

## MEETING NOTICE

A meeting of the  
**Risk & Audit Committee**  
will be held in the Pindari Room, Rockdale Town Hall  
Level 1, 448 Princes Highway, Rockdale  
on **Thursday 24 May 2018 at 6:30 pm.**

## AGENDA

### 1 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

Bayside Council respects the traditional custodians of the land, and elders past and present, on which this meeting takes place, and acknowledges the Gadigal and Bidjigal Clans of the Eora Nation.

### 2 APOLOGIES

### 3 DISCLOSURES OF INTEREST

### 4 MINUTES OF PREVIOUS MEETINGS

4.1 Minutes of the Risk & Audit Committee Meeting - 22 February 2018 .....2

### 5 REPORTS

5.1 Progress on Outstanding Recommendations in Issues List .....7

5.2 Insurance Claims Performance Overview .....21

5.3 Strategic Risk Register Update and Review .....26

5.4 Project Ricochet Update .....33

5.5 Proposed 4 Year Internal Audit Plan (2018/22).....50

5.6 Audit Program 2017/18 - Status of Health Checks .....55

### 6 GENERAL BUSINESS

### 7 NEXT MEETING

Meredith Wallace  
**General Manager**

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## Risk & Audit Committee

24/05/2018

Item No	4.1
Subject	<b>Minutes of the Risk &amp; Audit Committee Meeting - 22 February 2018</b>
Report by	Fausto Sut, Acting Director City Performance
File	SC18/36

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## Officer Recommendation

That the Minutes of the Risk & Audit Committee meeting held on 22 February 2018 be confirmed as a true record of proceedings.

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## Present

Jennifer Whitten, Independent External Member  
Independent External Member Lewis Cook  
Independent External Member Catriona Barry  
Independent External Member Barry Munns  
Scott Morrissey, Councillor  
Liz Barlow, Councillor

## Also present

Meredith Wallace, General Manager  
David Nolan, Director Financial Audit Services - Audit Office of NSW  
Fausto Sut, Manager Governance & Risk  
Daniel Fabri, Director City Performance  
John Hughes, Internal Auditor  
Glen Smallwood, Risk & Insurance Officer  
Cate Trivers, Acting Finance Transition Lead  
Matthew Walker, Manager Finance

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The Chairperson opened the meeting in the Pindari Room, Rockdale Town Hall at 6.35pm.

## 1 Acknowledgement of Traditional Owners

The Chairperson affirmed that Bayside Council respects the traditional custodians of the land, and elders past and present, on which this meeting takes place, and acknowledges the Gadigal and Bidjigal Clans of the Eora Nation.

## 2 Apologies

There were no apologies received.

### **3 Disclosures of Interest**

There were no disclosures of interest.

### **4 Minutes of Previous Meetings**

#### **4.1 Minutes of the Risk & Audit Committee Meeting - 11 December 2017**

##### **Committee Recommendation**

That the Minutes of the Risk & Audit Committee meeting held on 11 December 2017 be confirmed as a true record of proceedings.

### **5 Reports**

#### **5.1 Revised Risk Management Program 2017/2018**

##### **Committee Recommendation**

- 1 That the Committee receives and notes the report.
- 2 That the Committee endorse the revised Risk Management Work Program 2017/18 as presented.
- 3 That the Operational Risk Register in progress be presented to the Committee at the next scheduled Risk & Audit Committee meeting.

#### **5.2 Strategic Risk Register Update and Review**

##### **Committee Recommendation**

- 1 That the Risk and Audit Committee receives and notes the report.
- 2 That future progress reports on the Operational Risk Register include a comment on those risks transferred from the strategic risk register and any other risks relating to the ICAC recommendations.

#### **5.3 Insurance Claims Performance Overview**

##### **Committee Recommendation**

That the report be received and noted.

*At this point Councillors Liz Barlow and Scott Morrissey left the meeting at 7.15pm.*

## **5.4 Progress Report - Audit Program & Outstanding Issues**

### **Committee Recommendation**

That the report be received and noted.

*At this point the Internal Auditor John Hughes and Risk & Insurance Officer Glen Smallwood left the meeting at 7.25pm.*

## **5.5 Update on Progress of the Former City of Botany Bay Council Financial Reports for the Period Ending 9 September 2016**

### **Committee Recommendation**

- 1 That the update report on the current audit of the former City of Botany Bay Council financial statements from Mr David Nolan, Audit Director, Audit Office NSW, be received and noted.
- 2 Noting that Management cannot warrant completeness and reliability of the financial statements and based on the advice of the NSW Audit Office, Council should proceed to finalisation and signing off on the financial statements for the former City of Botany Bay Council.

## **5.6 Project Ricochet Update**

### **Committee Recommendation**

- 1 That the Risk & Audit Committee note the progress on implementation of the ICAC recommendations.
- 2 That the Risk & Audit Committee note Council's progress update on management's agreed actions in response to the NSW Audit Office interim management letter (August 17) recommendations.
- 3 That the Risk & Audit Committee note the progress on the Business Process, Controls Framework, business process and internal control mapping.

*At this point the General Manager Meredith Wallace joined the meeting at 8.34pm.*

## **5.7 Update on Progress of the Former City of Botany Bay Council Financial Reports for the Period Ending 9 September 2016**

### **Committee Recommendation**

- 1 That the Committee notes the Council's view that attachment/s to this report will be released as part of the report to the Council meeting of 14 March 2018 but at this stage are withheld from the press and public as they are confidential for the



following reason: Information that would, if disclosed, prejudice the maintenance of law. It is considered if the matters were made public it would, on balance, be contrary to the public interest due to the issue it deals with.

- 2 That the report be received and noted.

## **5.8 Project Ricochet Update**

### **Committee Recommendation**

- 1 That the Committee notes the Council's view that the attachment/s to this report are withheld from the press and public as they are confidential until published in the Council Agenda for the following reason: Information that would, if disclosed, prejudice the maintenance of law. It is considered if the matters were made public, it would, on balance, be contrary to the public interest due to the issue it deals with.
- 2 That report be received and noted.

## **6 General Business**

### **6.1 SACL Contract**

Meredith Wallace, General Manager, provided the Committee with an update on an independent review of the contract with Sydney Airport Corporation Ltd.

### **Committee Recommendation**

That the General Manager's update be received and noted.

### **6.2 Superannuation Payment to Former City of Botany Bay Staff Member**

The Committee was provided with an update of the recovery action against a former employee of the former City of Botany Bay Council and others.

### **6.3 ICAC Meet with Risk & Audit Committee**

### **Recommendation**

That the Council arrange a representative from ICAC attend the next meeting of the Risk & Audit Committee.

#### 6.4 Actions Arising from Meeting

Item	Meeting	Action	Timeframe	Responsible Officer
5.3	22/02/2018	Report on Council's insurance risk from bike-share incidents.	24/05/2018	Manager Governance & Risk
5.5	22/02/2018	The General Manager to identify whether the former City of Botany Bay Council accounts be presented to Councillors at a General Manager's Briefing session.	14/03/2018	Manager Governance & Risk
5.6	22/02/2018	Internal Audit to verify the completed actions regarding Project Ricochet.	24/05/2018	Internal Auditor
5.7	22/02/2018	Future reports on the progress of Project Ricochet include a prioritised list of findings and actions.	24/05/2018	Manager Governance & Risk
6.3	22/02/2018	A representative of ICAC be invited to a meeting of the Risk & Audit Committee.	24/02/2018	Manager Governance & Risk

#### 7 Next Meeting

That the next meeting be held in the Pindari Room, Rockdale Town Hall at 6.30pm on Thursday, 24 May 2018.

It is noted that an extra ordinary meeting of the Risk & Audit Committee may need to occur to consider the draft financial statements 2016/17 for Bayside Council.

The Chairperson closed the meeting at 8.56pm.

**Risk & Audit Committee**

**24/05/2018**

Item No 5.1  
 Subject **Progress on Outstanding Recommendations in Issues List**  
 Report by John Walsh, Internal Auditor  
 File SC18/36

**Summary**

This report details the progress to date on outstanding audit recommendations on the Issues List. The outstanding recommendations have reduced from 35 to 11 of which 3 are high risk, being Procurement (1) and Risk (2).

**Officer Recommendation**

- 1 That the Committee notes the progress made on the Issue List’s outstanding recommendations.
- 2 That the Committee continues to receive updated reports at its meetings.

**Background**

At the Committee’s previous meeting on 11 December 2017, Internal Audit reported that 35 recommendations on the Issues List remained open. Since then, 24 recommendations have been closed. The completion of some of these recommendations has resulted in all the recommendations in relation to Domestic Waste, Fleet Management and Workers’ Compensation audits being finalised.

The following Table summarises the current status of the Issues List.

Audit	Date of report	Total Recommendations	Closed as previously reported	Closed as currently reported	Continuing	Continuing Risk Rating		
						H	M	L
Domestic Waste	Feb14	11	8	3	0			
Fleet Management	Aug14	9	6	3	0			
Risk (External review)	Nov14	29	17	5	7	2	4	1
Leave	Jan15	9	4	4	1			1
Workers’ Comp.	May15	11	10	1	0			
Parks and Gardens	Aug15	13	6	6	1		1	
Children Services’	Nov15	5	5	0	0			
Follow-up on ICAC Jarek	Dec15	20	16	2	2	1		1
		107	72	24	11			

Detailed explanations of the status of the continuing recommendations, and the recommendations closed since the last report, are set out in the Attachment. Set out below are brief explanations of the status of the continuing recommendations including changes, if any, to the due dates.

## Risk Audit

The number of outstanding recommendations has reduced from 12 to 7. Details of the 12 recommendations and progress are set out in the attachment. Below is a summary of the status of the continuing 7 recommendations:

- 1 Develop a formal mechanism for ensuring that the Fraud and Corruption policy is communicated to staff, especially new starters.  
**Progress:** New employee induction programme being restructured with stand-alone session on Fraud and Corruption.  
**Risk:** Medium (unchanged)  
**Close:** 30 June 2018 (unchanged)
- 2 Formal training on the Council's newly acquired risk management application (PULSE ERM).  
**Progress:** Delayed due to delay in PULSE ERM implementation.  
**Risk:** Medium (unchanged)  
**Close:** 30 September 2018 (extended from 30 June 2018)
- 3 Formal training on enterprise risk management.  
**Progress:** Delayed due to delay in PULSE ERM implementation.  
**Risk:** Medium (unchanged)  
**Close:** 30 September 2018 (extended from 30 June 2018)
- 4 Utilise industry or Council developed checklists to evaluate Council's service delivery performance and internal control frameworks.  
**Progress:** These checklists, or similar, will flow from the work of the Process and Controls Project. The Project Manager resigned in early April. A project plan with timelines to undertake priority work is being considered and will be reported to the Committee once approved.  
**Risk:** Low (unchanged)  
**Close:** 30 September 2018 (extended from 30 June 2018)
- 5 Develop a framework or process for ensuring that risk owners are periodically reviewing and verifying the effectiveness of internal controls for which they are responsible.  
**Progress:** The newly acquired PULSE ERM application is being implemented with a deadline of 30 June 2018. The application has the facility to import the risk related component parts of the internal control framework being developed by the Process and Controls Group.  
**Risk:** High (continuing)  
**Close:** 30 September 2018 (extended from 30 June 2018)
- 6 Finalise the development of the Business Continuity Plan as a priority.  
**Progress:** Crisis Management Plans are now completed for all sites as part of the Council's Business Continuity Plan. The latter is in draft form and subject to workshops around stakeholder resourcing, and Executive approval.  
**Risk:** High (continuing)  
**Close:** 30 June 2018 (unchanged)

- 7 Develop a comprehensive Building Asset Management Register as soon as possible.  
**Progress:** This is a continuing project around identification and condition. Building assets are recorded on spreadsheet by Coordinator City Assets. Migration of assets to TechOne not yet initiated. It is expected that the migration will be in 2018/19.  
**Risk:** Medium (continuing)  
**Close:** 30 June 2019 (from 30 June 2018)

