short term. • Possible decrease in the public's confidence in the CoA. • Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. • Medical treatment required.	• Requires CoA Director and/or Associate Director attention. • Requires short-term management action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	• Minor impact on internal business only. • Minor potential impact on reputation. • Should not decrease the public's confidence in the Council. • Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. • First aid treatment.	• Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).

Appendix 5 - Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Executive Summary of this report. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate. We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, City of Adelaide's management and personnel. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Adelaide. The internal audit findings expressed in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out in the Executive Summary of this report and for City of Adelaide's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. This internal audit report has been prepared at the request of the City of Adelaide or its delegate in connection with our engagement to perform internal audit services. Other than our responsibility to City of Adelaide, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Adelaide's external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

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