



Appendix three – About the audit

Audit objective

This audit assessed whether three councils are reforming their organisation structure to realise efficiency benefits from amalgamation and manage its impact on staff. The councils audited were:

- Inner West Council
- Queanbeyan-Palerang Regional Council
- Snowy Monaro Regional Council.

Audit criteria

We addressed the audit objective with the following line of enquiry:

1. Are councils working towards an efficient organisation structure?
 - a) Council has an effective process in place to develop an efficient post-amalgamation organisation structure.
 - b) Council has plans and strategies for achieving the post-amalgamation organisation structure.
 - c) Council is making progress against the plans and strategies.
 - d) Council vacancies, retraining and redundancies are managed according to their plans.
2. Are councils effectively managing the impact of change on employees?
 - a) Council is complying with legislative requirements.
 - b) Council has reviewed positions and associated remuneration and is making progress towards aligning pay scales and conditions.
 - c) Staff are effectively consulted on workforce reform, have opportunities to contribute meaningfully in workforce restructure and are kept well-informed.
 - d) Council are assessing and responding to staff sentiment and workforce engagement.
 - e) Council has a detailed plan and strategy for developing a unified post-amalgamation organisation culture.

Audit scope and focus

In assessing the criteria, we checked the following aspects:

- Council workforce decisions between 10 September 2014, when amalgamations were first announced by the State Government, through until the time of the audit.
- The staff included in the audit were senior executives and corporate staff, both full-time, part-time, contract and regular casuals.
- Parks and Gardens staff were also included, as an example of 'outdoor' staff.

Audit exclusions

The audit did not:

- examine the impact of amalgamation on elected councillors
- examine the impact of amalgamation on call centre staff or service delivery staff, other than Parks and Gardens staff
- examine the impact of amalgamation on the makeup of committees, on delegations or on extra-curricular positions held within the council organisation
- examine the technical integration of payroll or human resources computer systems
- question the merits of government policy objectives or decisions made by councillors.

Audit approach

Our procedures included:

1. Interviewing staff who participated in the amalgamation process at all three councils, with representation from all of the pre-amalgamation councils and unions.
2. Examining:
 - documents relating to post-amalgamation workforce planning and recruitment
 - policies relating to staff terms and conditions
 - minutes of meetings where staff conditions were discussed
 - documents relating to positions and pay rates including Awards and both formal and informal work arrangements
 - documents relating to communication with staff, grievances, welfare and engagement
 - sections of the *Local Government Act 1993* relating to amalgamation.
3. Analysing data on staff movements, project plans and staff surveys. We also examined:
 - documentation from other stakeholders obtained throughout the audit such as research and studies, statistical data and analysis
 - media reports, including local regional newspapers, relating to council amalgamation
 - information relating to the 2004 amalgamations for comparison.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

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Audit cost

Including staff costs, travel and overheads, the estimated cost of the audit is \$330,000.