### Leave Audit

The number of outstanding recommendations has reduced from 4 to 1. Details of the 1 recommendation and status are set out in the attachment. Below is a summary of the status of the continuing 1 recommendations:

- 1 The HR Manager, or an appropriate delegate, should update the Payrun Standard Operating Procedures Manual to fully reflect current payroll processes. The updated SOPs Manual should be kept in soft copy on the Payroll shared drive.  
**Progress:** The new iChris payroll system is being built/tested for Bayside's requirements and it is anticipated going live on 1 July 2019. Informal payrun procedures are being developed for the new system.  
**Risk:** Low (continuing)  
**Close:** 30 June 2018 (from 28 February 2018)

### Parks & Gardens Audit

The number of outstanding recommendations has reduced from 7 to 3. Details of the 7 recommendations and status are set out in the attachment. Below is a summary of the status of the continuing 4 recommendations:

- 1 Identification and completion of parks maintenance works could be more proactive.  
**Progress:** Condition assessments of parks and open spaces are now completed monthly. The Manager advises that given the workforce size and geographic spread, continuing harmonisation requirements and existing low technology platform, the optimum operational platform should be in place by 31 March 2019.  
**Risk:** Medium (continuing)  
**Close:** 31 March 2019 (from 31 Jan 2018)

### Follow-up on ICAC Jarek investigation

The number of outstanding recommendations has reduced from 4 to 2. Details of the 4 recommendations and status are set out in the attachment. Below is a summary of the status of the continuing 2 recommendations:

- 1 The Coordinator Risk Management, together with the relevant stakeholders, should identify points and types of risks present in the existing process and collaboratively determine strategies to close gaps and treat risks. This would include potential areas of corruption risks. Once completed, these risks and strategies should be added into the system for tracking and monitoring.  
**Progress:** The Corporate Operational Risk Register is in draft form with stakeholder input and in the process of migration to the PULSE ERM application but subject to review and approval.

**Risk:** High (continuing)

**Close:** 30 June 2018 (from 31 December 2017)

- 2 Determine the re-order threshold for stock items. Implement the threshold and review for adherence during stock takes.
- Progress:** This issue included four recommendations of which three have been closed out. Due to ongoing implementation issues with the Bayside East T1 (and the way the former Botany inventory system was created), the recommendation re thresholds is on hold until the next full stock take is completed with a view of re-implementing the data load from scratch.
- Risk:** Low (continuing)
- Close:** 31 August 2018
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## Attachments

Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
1	1	Domestic Waste Management Audit Report	Lack of a documented waste strategy	Senior Management to define, document and implement a formal Waste Strategy no'	Overdue	Medium	<p>This will align with an updated Regional WARR Strategy (in progress/due by end of November 2017). Awaiting completion of the Regional Strategy (90%). Scheduled for Council review in December 2017.</p> <p><b>Update for 24 May 2018 Meeting - Manager Waste &amp; Cleansing Services</b>                      SSROC Regional Strategy was circulated to Councils in late February 2018. Council has since added information in relation to Community Strategic Plan (four themes), and has adjusted some content in relation to the recent Recycling crisis caused by China's National Sword Policy. These items have delayed the finalisation of the Strategy. The Strategy will be presented to the Executive Committee on 7 June 2018, GM Briefing to Councillors on 27 June 2018, Council on the 11 July 2018, with possible public exhibition thereafter.</p>	CLOSE
5	2	Domestic Waste Management Audit Report	Lack of Documented KPIs	Define, document, implement and track Key Performance Indicators for domestic waste managed in house by the City of Botany Bay	In Progress	Low	<p>We have collected all relevant data to measure against KPI's to be defined in our procedures, and/or waste strategy (aligned to the Regional WARR Strategy) - Draft in progress (90%). KPI's to be measured from December 2017.</p> <p><b>Update for 24 May 2018 Meeting - Manager Waste &amp; Cleaning Services</b>                      Council reports annually to the NSW EPA on domestic waste KPI's. Council policy is governed by the requirements of the NSW EPA which are reviewed annually. Council has also begun capturing additional KPI's relating to new or improved services from December 2017, as previously indicated. New KPI's on resource recovery from Orphan Waste Collection Service was presented to Executive Committee on 22 February 2018. New KPI's on Council's new Waste Services App was provided to a GM Briefing with Councillors on 8 March 2018.</p>	CLOSE
7	3	Domestic Waste Management Audit Report	Illegal Dumping Policy in draft form	Define, document and implement a formal policy, which governs Council practices related to illegal dumping.	Overdue	Medium	<p>Draft completed. Final to be reviewed in December 2017 alongside Waste Strategy.</p> <p><b>Update for 24 May 2018 Meeting - Manager Waste &amp; Cleaning Services</b>                      Council's Illegal Dumping procedure is dependant on Council's WARR Strategy and had to be aligned with a recently updated Regional Illegal Dumping (RID) work plan and RID's funding proposal to the NSW EPA. The Illegal Dumping procedure will be presented along with the WARR Strategy in June 2018.</p>	CLOSE
15	4	Fleet Management Audit Report	Non-compliance with leaseback policy - CPI Increase, vehicle condition, agreements not in place, etc.	Senior management to improve compliance with the leaseback policy by implementing monitoring controls to be performed on a periodic basis. For example, routine sample checking of the condition of vehicles or completion of a log book, where applicable.	In Progress	Medium	<p>Bayside's Fleet Policy will include discussion on leaseback vehicles and thus, there is no longer a separate Leaseback Policy. The current Fleet Policy does stipulate that any and all Council vehicle must be presented for inspection on request. The Coordinator Stores and Fleet Management is currently in the process of developing a strategy to inspect log books and conditions of all Council vehicles. This is expected to be completed by December 2017.</p> <p><b>Update for 24 May 2018 Meeting (Manager Procurement + Coordinator Stores &amp; Fleet Management)</b>                      The Fleet Policy has been submitted to the Executive with a view to endorsement by 31 May 2018. The Policy and Terms and Conditions for Fleet assigned to staff (eg Leaseback) is required to go to the Staff Consultative Committee for review. This is proposed to occur in June 18. Fleet Policy is part of a suite of procedures that provide a framework for fleet management including procurement, user terms and conditions (leaseback) and user procedures. Expected delivery of all fleet related procedures is June 18 to be implemented from 1 July subject to consultation with the executive and the staff consultative Committee.</p>	CLOSE

Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
22	7	Risk Audit	No formal process for ensuring that requirements of the Risk Management Policy is communicated to staff, especially those who are new to the organisation.	Develop a formal mechanism for ensuring that the Fraud and Corruption policy is communicated to staff especially new starters.	In Progress	Medium	<p>This is being incorporated into the Governance Induction process and is expected to restart in October 2017. Governance will start with providing training in the Code of Conduct to new starters as part of the POC Induction package. There will then be a separate induction on risk management, internal audit, records management, GIPA and business papers. All these training will be provided to new starters in a half day training program.</p> <p><b>Update for 24 May 2018 Meeting (POC Training Team)</b>                      The format of the new employee induction programme is currently being reviewed with the proposed objective of introducing interactive computer based subject modules. This would be in addition to the traditional and well received meeting with the GM and the Executive Team, as well as the opportunity to meet other new</p>	Carry Forward
27	8	Risk Audit	There are no structured risk management reports submitted to the Executive Committee or the Audit Committee on a regular basis.	Develop appropriate risk management reporting templates and ensure that regular reports on risk management activities, issues and strategies are submitted to the Executive Committee and Audit Committee as appropriate.	Overdue	High	<p>The Risk Management Program has been completed and was endorsed by the Risk and Audit Committee in the August meeting. The Coordinator Risk will provide a status report to the management on how the team is tracking against the approved plan.</p> <p>The development of Risk Management reporting templates is partially complete to the extent that Risk Management Policy and Risk Management Strategy for Council have been harmonised and endorsed by the Executive and Risk &amp; Audit Committees.</p> <p>The next stage is to complete the acquisition of an appropriate integrated Risk Management and reporting software tool which is currently under way. Implementation and rollout of the toolset is targetted to be completed by 31 Mar 2018. As an interim measure, Managers will be asked to review risks and report via an interim solution. It is expected the first reporting will be to the Audit and Risk Committee On 15 February 2018.</p> <p>Formally, quarterly Risk Management reporting will be progressively rolled out and fully implemented across the enterprise.</p> <p><b>Update for 24 May 2018 Meeting (Coordinator Risk Management)</b>                      The new PULSE ERM has been acquired which incorporates functionality, structure and process for Risk Reporting.                      The implementation of the PULSE ERM commenced in late March 2018 and is utilising data being brought forward from:                      - the adopted Strategic Risk Register; and                      - the draft Operational Risk Register being prepared by the Coordinator Risk Management.                      The migration of data from the existing system is planned to be complete by 30 June 2018.</p>	CLOSE
32	9	Risk Audit	The Risk Register is not currently used to inform the preparation of the Delivery Program.	Consider including in the Community Strategic Plan and Delivery Plan a summary or description of the specific risks that may impact on each of Council's strategic objectives.	In Progress	Low	<p>Practice at the former Rockdale Council, which did consider the impact of high risks on Council's strategic objectives, will be carried forward in the development of the Bayside Community Strategic Plan and Delivery Plan. This will be adopted by 30 June 2018 as required by legislation.</p> <p><b>Update for 24 May 2018 Meeting - Internal Audit</b>                      Risk management is a component of the Operational Plan 2017/18 and the proposed 2018/19 Operational Plan</p>	CLOSE
35	10	Risk Audit	There is no evidence to suggest that the risk management methodology is being actively utilised to conduct risk assessments	Develop appropriate mechanisms to train and educate staff in how to apply and use the risk assessment methodology.	In Progress	Medium	<p>The acquisition of an appropriate integrated Risk Management and reporting software tool which is currently under way and is expected to be completed by 31 December. Training will provided to all staff on the system and the ERM framework once this software has been purchased.</p> <p><b>Update for 24 May 2018 Meeting (Coordinator Risk Management)</b>                      As previously mentioned, PULSE ERM implementation proposed completion date is 30/6/2018.</p>	Carry Forward



Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
38	11	Risk Audit	There is no ongoing ERM training or awareness program for staff	Develop or procure a risk management training program for delivery at appropriate intervals and post the training material on the Council intranet site.	In Progress	Medium	The development of Risk Management reporting templates is partially complete to the extent that Risk Management Policy and Risk Management Strategy for Council have been harmonised and endorsed. The next stage is to complete the acquisition of an appropriate integrated Risk Management and reporting software tool which is currently under way. Training will provided to all staff on the system and the ERM framework once this software has been purchased. <b>Update for 24 May 2018 Meeting (Coordinator Risk Management)</b> <b>As mentioned, the Pulse Enterprise Risk Management (ERM) system has been loaded as a module to existing PULSE IP&amp;R module. ERM implementation completion date is 30/6/2018. Completion of Enterprise-wide training in PULSE by 30/9/18.</b>	Carry Forward
41	12	Risk Audit	There is currently no self assessment controls in place within the organisation.	Utilise industry or Council developed checklists to evaluate Council's service delivery performance and internal control frameworks.	Overdue	Low	In collaboration with the Project Manager Process and Controls, options will be examined to determine the control framework standard that will be utilised and applied across the organisation. Discussions on how to progress this issue will be discussed with the Project Control Group, which has been set up to discuss Project Ricochet. The types of checklist and its development will flow on from this review. Project expected to start from 30 October 2017 with milestones to be reported in March 2018 and June 2018. <b>Update for 24 May 2018 Meeting (Actinf Director City Performance)</b> <b>Resources shifted to consultancy arrangement in light of the resignation of the Project Manager in early April. A project plan with timelines to undertake priority work has been approved which focuses on the ICAC/NSW Audit Office recommendations. This is reported separately in the Agenda.</b>	Carry Forward
42	13	Risk Audit	There is no evidence of a systematic process to ensure that risk owners have implemented identified risk treatment strategies or controls.	Develop a framework or process for ensuring that risk owners are periodically reviewing and verifying the effectiveness of internal controls for which they are responsible.	In Progress	High	This will be completed as per the schedule in the Risk Management Program and related to the Enterprise Risk Management and Risk Analysis Reporting parts of the program. <b>Update for 24 May 2018 Meeting (Coordinator Risk Management)</b> <b>As mentioned, the ERM system will be ready to utilise by the due date and can import Risks and an associated Internal Control framework if the same has been systematically and consistently documented so that the information content will be useful and manageable.</b>	Carry Forward
44	14	Risk Audit	The Business Continuity plan is still in draft format.	Finalise the development of the Business Continuity Plan as a priority.	In Progress	High	The Crisis Management Plan will be completed by November 2017. This information will feed into the Business Continuity Plan which will be completed, in conjunction with engaged consultants, by March 2018. <b>Update for 24 May 2018 Meeting Coordinator Risk Management</b> <b>Achievable and work progressing to set workshop dates with key stakeholders.</b>	Carry Forward

Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
57	15	Risk Audit	An Asset Management Plan, covering all of Council's building is currently a work in progress	Finalise and adopt the Asset Management Plan for Buildings.	In Progress	Medium	<p>There is now a transition project for merging asset information, identifying gaps, and determining confidence levels around all asset information across the different asset categories. This is included in 2017/2018 work plans for the Infrastructure Assets team. The Coordinator City Assets has gathered the available asset register information in preparation for his team to review and plan what needs to be done. This is a huge body of work that is expected to take approximately 24 months to complete.</p> <p><b>Update for 24 May 2018 Meeting (Manager City Infrastructure)</b>  <b>Asset Management plan for former CoBB buildings completed in April 2014. Document was discovered through research and contacting the consultant - Refer TRIM 18/57894</b></p>	CLOSE
58	16	Risk Audit	The Council currently does not have a Building Asset Management Register	Develop a comprehensive Building Asset Management Register as soon as possible	In Progress	Medium	<p>There is now a transition project for merging asset information, identifying gaps, and determining confidence levels around all asset information across the different asset categories. This is included in 2017/2018 work plans for the Infrastructure Assets team. The Coordinator City Assets has gathered the available asset register information in preparation for his team to review and plan what needs to be done. This is a huge body of work that is expected to take approximately 24 months to complete.</p> <p><b>Update for 24 May 2018 Meeting (Internal Audit)</b>  <b>Building asset management register in place as the platform for building inspections (for condition) programme refer below. Register and inspection papers reviewed by IA.</b></p>	Carry Forward
59	17	Risk Audit	There is no formal program for regular asset condition assessments. Condition assessments are currently done on an as needed basis for each building.	Complete condition assessments for all Council buildings using industry standard condition ratings.	In Progress	Medium	<p>There is now a transition project for merging asset information, identifying gaps, and determining confidence levels around all asset information across the different asset categories. This is included in 2017/2018 work plans for the Infrastructure Assets team. The Coordinator City Assets has gathered the available asset register information in preparation for his team to review and plan what needs to be done. This is a huge body of work that is expected to take approximately 24 months to complete.</p> <p><b>Update for 24 May 2018 Meeting Manager City Infrastructure</b>  <b>Building audit (condition inspection) underway.</b></p> <p><b>Comment - Internal audit</b>  <b>Internal audit's 4Y plan includes review of fixed assets including buildings and will include review of condition inspection project,</b></p>	CLOSE
60	18	Risk Audit	Maintenance work on buildings are completed on an ad hoc basis and as and when requested.	Commence a proactive maintenance inspection and recording program for Council buildings.	In Progress	Medium	<p>There is now a transition project for merging asset information, identifying gaps, and determining confidence levels around all asset information across the different asset categories. This is included in 2017/2018 work plans for the Infrastructure Assets team. The Coordinator City Assets has gathered the available asset register information in preparation for his team to review and plan what needs to be done. This is a huge body of work that is expected to take approximately 24 months to complete.</p> <p><b>Update for 24 May 2018 Meeting Manager City Infrastructure</b>  <b>Building audit (condition inspection) underway.</b></p> <p><b>Comment - Internal audit</b>  <b>Internal audit's 4Y plan includes review of fixed assets including buildings and will include review of condition inspection project to verify its continuing effectiveness</b></p>	CLOSE

Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
64	19	Leave Audit	Lack of a combined and comprehensive leave policy	<p>An overall Leave Policy should be developed to include the following information, as a minimum:</p> <ul style="list-style-type: none"> <li>a. Requirements for carer's leave and special leave;</li> <li>b. Flexi leave process for staff;</li> <li>c. Policy on taking leave in advance or going on unauthorised leave;</li> <li>d. Consequences for acting in a fraudulent manner when it comes to leave ;</li> <li>e. Information on time off in lieu;</li> <li>f. Circumstances under which leave will be rejected;</li> <li>g. Criteria for taking leave without pay (e.g. all AL has been taken);</li> <li>h. Time limits for taking accrued Christmas Special Leave and Picnic Day leave;</li> <li>i. Escalation process for taking too much sick leave or unauthorised leave</li> <li>j. Jury Service.</li> </ul> <p>The Leave Policy should be approved by the General Manager and referred to the Consultative Committee. The Policy should be entered into the documents register to ensure regular review. The Leave Policy should be uploaded onto the intranet for easy access and review by staff. The most up to date Award should be uploaded onto the intranet for easy access and review by staff.</p> <p>The Employee Handbook should be updated to direct new employees to the leave policy and the Awards for more information about leave.</p>	In Progress	Medium	<p>Project Harmony has commenced and the leave benefits will be part of that negotiation, hence the policy will be developed in line with the negotiations. It is expected that Project Harmony will be completed by December 2017 but is highly dependent on the negotiation process.</p> <p><b>Update for 24 May 2018 Meeting - Manager People Organisation &amp; Culture (POC)</b>  <b>The Council-wide Leave Policy has been approved by the Executive. The details are confidential being subject to harmonisation discussions with union representatives. The iChris payroll application roll-out has been postponed to 1Jul18 due the need for more development and testing. All internal audit matters raised have been addressed in the Executive approved policy.</b></p>	CLOSE
67	22	Leave Audit	The Payroll Standard Operating Procedures require updating	<p>The Manager People &amp; Organisational Culture, or an appropriate delegate, should update the Payrun Standard Operating Procedures Manual to fully reflect current payroll processes.</p> <p>The updated SOPs Manual should be kept in soft copy on the Payroll shared drive.</p>	Overdue	Low	<p>There are procedures in payroll in various states of completion for Botany and Rockdale systems - many are hand written notes. A current review of processes is being undertaken. A new manual will be developed when the new HRIS is built. This is due to commence from August 2017.</p> <p>The preimplementation study has been completed for the new HRIS. The software for the new HRIS system has been installed and the new system is currently being built. This is due to be completed by December 2017 with organisation wide implementation expected to be completed by Feb 2018.</p> <p><b>Update for 24 May 2018 Meeting Manager POC</b>  <b>Currently, as the iChris payroll system is being modified/built to Bayside's requirements, Standard Payrun Operating Procedures are being captured as how-to screen shots with appropriate captions. Very much as a WIP until the system goes live on 1 July18.</b></p>	Carry Forward
69	23	Leave Audit	There is a large accumulation of Annual Leave and Long Service Leave for some employees.	<p>An analysis should be done by the HR Manager and the Executive Team on the outstanding amount of annual and long service leave for employees.</p> <p>A strategy should be developed to encourage employees with large amounts of accumulated leave to take some of their entitlements to reduce the outstanding leave balance.</p> <p>Alternatively, the Council should ensure that there are enough reserves to ensure that they are able to pay out a long standing employee when they leave.</p>	In Progress	High	<p>Workplace Relations team is currently working on a report and recommendations to Executive team in relation to this recommendation.</p> <p>Following the implementation of the Local Government State Award 2017, staff are now able to cash out their excess LSL. This will assist in Council mitigating ongoing growth in liabilities. The process enabling staff to cash out their LSL has been implemented commencing from August 2017.</p> <p><b>Update for 24 May 2018 Meeting Manager POC</b>  <b>The issue of prospective excessive leave build up is being addressed in the current harmonisation/union discussions as well as incentives to reduce existing excessive balances.</b></p> <p><b>Comment Internal audit</b>  <b>Internal audit's 4Y plan includes review of payroll including leave and the verification of the implementation of fixed assets including buildings and will include review of condition inspection project,</b></p>	CLOSE

Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
78	24	Workers Compensation Audit	Procedures Manual requires updating	<p>The "Workers Comp Procedures" should be updated to reflect current business practices and include all information which is relevant to the workers compensation process. The Procedures should be developed in a manner that allows for continuity of business, is comprehensive and is easy to follow.</p> <p>Once the Return to Work Policy and Program is updated and a summary is available at all work site, the "Procedure for Workplace Injuries and Return to Work Plans" can be archived.</p>	In Progress	Low	<p>The worker's compensation procedures document from the two former councils are in process of being harmonised, with Bayside West's procedures being used as the basis for the new document.</p> <p><b>Update for 24 May 2018 Meeting Manager POC</b>  <b>Workers Comp procedures have been harmonised across the Council since Feb18 albeit a manual system. W/C officer is in place to be supported by W/C Administrator when hired. W/C policy is in draft form subject to Executive approval. W/C Procedures are in place as flow charts. W/C application (LOGOOS) has been purchased and is planned to go live on or before 1Sept18 ie after iChris payroll application which is planned to roll-out from 1Jul18. W/C guidelines will be based on how-to screen shots of W/C Procedures.</b></p>	CLOSE
81	25	Parks and Gardens Audit	Outdoor staff and contractors' tickets and training are not proactively managed.	<p>Evidence of all training completed must be provided to the HR Officer once it is received. Where evidence has not been provided in a timely manner, the supervisor should be notified. If there is further delay, an appropriate escalation process should be applied. This can constitute warning letters, disciplinary action and potential termination.</p> <p>Clarity should be sought on who is responsible for the management and tracking of outdoor staff's tickets and training. There are several options to consider:</p> <p>a) Responsibility should lie solely with HR. Reports should be generated by the pay system on a regular basis (e.g. 12 months), to identify which tickets are expiring. The supervisor should be notified and clarity should be sought on whether the employee still requires the ticket. Where still required, the Hr Officer should arrange for training. Where no longer required, this should be noted against the pay system or the employee file.</p> <p>b) Responsibility should lie solely with the Outdoor Staff Coordinator, who administrator will keep track of outdoor staffs' ticket and training. Where a ticket or training is about to expire, the administrator could inform the Manager or the relevant supervisor, who will inform the HR Officer and ask her to book the employee in for refresher training. This will also allow for periodic audits to be conducted determining, not only if all staff have current tickets, but if they have all the tickets they require for their job roles.</p> <p>c) Joint responsibility by both HR and the Outdoor Staff Coordinator, where either limited access to the pay system is provided to the Outdoor Staff Coordinator to allow him to track the currency of tickets and training or a shared tracking spreadsheet is created.</p> <p>The outdoor supervisors must request from contractors a copy of all relevant training and tickets required to undertake a job. There tickets and training certificates must be checked for currency prior to the contractor being hired. The tickets and training certificates should be stored on file.</p> <p>Council should work towards using an electronic contractor management system, which tracks tickets and training on behalf of the business. Outdoor staff could also be put onto this system, thus providing an overarching solution to ticket and training tracking.</p>	In Progress	High	<p>There is currently a health check underway to assist with resolving this issue. The Coordinator Workplace Health and Safety has been nominated the process control owner for this process and will be responsible for managing employee's licenses, tickets and training and scheduling staff in for training as and when it is required. The Coordinator Workplace Health and Safety has commenced a project to collect license, ticket and training information for all blue collar staff located at both Botany and Bexley depot.</p> <p>It is expected that the WHS Team will use the Global Vision system to maintain and track employee's mandatory licenses, tickets and training. This system is expected to go live by March 2018.</p> <p><b>Update for 24 May 2018 Meeting Co-ordinator Workplace Relations, Safety &amp; Wellness</b></p> <p><b>A WHS audit was completed that identified all outdoor staff/contractors and their licence, ticket and training requirements. Gaps were identified and resolved, mainly in relation to Bayside east staff. Currently, a spreadsheet is maintained by WHS supported by copies of existing licences and tickets. Copies are filed in the individual's TRIM HR folder. The spreadsheet is monitored for due dates, etc. The data will be migrated to the iChris payroll system when the latter becomes operational around Jul/Aug18. WHS anticipates the existing licence/tickets/training data will be loaded up and operational by October18.</b></p>	CLOSE

Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
83	26	Parks and Gardens Audit	Identification and completion of parks maintenance works could be more proactive.	<p>The Outdoor Staff Supervisors should, at a minimum, do a quarterly audit of all their parks, gardens, reserves, ovals and sporting fields.</p> <p>A comprehensive checklist should be created by the Director City Infrastructure, in collaboration with other business areas to ensure that all relevant areas within the parks, reserves, ovals and sporting field are covered. This checklist should be used by the Outdoor Supervisors when doing their quarterly checks.</p> <p>Consideration should be given to creating a similar abbreviated checklist for the groundsmen and the relevant mowing crew to use when they check the parks for damage and maintenance work.</p> <p>Consideration should be given to supervisors taking pictures of all damage, including those which require immediate attention.</p>	Overdue	Medium	<p>The Manager Parks and Open Spaces advised that an audit software, iAudit, will be used across Bayside by all Team Leaders with the intention of eventually rolling this system out to all senior technicians. The first stage would be to provide the Team Leaders with access to this system and is expected to come into effect by Jan 2018. This system will be used to conduct condition assessments of Council's parks, gardens, reserves, ovals and sporting fields. All audits will be collated and reviewed by the Coordinators and appropriate actions will be taken according to the results of the condition assessment and the asset profile.</p> <p>The Director City City Presentation has advised the Internal Auditor and Executive Committee that condition assessments are completed to a monthly schedule (31/10/17). Awaiting a copy of the parks and gardens maintenance schedule (03/11/17).</p> <p><b>Update for 24 May 2018 Meeting</b>                      Parks and Open Spaces (approx. 150 staff) still rely, in the main, on manual procedures. Harmonisation mostly involves bringing Bayside East up to the procedural standards of Bayside West. Across the estate, very much reactive operations using various localised applications and checklists. Hoping to move to proactive management based on an all-inclusive internet based mobility platform (iPads, iAudit and, as a minimum, mobile phones; the latter for WHS needs for individual staff members especially older staff). Purchased iPads are not being used, awaiting stakeholder consultation finalisation. Given the workforce size, geographic spread, harmonisation requirements and existing low technology platform, the optimum operational platform should be in place by early 2019. Above comments noted by John Walsh from telephone (2May18) discussion with KYLE JAMIESON Manager Parks &amp; Open Spaces 2May18</p>	Carry Forward
85	27	Parks and Gardens Audit	Fees and charges are not being consistently and correctly applied.	<p>An invoice template should be created to capture all the different charges which must be included in the calculations. There should be a line item for administration fee, booking deposit, key hire fee, key hire deposit, storage fees and booking fees. This will assist the booking officer by prompting her on the different costs to consider when calculating payment.</p> <p>Hirers should be charged accordingly to the fees recorded in the most up to date Fees and Charges document. Where there is a mistake in the Fees and Charges document, the document should be updated accordingly.</p> <p>All payment calculation should be checked by an independent person to ensure that all costs have been considered and the amounts calculated is accurate. This could be an individual from the Finance team or another appropriate individual.</p>	Overdue	High	<p>Currently, IMT and Customer Service are working to develop a method of calculating fees accurately using an Excel spreadsheet as an interim measure until a new bookings management system is implemented with appropriate calculation methods included. There is also a cross Council group looking at the requirements for such a system. The time frame for recommending a bookings management system has been delayed until XXXX. The new system will be able to be accessed through Council's website allowing for greater transparency and access by the public.</p> <p><b>Update for 24 May 2018 Meeting Manager Recreation and Community Services</b>                      Fees and Charges for 2018/19 drafted and subject to approval by 30 June 2018. The schedule covers Bayside-wide but with allowance for harmonisation. It is anticipated that the 2019/20 schedule will be fully harmonised.</p> <p><b>Comment Internal audit</b>                      Internal audit's 4Y plan includes review of cash collection points an element of</p>	CLOSE

Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
86	28	Parks and Gardens Audit	Lack of clear guidelines in place to manage the booking process.	<p>A booking policy should be developed by the Coordinator Sports and Recreation, or her delegate, to provide clear guidelines to the Booking Officer and the public. The policy can either be an overarching document covering all activities and facilities, a separate policy for different uses or in another manner which suits Council. This policy should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>a) what are considered permissible and excluded activities in parks.</li> <li>b) how many people have to attend an event for it to be chargeable.</li> <li>c) what areas are not conducive or allowed for any activities, if relevant.</li> <li>d) what types of permits are available.</li> <li>e) payment of booking fees.</li> <li>f) what the hirer is entitled to by making a booking e.g. exclusive use of area.</li> <li>g) paperwork and insurances required for each type of booking.</li> <li>h) where relevant, the number of hours a park, reserve or sporting field can be booked for each week.</li> <li>i) process surrounding cancellation and rescheduling of existing bookings and the cost, if any, associated with it.</li> </ul> <p>Once developed, this policy should be approved by the relevant Committee and then uploaded onto the internet for easy access and information purposes for the public.</p> <p>The Booking Officer should develop/update the Booking Procedures document to ensure that there is a step-by-step guide on how to process booking requests when it is received.</p> <p>Management should consider the merits of providing the hirer exclusive use of the area requested when deciding on what a hirer is entitled to when making a booking. This would further encourage users of parks to hire it for their use, instead of using it in an unauthorised manner.</p>	In Progress	Medium	<p>Currently, bookings are being undertaken in accordance with the Recreation and Community Facilities Management Policy using the RMS Bookings system. All existing hirers have been moved from the spreadsheet that was used at the former Botany Council to the RMS Bookings System which was used by the former Rockdale Council. The electronic system is a more efficient way of monitoring bookings and capturing relevant and required information about Parks Bookings. RMS is also used by the Facilities bookings staff to manage bookings in halls and other indoor venues.</p> <p>The Management Policy needs to be updated to reference the whole of Bayside Council. This work should be done in consultation with relevant stakeholders across Council including the proposed Recreation Coordinator and the team managing indoor venues bookings. Reference will also need to be made to Strategic Management Plans for individual parks which will provide guidance for the types of activities that are permissible in parks.</p> <p>There is a cross-Council group looking at an improved electronic bookings management system which will allow the public ease of access to information about facilities and the bookings requirements attached to them. When the Sport and Recreation Coordinator is appointed further work can be done on the more strategic issues around hiring of Councils' sport and recreation facilities.</p> <p><b>Update for 24 May 2018 Meeting Manager Recreation and Community Services New Recreation and Community Facilities Management Policy (Bayside wide) is in draft format and subject to approval by 30 June 2018.</b></p>	Carry Forward
87	29	Parks and Gardens Audit	It is unclear what types of events require a formal booking to be made.	<p>Management should consider all activities which are permissible in parks and reserves. At the minimum, the following additional events should be considered:</p> <ul style="list-style-type: none"> <li>a) social gatherings and the threshold at which the hirer will be charged.</li> <li>b) christening.</li> <li>c) photography and videography for weddings.</li> <li>d) set up of structures/props such as tables, chairs, wood fire pizza ovens, camping tents and electric heaters and air coolers.</li> <li>e) use of equipment including public address system.</li> <li>f) charity and fundraising events.</li> </ul> <p>The Booking Policy should clearly state that any requests to book parks and reserves to conduct activities outside those listed will be assessed on a risk basis.</p> <p>Management should consider the consequences for inappropriate unauthorised use of parks and reserves. If management decided that a fine is the best solution, a fine amount should be determined.</p> <p>Once the above has been finalised, it should be presented at the relevant Committee meeting for approval.</p> <p>Once approved, the information should be included in the Booking Policy and uploaded onto the internet page for easy access, review and use by the public.</p> <p>The consequences agreed upon by management and approved by the relevant Committee should be communicated to the Team Leader Regulatory for enforcement by his Rangers.</p>	Overdue	Medium	<p>There is an existing Recreation and Community Facilities Management Policy that was developed for the former Rockdale Council. This Policy is now being used to guide all bookings across Bayside and includes conditions of hire that can be applied to specific events, photography, set up, use of equipment, charity and fundraising events but further Policy work needs to be undertaken to harmonise policies across Bayside.</p> <p><b>Update for 24 May 2018 Meeting Existing policy updated and now covers all of Bayside. Policy in draft form and being reviewed by Governance with approval due by 30 June 2018.</b></p> <p>Hayla Doris Manager Recreation and Community Services 3May18</p>	Carry Forward
89	30	Parks and Gardens Audit	There is no evidence that booking forms are used for events held in parks and reserves.	<p>A booking form should be created by the Booking Officer to capture the necessary information for sporting, corporate and social events. This form can be:</p> <ul style="list-style-type: none"> <li>a) one overarching form, covering all types of booking.</li> <li>b) separate forms, according to the type of activities.</li> <li>c) separate forms according to the parks available to be hired.</li> <li>d) a generic booking form to cover all types of booking, with an additional form for sporting events, requesting details of practice dates and facilities requested.</li> </ul> <p>Conditions of hire should be determined, documented and attached to all booking forms.</p> <p>Once developed and approved, the form and the condition of hire should be uploaded onto the internet page to allow easy access by the public. Booking forms must be used, once developed, instead of request being made through email.</p> <p>The internet page should be updated to direct hirers to booking forms in addition to providing the booking officer's details.</p>	In Progress	Medium	<p>All forms have been developed but are not readily available on the internet page. These forms are expected to be loaded onto the system once the tooling issues with the internet site has been resolved. Follow up on this issue will be conducted in November 2017 to determine if it has been completed and to provide the Risk and Audit Committee will the most up to date information.</p> <p><b>Update for 24 May 2018 Meeting Coordinator Sports &amp; Recreation Booking forms are now available on the Council's website.</b></p>	Close



Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
90	31	Parks and Gardens Audit	Booking confirmation sent to hirer prior to payment being made.	Invoice should be sent to the hirer prior to booking being confirmed. The invoice should clearly state that the booking has not been confirmed until the agreed payment has been received, upon which, a confirmation letter will be sent. At a minimum, all social and corporate events should be paid prior to the events date. Seasonal hirers should be required to pay the administration fee, security deposit, key hire deposit and fee and a percentage of the booking fees. Once payment has been received, the confirmation letter should be sent to the hirer. the confirmation letter should clearly state that the hirer should have their permit with them on the day of the event as prove of booking. Where payment has not been received within 48 hours of event date for social and corporate events, and 5 working days for seasonal hire, the booking should be cancelled and the hirer notified accordingly. Where possible, sporting clubs which have not been invoiced for use of parks should be invoiced immediately.	Overdue	Medium	Hirer is advised of costs by Recreation Bookings Officer and permit is generated through RMS (bookings system) with all relevant conditions of hire. Finance are instructed to raise and send the relevant invoice based on the quote provided to the customer. Currently we are reviewing the process around non payment for events and hire. Also currently reviewing the process around invoicing for sporting clubs.  <b>Update for 24 May 2018 Meeting - Internal Audit Sports and Recreations are in discussions with Finance to set up a procedure whereby Finance provide S&amp;C with a list of outstanding debtors. Internal audit's 4Y plan includes review of cash collection points an element of which will be fees &amp; chages and related debtors.</b>	CLOSE
103	32	Follow up on Operation Jarek recommendations		The Procurement Policy, Procurement Manual and Procurement Guidelines for Officers document should be reviewed for relevancy, appropriateness and completeness and where required, should be updated accordingly.	Overdue	Medium	Bayside Procurement Policy has been approved and endorsed. Update for 24 May 2018 Meeting The Procurement Procedures and Guidelines will be revised in line with the adopted policy, communicated to staff and implemented by 31 December 2017. <b>Update for 24 May 2018 Meeting Manager Procurement Procurement Guidelines are in progress. The timeframe has been revised and the guidelines will formally be launched during 1st Week of July. The delay in time frame is due to competing priorities. The Procurement Unit has focussed on education and training (see below) and developing resources to address some immediate needs. Including; quick reference guides to use TechOne for purchase orders, quick reference guides to advise staff how many quotes are required in accordance with the policy, exemption form, new supplier request form, information about preferred suppliers and revised protocol for opening tenders.</b>  The Procurement Unit are progressively building a suite of resources and templates to support procurement practices. A collation of previous and current resources utilised are being reviewed and research on resources from other Councils is being undertaken. It is noted that several Councils in the Sydney Metro are undertaking a similar resource review. Bayside Council Procurement Unit tabled at a recent LG Procurement Network session to exchange and share resources with the review of standising where possible Council procurement templates. This was supported by the attending Councils.	CLOSE
110	33	Follow up on Operation Jarek recommendations		Council should identify staff members who undertake procurement activities and/or operate in an environment where they may be exposed to relational selling and provide these staff with refresher training on relationship selling is, how to recognise it and how to respond to it. this training should be carried out by an external consultant who understands relational selling and its workings.	In Progress	High	A 17/18 education program has been prepared and is being implemented by the Procurement Unit. Activities that have been completed are; *Communication to all staff on the adopted Procurement Policy *Information roadshow to business unit team meetings about the Policy, new supplier requests, procurement exception process and NO PO/NO Purchase discipline. Activities to be completed are: * Relational selling scheduled for November 2017 * Supplier Information newsletter that includes reminder on Statement of Business Ethics, Terms and Conditions and 'Thank You is Enough' Gift Policy - Nov 2017 * Staff Newsletter that reminder on procurement policy principles, Thank You Is Enough Gift Policy and protocols dealing with suppliers. * TechOne Procurement System Training - Nov 2017 and refresher training February 2018. * Procurement Training delivered by ICAC scheduled for February 2018 Update for 24 May 2018 Meeting Manager Procurement The 2017/18 procurement education is 95% complete including the delivery of education (external and inhouse) around core outcomes of ICAC recommendations re corruption and relational trading. Planning for 2018/18 is underway. The emphasis is on traing and development that changes behaviour. Procurement work closely with the Learning and development unit. Comment Internal Audit The Manager provided internal audit with an extensive list of activities completed under the 2017/18 programme.	CLOSE

Original Ref. No	RAC May18	Source	Audit finding	Audit Recommendations	Status	Risk Rating	Management's Comments	Internal Audit Recommendation
111	34	Follow up on Operation Jarek recommendations		The Coordinator Risk Management, together with the relevant stakeholders, should identify points and types of risks present in the existing process and collaboratively determine strategies to close gaps and treat risks. This would include potential areas of corruption risks. Once completed, these risks and strategies should be added into the system for tracking and monitoring.	In Progress	High	This will be completed as part of the "undertake risk analysis for all key business services and implement relevant action plans" section of the Risk Management Program.  <b>Update for 24 May 2018 Meeting Coordinator Risk Management</b> Strategic Risk Register in place. Operational Risk Register being developed for review by Executive. Both to be migrated to PULSE ERM system for monitoring and reporting. Operational Risk Register still on track for due date of 30 June 2018.	Carry Forward
116	35	Follow up on Operation Jarek recommendations		At a minimum, the following should be undertaken immediately a) Determine the re-order threshold for stock items. Implement the threshold and review for adherence during stock takes. b) Implement segregation of duties between ordering goods, receiving goods, recording information into Authority and completing stocktake for the Gatekeeper and Storeperson. c) Label stock items in "warehouse". d) Determine who has access to the 3 "warehouse" where stock is currently kept. Where this information is not easily available, locks and keys should be changed for the 2 "warehouses" which does not have cyber key access. A register should be maintained, highlighting the individuals who have access to the different stock "warehouses".	Overdue	Low	a) TechOne has the capability to set minimum re-order levels and maximum order quantities. Due to the delay in implementing TechOne for Bayside East, the thresholds for all of Bayside has not yet been finalised. This will be completed by Dec 2017. b) Complete c) Complete d) Complete <b>Update for 24 May 2018 Meeting Coordinator Fleet Operations &amp; Stores</b> a) [Further delays] Due to ongoing implementation issues with the Bayside East T1 (and the way the former Botany inventory system was created), this has been held until the next full stock take is completed with a view of re-implementing the data load from scratch.  c) COMPLETED since last report.	Carry Forward



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## Risk & Audit Committee

24/05/2018

Item No	5.2
Subject	<b>Insurance Claims Performance Overview</b>
Report by	John Hughes, Coordinator Risk Management
File	F08/85
Duration	15 minutes

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### Summary

This report informs the Risk & Audit Committee of the current litigated claims matters against Council with accompanying graphs detailing claims and notified incidents reported to Council over the last five (5) years.

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### Officer Recommendation

That the report be received and noted.

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### Background

Council currently has four (4) litigated matters and one further matter that has a potential for litigation i.e. the matter of "Claimant C". One litigated matter has settled since the last report.

In the preceding quarter, a total of 20 notifications and claims have been received.

#### Claimant "A"

This matter was being taken by the claimant's estate (claimant's death was unrelated to the incident). Council had not received any prior complaints about the area of fall and the matter was being defended on legal advice. The matter was listed for Hearing on 19 February 2018. The matter has now been settled with judgement entered in Council's favour **but** with Council agreeing to pay \$5,000 in costs by way of settlement to the plaintiff, which was considered commercial and prudent compared with trial costs and limited recovery prospects from the Deceased Estate.

At closure of the file the total costs to Council of the successful defence totalled **\$36,878**.

#### Claimant "B"

The claimant was allegedly knocked unconscious after striking his head as he rode down the Green Slide at the Botany Aquatic Centre. The claimant's lawyers issued a GIPA request to Council seeking information regarding the pool. McCulloch & Buggy Lawyers are representing Council.

Correspondence has been received from the Plaintiff's lawyers demanding an admission of liability in respect to their client's alleged injuries and losses and access for an expert engineer to carry out an assessment of the Green Slide.

On legal advice Council has denied liability and represented via Claims Management Australasia (CMA) lawyers, McCulloch & Buggy (M&B) that the slides were diligently maintained and properly operated.

Council has advised Plaintiff lawyers on the M&B advice that the Plaintiff's Engineer expert should be invited to conduct a view of the slide but they be given a limited time to arrange the view and provide the report. The recommended time limit is 31 May 2018. Council will then have an opportunity to get a further report in reply, which can more directly address the issues which may be raised.

It is noted the slides are scheduled to be demolished on 1 July 2018.

A Civic Risk Mutual reserve of \$250,000 has been recommended of which Council's deductible contribution will be \$100,000. \$26,112 has been expended to date in this matter.

#### **Claimant "C"**

This claimant allegedly struck his head on the Green Slide at the Botany Aquatic Centre and suffered from swelling and bruising. He is represented by Firth's Lawyers who submitted an offer of \$30,000. Firth's have expressed the view that they would like the matter to be informally settled. The matter has been referred to CMA who have requested medical reports and details of out-of-pocket expenses before Council can consider the offer further.

On 28 February 2018, hospital clinical notes were forwarded to CMA "for information purposes only" and the Claimant's solicitor indicated it is likely a Statement of Claim would follow. To date no Statement of Claim has been served.

The matter remains listed as ongoing. Recommended reserve is \$10,000. Expenditure to date, \$417.

#### **Claimant "D"**

The claimant, represented by AM Legal Compensation Lawyers, has issued a Statement of Claim alleging negligence on behalf of Council as a result of a fall on an unidentified stretch of allegedly misaligned kerbing within Cook Park on New Year's Eve Celebrations 31 December 2014 at 7.30pm.

The matter was reported to Council in 2015 (no report made at the time of the incident) but the claim and allegations are vague e.g. injuries range from fractured left foot, injury to both knees and resultant anxiety and depression. Council has requested details on many occasions from her solicitor but this has not been forthcoming.

The matter remains listed as ongoing. Recommended reserve is \$40,000 and expenditure to date \$3,326.

#### **Claimant "E"**

The plaintiff is seeking unspecified financial damages for alleged injuries sustained from an umbrella propelled by wind at the Botany Aquatic Centre in January 2015. The matter is being defended and has been subject to investigation by an external investigator appointed by CMA. Some delays in progressing medical evidence are unavoidable as the plaintiff presently resides in a NSW Government operated Correctional Facility.

Based on CMA legal advice, Council's solicitors have been instructed to offer to settle the matter with each side bearing its own costs.

The matter remains listed as ongoing. Recommended reserve is \$75,000 and expenditure to date \$2,071.

#### **Claimant "F" (CROSS CLAIM – COUNCIL 2<sup>ND</sup> DEFENDANT)**

Council is listed as a second defendant on this matter, where the claimant alleges he tripped and fell on a steel ramp which is owned by the [REDACTED], a third party. Ownership was discovered after Council's Compliance Officer investigated the complaint, which Council received soon after the incident.

Council has been subpoenaed to produce documents but the scope of the subpoena has been contested by Council's solicitors. The matter remains listed as ongoing.

Recommended reserve is \$40,000. Expenditure to date \$3,548.

#### **Industrial Special Risk Arson/vandalism 1 July – October 2017**

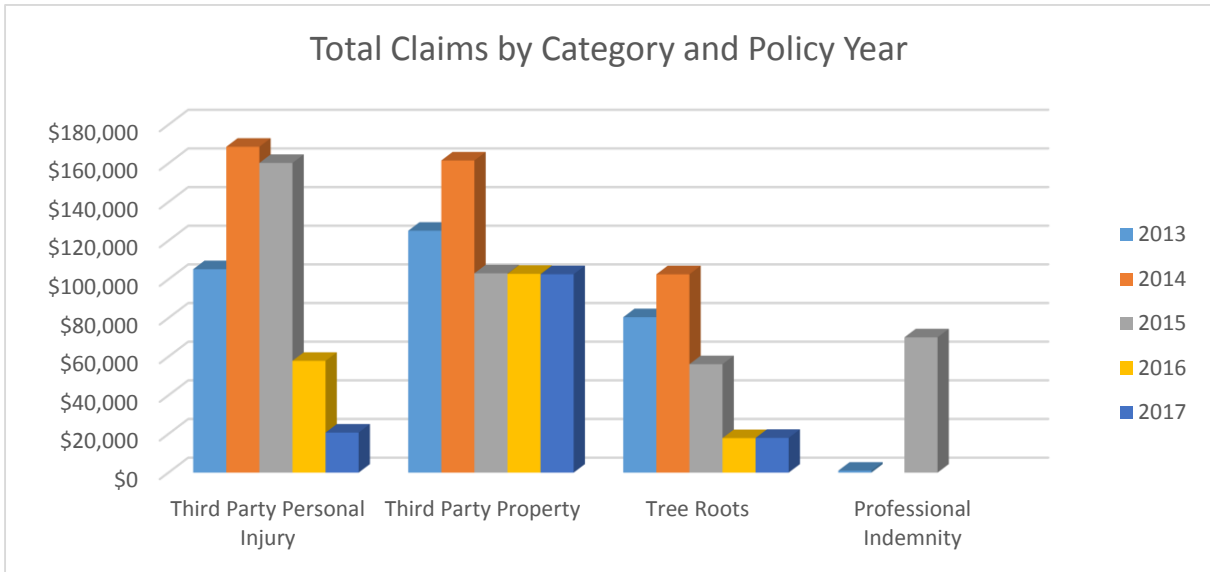
The vandalism / arson claims from the latter half of 2017 impacting various Council assets located within parks and reserves including toilet blocks, children's playground equipment and picnic amenities seems to have abated, with no new claims reported in the last quarter.

#### **Holistic Claims Summary**

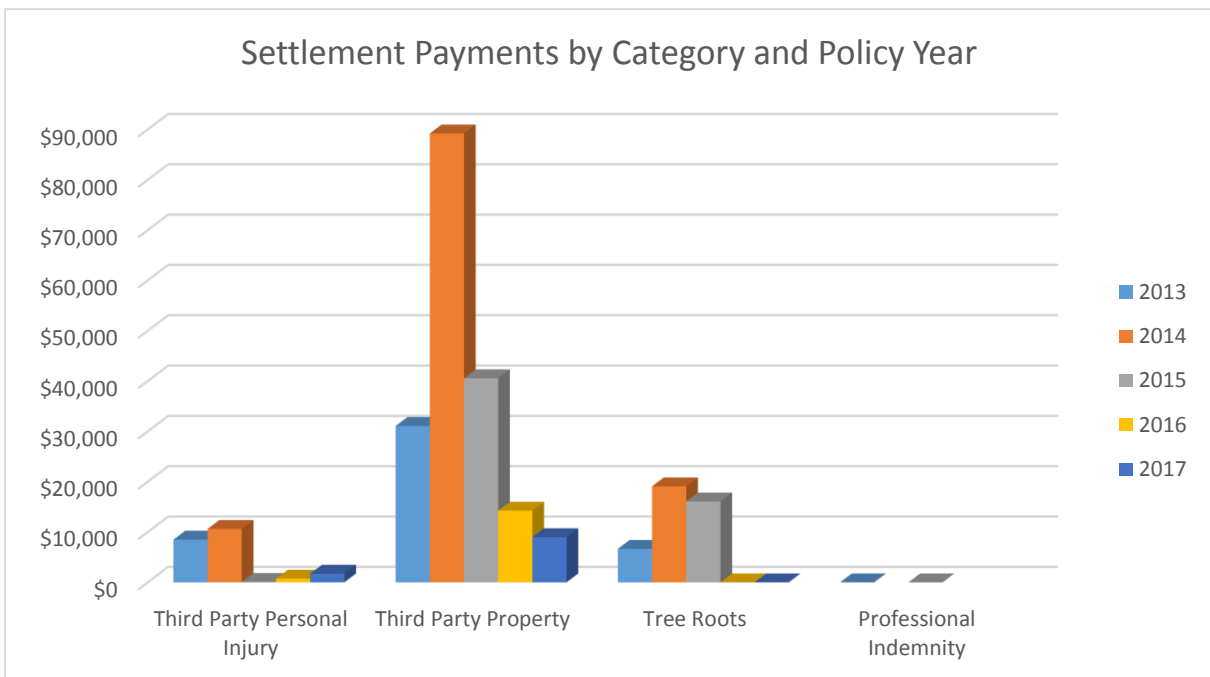
The following graphs depict claims and notifications as received by Council over a five (5) year insurance policy year period which is 1 November to 31 October. The historical data consolidates available claims and notification histories of the former councils. The insurance year 2017 captures claims to 31 October 2018.

All liability claims categories are exhibiting a declining trend with the exception of Professional Indemnity, which is impacted by a single claim for \$70,000 in the 2016 policy year relating to the Ramsgate Town Centre project. The claim is currently in the hands of CMA Australia but a NIL reserve is in place, the claimant has been advised to refer their claim to the building contractor. The claim is carried as "ongoing" on the basis of conservatism until the site is formally handed back to Council from the builder. Nevertheless, the NIL reserve is considered appropriate.

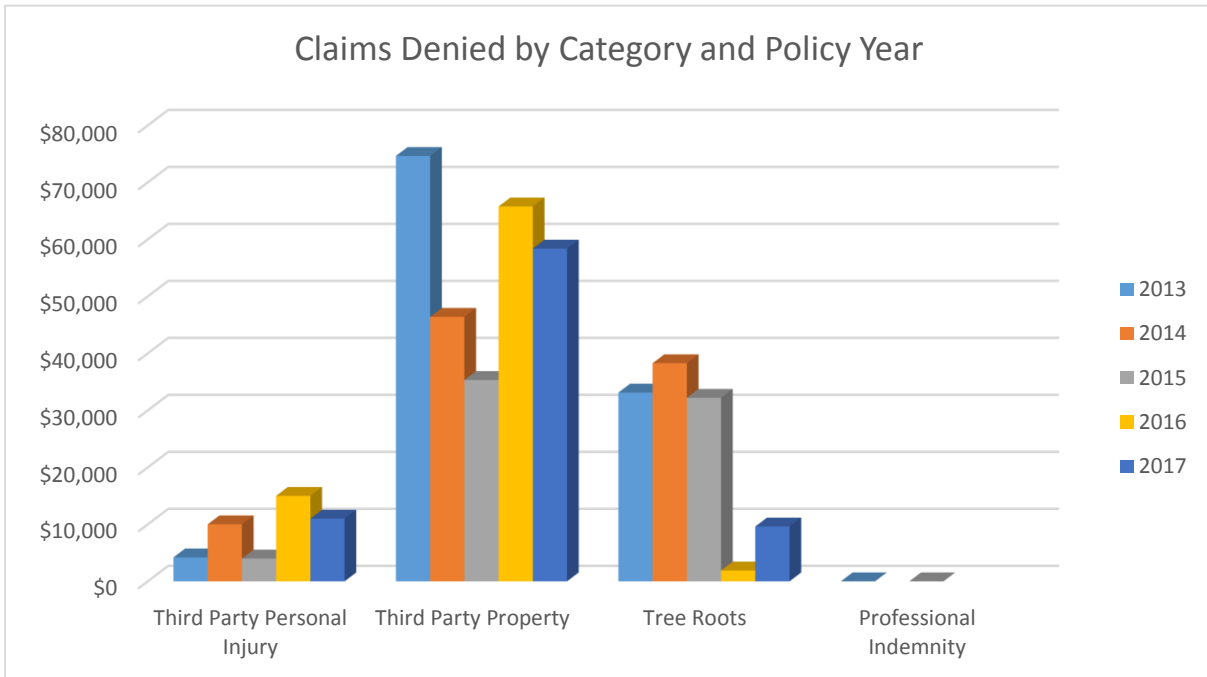
2017 is a part year and contains new claims but no provision for IBNR (Incurred But Not Received) claims.



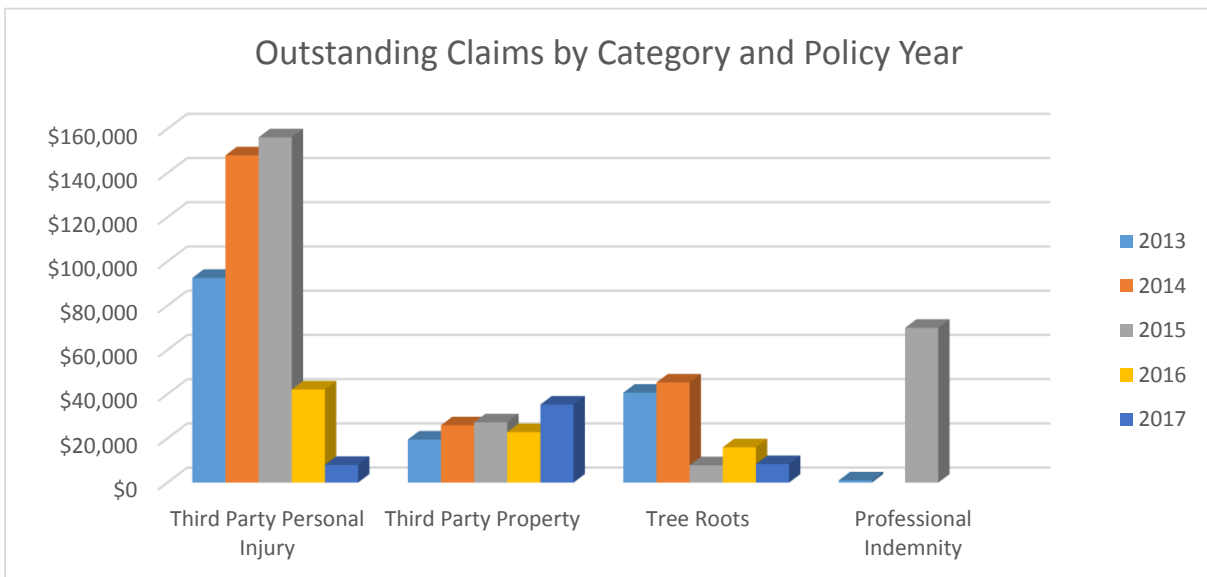
As with overall claims, settlements are continuing to observe a declining trend as depicted below.



Claims denials are unremarkable. All new claims are investigated on merit and denied unless a compelling case for Council liability is presented supported by appropriate evidence. Where prudent, notwithstanding denial of liability, notification of a claim to Civic Risk Mutual and/or CMA may be made to preserve Council's interest under policies of insurance.



Outstanding claims also depict the declining trend in all reported categories other than Professional Indemnity, as noted above.



**Attachments**

Nil

## Risk & Audit Committee

24/05/2018

Item No	5.3
Subject	<b>Strategic Risk Register Update and Review</b>
Report by	John Hughes, Coordinator Risk Management
File	F13/418
Duration	15 Minutes

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## Summary

The Revised Risk Management Work Program requires quarterly progress reporting on the Strategic Risk Register to the Executive and Risk & Audit Committees. Reporting to the Risk & Audit Committee is to incorporate the ten highest-ranked risks in terms of their **residual risk** rating. Council's current strategic risk profile has remained generally unchanged but with work on mitigation strategies continuing as planned.

It should be noted that Council's greatest risk exposure is managing civic events ie the risks associated with large crowds of people in public spaces within the LGA. Council has been recognised for its "best practice" in crowd safety for events notwithstanding the increasing safety requirements being imposed on such events. The consequence maintains the risk as "Very High".

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## Officer Recommendation

That the Risk & Audit Committee receives and notes the report

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## Background

Annexed to this report is the Strategic Risk Register 'Top 15' listing which has been reviewed and updated with comments as available from Directors and relevant Managers on progress with implementation of controls since the last report to the Risk & Audit Committee in February 2018. The report incorporates fifteen instead of ten highest-ranked risks as there are, in total, fifteen risks at the level of residual rating of **Medium** or above.

In the Annexure included with this report, items in **red type** represent updates since the previous report.

## Comments on Top Fifteen Strategic Risks

The table below provides a summary of the 15 highest residual-risk-level Strategic Risks in Council's Risk Register, which are detailed in the annexure to this report. The summary comments are not intended to be exhaustive in nature but rather to reflect the current status and/or any major changes in status since the previous report.

Risk ID / Rating	Risk Description	Summary Comments
EN_17_59 Very High	Council may lack the ability to manage emergent risks associated with large crowds of people in public spaces within the LGA.	<p>All controls have been implemented and are monitored with each event. A Risk Management Plan is tailored to fit the requirements of each major event in the community. Recent events (ANZAC Day Dawn Service and March) were successful and without serious incident.</p> <p>Council has been recognised with Good Practice Award for NYE Event.</p> <p>The trend with each event each year is that security requirements and measures increase with corresponding increases in resources loads and costs.</p> <p><b>Crowded Places Strategy:</b> Council has examined 3 key sites using recognised Australian Nation Security Strategy Self-Assessment tool: -Mascot Station Precinct -King Street Mall -Brighton Le Sands Each site scored below threshold for reporting to NSW Police for action. Council will implement measures to deter the threat of hostile vehicle attacks in each of these locations in the 18/19 financial year.</p> <p>Residual rating unchanged.</p>
EN_17_03 High	The inability of the organisation to deliver, and embrace new integrated technology platforms and business applications.	<p>On target for implementation by due date of 31/12/18. Refinements of local server environments progressing satisfactorily. Redundant communication links between major locations being established.</p> <p>Residual rating unchanged with improving outlook.</p>
EN_17_42 High	Failure of Infrastructure * a major unit of infrastructure may fail unexpectedly and / or catastrophically.	<p>This complex risk is being monitored and requires the blending of information from Long Term Financial Planning, Strategic Asset Management systems and budget linkages. Solutions will require strategies for alternative funding options in the event of catastrophic infrastructure failures. Coordinator Risk Management has noted for follow-up and reporting in greater depth over the next quarter.</p> <p>Residual rating unchanged.</p>
EN_17_09 High	Failure to deliver one or more major Transition Projects within Time / Cost / Scope / Quality expectations.	<p>Closely monitored by Executive Management with weekly update reporting on the position of each project.</p> <p>Residual rating unchanged with improving outlook.</p>
EN_17_10 High	Failure to identify and respond to critical emerging social issues - for example "affordable housing" within LGA.	<p>Consultant engaged to develop affordable housing/social housing policy to incorporate into LEP/DCP</p> <p>LEP/DCP draft project plan has been established with an anticipated completion date of Dec 2019.</p> <p>Inaugural VPA with affordable housing provision currently being negotiated with a proponent.</p> <p>Residual rating unchanged.</p>

Risk ID / Rating	Risk Description	Summary Comments
<b>EN_17_23</b> <b>Moderate</b>	Airport does not pay or pays significantly less than assessable rate equivalent payments to Council.	Ongoing. Continuing to levy rate equivalence.  Residual rating unchanged.
<b>EN_17_24</b> <b>Moderate</b>	Construction of F6 in LGA.	RMS has contacted Council to advise the possibility of clearways of Rocky Point Road and Grand Parade, potentially removing hundreds of daytime parking spaces along these thoroughfares. Council has responded with a Mayoral Minute and maintains strong lobbying and representation in relation to these measures.  Managed through ongoing engagement with external agencies & community, and providing relevant advice to Council.  Residual rating unchanged.
<b>EN_17_54</b> <b>Moderate</b>	Environmental risks.	Ongoing program of controls and monitoring.  Residual rating unchanged.
<b>EN_17_11</b> <b>Moderate</b>	Failure to manage Assets sustainably for the future requirements of the community.	Implementation of controls under way and monitored linked to EN_17_42. Noted for in-depth follow-up next quarter.  Residual rating unchanged.
<b>EN_17_58</b> <b>Moderate</b>	Customer Service Performance may fail to meet community expectations.	Recruitment completed for Manager Customer Experience.  The MCE is currently preparing a number of business cases for initiatives as part of the overall project which will be put individually to the Executive in the coming months.  Residual rating unchanged.
<b>EN_17_12</b> <b>Moderate</b>	Inability to effectively manage and control urban development and growth in the LGA.	Continuous monitoring.  LEP/DCP draft project plan has been established with an anticipated completion date of Dec 2019.  Residual rating unchanged.
<b>EN_17_14</b> <b>Moderate</b>	Council may be bound in the short-term to unprofitable non-core airport business unit.	The performance of the Airport Business Unit is being closely monitored by the Executive to contain the losses to Council under the provisions of the current contract until its expiry. The financial effects will continue potentially until the 2021 financial year.  Council is preparing a new tender for the works on an economically responsible and sustainable basis, albeit with no guarantee that a tender will be awarded or that the obligation to continue the work on the current disadvantageous terms for the remainder of the contract of may be enforced by SACL.  Residual rating unchanged.
<b>EN_17_30</b> <b>Moderate</b>	West Connex development results in significant increase in traffic volumes within Bayside.	Continued response to Sydney Motorway Corporation and RMS  Residual rating unchanged.
<b>EN_17_48</b> <b>Moderate</b>	Adverse or unplanned impacts of population growth within the LGA.	Controls continuously monitored and activity maintained to lobby and advocate on behalf of Council.  Residual rating unchanged.



Risk ID / Rating	Risk Description	Summary Comments
<b>EN_17_46</b> <b>Moderate</b>	Change fatigue.	Controls implemented and continuously monitored.  Health and wellbeing calendar provides education, information and activities to increase resilience, motivation and morale of staff across the organisation. A wellness room has been opened at the Rockdale Administration building.  Residual rating unchanged.

## Attachments

Bayside Strategic Risks Register 17 May 2018 [↓](#)

Risk Number	Description	Consequences	Risk Category	Likelihood	Impact	Inherent Risk Rating	Treatments	Risk Owner	Mitigation Assigned to	Budgetary Impact	Resource Impact	Likelihood (Post Mitigation)	Impact (Post Mitigation)	Residual Risk Rating	Due Date	Status	Date Closed	Comments
EN_17_50	Council may lack the ability to manage emergent risks associated with large crowds of people in public spaces within the LGA	* multiple casualties and/or loss of life * impediment caused to legitimate movements of emergency services vehicles and personnel * adverse impact on community wellbeing	Service	Likely	Extreme	Extreme	* deployment of temporary barricades / heavy vehicles * deployment of additional security personnel * collaboration with Police and other Government agencies * collaboration with proprietors of properties adjoining public spaces concerning additional security measures during events * Monitor changing security requirements and reconsider risk appetite position if necessary	Director City Life	Head of Communications and Events Manager Recreation and Community Services	Moderate	Moderate	Unlikely	Extreme	Very High	30/06/2018 ongoing review	Implemented - under Executive Review		All controls implemented and being monitored. A detailed Risk Management Plan is prepared for each event. GM: 13/02/2018 Positive feedback received from Police Local Area Command concerning NYE Fireworks being the best organised in the area from a safety and risk management perspective RESIDUAL RISK REDUCED FROM EXTREME  Comment - May 2018 All controls have been implemented and are monitored with each event. A Risk Management Plan is tailored to fit the requirements of each major event in the community. Recent events (ANZAC Day Dawn Service and March) were successful and without serious incident. Council has been recognised with Good Practice Award for NYE Event. The trend with each event each year is that security requirements and measures increase with corresponding increases in resources loads and costs.  Crowded Places Strategy - Implementation progress: Council has examined 3 key sites using recognised Australian Nation Security Strategy Self-Assessment tool: - Mascot Station Precinct - King Street Mall - Brighton Le Sands Each site scored below threshold for reporting to NSW Police for action. Council will implement measures to deter the threat of hostile vehicle attacks in each of these locations in the 18/19 financial year.  Residual rating unchanged.
EN_17_03	The inability of the organisation to deliver, and embrace new integrated technology platforms and business applications	* low(er) productivity / loss of productivity. * low(er) service levels to the community. * delayed / impeded harmonisation of business processes between merging entities. * higher costs of service delivery. Manual task being performed Under utilisation of system Efficiencies of system not maximise nor staff changing process to match technology improvements.	ICT	Possible	Major	Very High	* Ensure project is resourced with a dedicated highly skilled project lead and resources; * Recruit and maintain dedicated risk management for strategic projects; * Implement and maintain regular reporting to Executive (weekly) of strategic project status	Director City Performance	Director City Performance	Moderate	Moderate	Possible	Moderate	High	31/12/2018 31/12/2018	In Progress		DCP 31/1/18 * Initial harmonisation of Integrated Platform completed  * Refinement from RCC data centre to GovDC now in progress which is anticipated to be completed during 4th quarter cal 2018  Comment - May 2018 On target for implementation by due date of 31/12/18. Refinements of local server environments progressing satisfactorily. Redundant communication links between major locations being established.  Residual rating unchanged with improving outlook
EN_17_42	Failure of infrastructure * a major unit of infrastructure may fail unexpectedly and / or catastrophically	* major disruptions to traffic and transportation * significant economic losses to local businesses and residents * significant inconvenience * potential injury and loss of life to staff and members of the public	S.A.M.	Rare	Extreme	High	* Implement SAM on Technology One System; * Implement enhanced asset management/ budget management and reporting processes to improve strategic asset management performance * Active participation in development of LEMP * LEMO  * Relyance on State and / or Federal Emergency Disaster Relief Funding * lobbying for State and Commonwealth funding for new and upgraded infrastructure	Director City Performance Director City Presentation Director City Returns	Manager City Infrastructure	Nil	Nil	Rare	Extreme	High	31/12/2018	In Progress		DCP 31/1/18 Project Formation stage for development of SAM solution using Tech1 system. Will occur in conjunction with Long Term Financial Plan Project which has been commissioned to develop 10 year Enterprise budget for Council linked to SAM in longer term  Comment - May 2018 This complex risk is being monitored and requires the blending of information from Long Term Financial Planning, Strategic Asset Management systems and budget linkages. Solutions will require strategies for alternative funding options in the event of catastrophic infrastructure failures. Coordinator Risk Management has noted for follow-up and reporting in greater depth over the next quarter.  Residual rating unchanged.
EN_17_09	Failure to deliver one or more major Transition Projects within Time / Cost / Scope / Quality expectations	* Loss of credibility with Community, Councilors and other key Stakeholders; * Budget variances; * Delays in providing expected services / service levels; * Unmet community expectations	Transition PMO	Likely	Major	Very High	* Regular reporting regime - Executive - Council - OLG * Regular Resource reassessment * Regular risk assessments	General Manager	PMO Executive Committee	Existing	Existing	Possible	Low	Medium	30/06/2018 31/12/2018	In Progress		ME3: May 2018 Weekly updates on financial position on all Transition Projects and funding are provided to the Executive Committee.  All Transition funds are to be allocated to appropriate Projects by 31/12/2018. Reporting to State Government will not be finalised until all funds are expended, and a final acquittal of transition funding has been provided to OLG.
EN_17_10	Failure to identify and respond to critical emerging social issues - for example "affordable housing" within LGA	* Loss of credibility with Community, Councilors and other key Stakeholders; * Unmet community expectations * Loss of key worker housing in LGA e.g nurses, emergency services workers	Strategic	Likely	Major	Very High	* Create harmonised / new LEP / DCP for LGA  * Represent Council's position with strong lobbying and representation with State Planning Agencies * Review of planning controls as harmonisation of LEP/DCP * Review capacity to deliver regional plan  * Improve community engagement initiatives	Director City Returns	Director City Returns	Negligible	Negligible	Unlikely	Low	Medium	30/06/2018 30/06/2019	In Progress		31/1/18 DCP * Consultant Lyndsey Taylor to develop affordable housing/ social housing policy to incorporate into LEP/DCP  DCP 45/2018: LEP/DCP draft project plan has been established with an anticipated completion date of Dec 2019. Inaugural VPA with affordable housing provision currently being negotiated with a proponent  Comment - May 2018 Status unchanged
EN_17_23	Airport does not pay or pays significantly less than assessable rate equivalent payments to Council	* Inadequate infrastructure for community needs; * Inadequate budget to sustainably maintain infrastructure requirements for community requirements * Inability to meet demand for required services	Strategic	Possible	Major	Very High	* Finalise negotiations to secure rate equivalence payments * engage expert advisers to assist in negotiations * maintain public focus on issues	Director City Performance	General Manager	Existing	Existing	Possible	Low	Medium	30/06/2018 ongoing review	In Progress		31/1/2018 DCP * MOU being drafted based on negotiated agreed terms with SACL by Council's legal representatives for final consideration; * Instrument Notices continue to be sent  Comment - May 2018 Status unchanged

Risk Number	Description	Consequences	Risk Category	Likelihood	Impact	Inherent Risk Rating	Treatments	Risk Owner	Mitigation Assigned to	Budgetary Impact	Resource Impact	Likelihood (Post Mitigation)	Impact (Post Mitigation)	Residual Risk Rating	Due Date	Status	Date Closed	Comments	
EN_17_24	Construction of F8 in LGA	* Construction of F8 results in Council losing significant amounts of open space and sporting facilities * Potentially adverse location(s) of ventilation and exhaust stacks within LGA * Staging of works lead to increased traffic congestion within LGA esp. in vicinity of President Avenue	Strategic	Possible	Major	Very High	* Maintain lobbying of Council requirements * Increase public attention to issues * Solicit support of local MPs	Director City Returns	Director City Returns			Possible	Low	Medium	30/06/2018	In Progress		31/1/2018 DCF F8 Stage 1 announced - mostly underground through LGA subject to Treasury lifting reservation over land corridor. Possibility that Transport NSW may pick up reservation for future use as light or heavy rail corridor.  4/5/2018 DCF: Staff continue to engage with RMS F8 project team and will continue to advise Council accordingly  Have also invited impacted community groups to engage with Council	
EN_17_54	Environmental risks	* adverse changes to environment * reputational harm to Council * penalties or fines to Council	Strategic	Possible	Major	Very High	* Environmental checklist on projects * Reviewing SOE effects	Director City Returns	Manager Strategic Planning			Possible	Low	Medium	31/1/2018 ongoing	In Progress		Bathorne Landcare Will Creek Catchment Program Member of * Cooks River Alliance * Georges River Alliance * Sydney Coastal Councils Group Protection of Green & Golden Frog Air quality monitoring feeding into ANSTO research Foreshore erosion work  4/5/2018 DCF: Programs continue to be managed. Recent representations on foreshore erosion have been made to the Minister. Establishment of Inaugural Bayside Water Management Strategy under way.	
EN_17_11	Failure to manage Assets sustainably for the future requirements of the community	* Inadequate infrastructure for community needs; * Inadequate budget to sustainably maintain infrastructure requirements for community requirements * Inadequate identification of asset holdings and condition requirements	S.A.M.	Possible	Major	Very High	* Undertake Audit of Community buildings and structures; * Implement SAM on Technology One System * Realistic budget assessment and bids  * Very large budgetary allocations for asset renewals will be required in addition to treatment mechanisms above	Director City Life Director City Performance	Executive Committee			Extreme	Existing	Unlikely	Minor	Medium	31/1/2018	In Progress	31/1/2018 ADCL Community Facilities and Services Review Project Business Case going to Executive in February 2018  MSP The Asset Management Committee and sub-committees will become operational from February 2018 with the objective to rapidly improve governance, decision making, planning, financial management, workflows, reporting and clarity of roles and responsibilities in relation to strategic and operational asset management by Council. Comment - May 2018 Implementation of controls under way and monitored linked to EN_17_42. Noted for in depth follow-up next quarter. Residual rating unchanged.
EN_17_58	Customer Service Performance may fail to meet community expectations	* The community may receive poor quality service outcomes compared to expectations * Council may suffer reputational damage * Productivity may decline * Staff morale may decline * Council may suffer adverse media attention	Service	Likely	Moderate	Very High	* Leadership performance agreements * Review Compliance * Council Communication Strategy * Develop Customer Service Strategy * Team meetings * Develop training initiatives * Monitoring enhancements	Director City Life	Manager Customer Experience			Negligible	Negligible	Unlikely	Moderate	Medium	30/06/2018 30/06/2018	In Progress	Strategic for one year then review for transfer to operational  Recruitment completed for Manager Customer Experience  Customer Experience Project has been commissioned with \$100k in budget and is expected to run for approximately 1 year's duration from the date of appointment of the New Manager Customer Experience who will lead the project  RESIDUAL RISK REDUCED FROM MEDIUM  The MCE is currently preparing a number of business cases for initiatives as part of the overall project which will be put individually to the Executive in the coming months.
EN_17_12	Inability to effectively manage and control urban development and growth in the LGA	* Council loses influence and control over development and growth within LGA * loss of industrial land leading to enduring loss of employment within LGA * inappropriate encroachments of high density urban development on dangerous goods corridor through LGA	Strategic	Possible	Moderate	High	* Create harmonised / new LEP / DCP for LGA  * Represent Council's position with strong lobbying and representation with State Planning Agencies  * Consult on Community Strategic Plan with State Planning Agencies  * Alignment of District Plans with Council	Director City Returns	Director City Returns			Existing	Existing	Unlikely	Low	Medium	30/06/2018 31/1/2019	In Progress	31/1/2018 DCF Business case being submitted to Executive for Gazetted LEP to be finalised by 12/2019  4/5/2018 DCF: Programs continue to be managed. Recent representations on foreshore erosion have been made to the Minister. Establishment of Inaugural Bayside Water Management Strategy under way.
EN_17_14	Council may be bound in the short-term to unprofitable non-core airport business unit	* Opportunity cost of losses incurred in real terms of services forgone * Impact on operational priorities if not properly exited	Financial	Possible	Moderate	High	* Develop, document and implement Airport business unit risk management and governance policies and procedures * Develop Airport business unit exit Strategy * Improve budgetary and reserve provisions	Manager Airport Business Unit	Director City Presentation			Existing	Existing	Possible	Low	Medium	30/06/2018 30/06/2021	In Progress	5/5/2018 MAB Arbitration proceedings to secure contract variations have been unsuccessful. \$1.2m to \$1.5m provision for contract losses will continue to be made for each year in which SACL exercises its option to extend the contract until the expiry of the option after 2020.  Provisions have been made since the 2015/16 CBS accounts, prior to which provisions for onerous contracts were not recognised by CBS.  The performance of the Airport Business Unit is being closely monitored by the Executive to contain the losses to Council under the provisions of the current contract until its expiry. The financial effects will continue potentially until the 2021 financial year.
EN_17_30	West Conx development results in significant increase in traffic volumes within Bayside	* increased deterioration of road assets, * traffic congestion; * impact on town centres and residential amenity.	Strategic	Possible	Moderate	High	Represent Council's interests with State government and other stakeholders	Director City Returns	Director City Returns			Existing	Existing	Possible	Low	Medium	30/06/2018 ongoing review	In Progress	Ongoing 4/5/2018 DCF: Continued response to Sydney Motorway Corporation and RMS
EN_17_48	Adverse or unplanned impacts of population growth within the LGA	* Infrastructure unable to cope * Council services inadequate * poor customer service levels * Council suffers reputational damage * poor staff morale	Strategic	Possible	Moderate	High	* monitoring of census data and other population trends * maintain close links to relevant external agencies * maintain flexible workforce and structure	Director City Returns	Manager Strategic Planning			Existing	Existing	Possible	Minor	Medium	31/1/2018 ongoing	In Progress	31/1/2018 DCF Ongoing linked to development of Community Strategic Plan, Community Services Plan, 594 Plan Review, and development of new LEP for LGA sch for completion in Dec 2019 then with NSW Gov.  Above all to be linked to Asset Management Strategy so that projects can be assessed and prioritised based upon community needs and projected growth  Comment - May 2018 Maintaining continuous advocacy and lobbying on behalf of Council

Risk Number	Description	Consequences	Risk Category	Likelihood	Impact	Inherent Risk Rating	Treatments	Risk Owner	Mitigation Assigned to	Budgetary Impact	Resource Impact	Likelihood (Post Mitigation)	Impact (Post Mitigation)	Residual Risk Rating	Due Date	Status	Date Closed	Comments
EN_17_46	Change fatigue	<ul style="list-style-type: none"> <li>* loss of productivity</li> <li>* low staff morale</li> <li>* lack of progress with embedding new organisation culture and values</li> <li>* lack of progress with embedding new systems, processes, customer service outcomes</li> <li>* failure to fully integrate workforce</li> <li>* where change fatigue is highly evident, it means change is being managed in a linear, transactional style that generally ignores the emotional impact change has on the culture, systems and people within the workplace. People then become disillusioned, uninspired and resistant to change rather than embracing change as a normal part of the workplace.</li> </ul>	Staff	Possible	Minor	Medium	<ul style="list-style-type: none"> <li>* Integration of Beyond business systems</li> <li>* Communicate about environment of continuous change as the new norm</li> <li>* Communicate to staff about changes about to occur and about changes occurring across the organisation to reinforce that change is the new norm</li> <li>* Ensure change communications and consultation with staff is carried out in a manner which eliminates pockets of isolation which can create significant 'outbreaks' of change fatigue and/or resistance</li> <li>* Ensure change management focuses upon positive transitional organisational, systems, cultural and personal goals for staff, customers and other stakeholders so that change is a process to be embraced rather than endured</li> </ul>	Manager People and Organisational Culture	Manager People and Organisational Culture	Low	Low	Possible	Minor	Medium	ongoing	In Progress		<p>CRM MPOC 07/02/2018                      Closure recommended and transfer to Operational Risk Register</p> <p>EXEC 13/02/2018 resolved to retain this risk in the Strategic Risk Register for the present time</p> <p>MPOC MAY 2018                      health and wellbeing calendar provides education, information and activities to increase resilience, motivation and morale of staff across the organisation. A wellness room has been opened at the Rockdale Administration building</p>

## **Risk & Audit Committee**

**24/05/2018**

Item No	5.4
Subject	<b>Project Ricochet Update</b>
Report by	Cate Trivers, Project Manager Business and Process Controls
File	SC18/36

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### **Summary**

This report provides an update on Project Ricochet which is managing the implementation of Bayside Council's response to the ICAC report recommendations arising from the Operation Ricco Report. Coordinating the management responses to external audit management letters, maintaining a consolidated view of issues and actions being implemented. Project Ricochet is also managing the implementation of the Business Process and Controls (BP&C) which is addressing recommendation 2 of the ICAC report and substantially addresses the issues being raised by Council's auditor, the NSW Audit Office.

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### **Officer Recommendation**

- 1 That the Risk & Audit Committee note the progress on implementation of the ICAC recommendations (refer Attachments 1 and 2).
  - 2 That the Risk & Audit Committee note Council's progress update on management's agreed actions in response to the NSW Audit Office interim management letter (August 17) recommendations (refer Attachments 3,4 and 5).
  - 3 That the Risk & Audit Committee note the progress on the Business Process, Controls Framework, business process and internal control mapping (refer Attachment 6).
- 

### **Background**

Council has previously reported to the Risk & Audit Committee on 17 August 2016, report 5.4 Management Response to ICAC Recommendations in Operation Ricco Report, and 23 November 2017, report 5.2 Project Ricochet Update, and 22 February, report 5.6 Project Ricochet Update. This report provides a progress update on the implementation of the agreed actions and the progress on the development of the Business Process and Controls (BP&C) Framework and reviews commenced to date.

#### **Summary ICAC Recommendations - May - 18 Update**

Of the eight recommendations, Council identified 34 actions across 2016/17 and 45 actions for 2017/18.

Of the 2016/17 list, 29 actions are now completed, many of which related to the period prior to the ICAC report being issued. Five actions from 2016/17 continue to remain ongoing which relate to:

- i. Improving the Bank Signatory arrangements for Bayside going forward <sup>(1)</sup> (rescheduled).
- ii. Improvements to the reconciliation processes (in particular assets and bank accounts <sup>(2)</sup> (rescheduled).
- iii. Bunnings Charge Card reconciliations reviewed monthly<sup>(3)</sup> (rescheduled).
- iv. Processes to manage the changes to system security when staff movements occur within the organisation (On-track).
- v. Policy harmonisation reviews continue across Bayside Council (On-track).

For these actions, interim controls are in place but reviews and improvements are ongoing:

- 1 Bank signatories are current, however the business process and controls are being updated to embed a sustainable process.
- 2 A business process review is in progress, which is simplifying and transitioning Council's bank accounts into one consolidated bank account to be reconciled in TechOne.
- 3 Systems are manual and are to be documented, training updated and systems embedded.

The following table summarises the progress on the 2017/18 Actions:

Recommendation		2017/18				Total
		NFR - Complete	On Track	Off Track	Rescheduled	
1	Segregation of duties, budget control, Vendor Maintenance	6	7	0	8	21
2	Business Process and Internal Controls Reviews	1	6	0	1	8
3	Review of key operational and finance roles	1	4	0	1	6
4	General Manager performance to consider Audit Recommendations	1	3	0	0	4
5	Risk Assessment to inform Internal Audit	0	1	0	0	1
6	Independence of Internal Audit	0	0	0	0	0
7	Implementation of Audit Recommendations	1	2	0	0	3
8	Review effectiveness of Risk & Audit Committee	0	2	0	0	2
<b>Total Number of Actions</b>		<b>10</b>	<b>25</b>	<b>0</b>	<b>10</b>	<b>45</b>



Actions are assessed as Off-track where the timeframes, scope or detail of an action are changing. For transparency, the reasons for the variations have been reported in the below table. Where timeframes or scope have previously been revised, the action is reported against the revised milestone.

Refer Attachment 1 - Bayside ICAC Action Plan – 2017/18 Actions - Exceptions (May 2018 Update) and Attachment 2 - Bayside ICAC Action Plan – 2017/18 Actions. – Open items (May 2018).

### **Summary of Interim Audit Management Letter - August 2017 - May 2018 Update**

Overall, the NSW Audit Office Interim Management Letters identified 14 areas for improvement which are summarised in the graph below.

For each issue, Management identified detailed actions that will address the audit issue and recommendations.

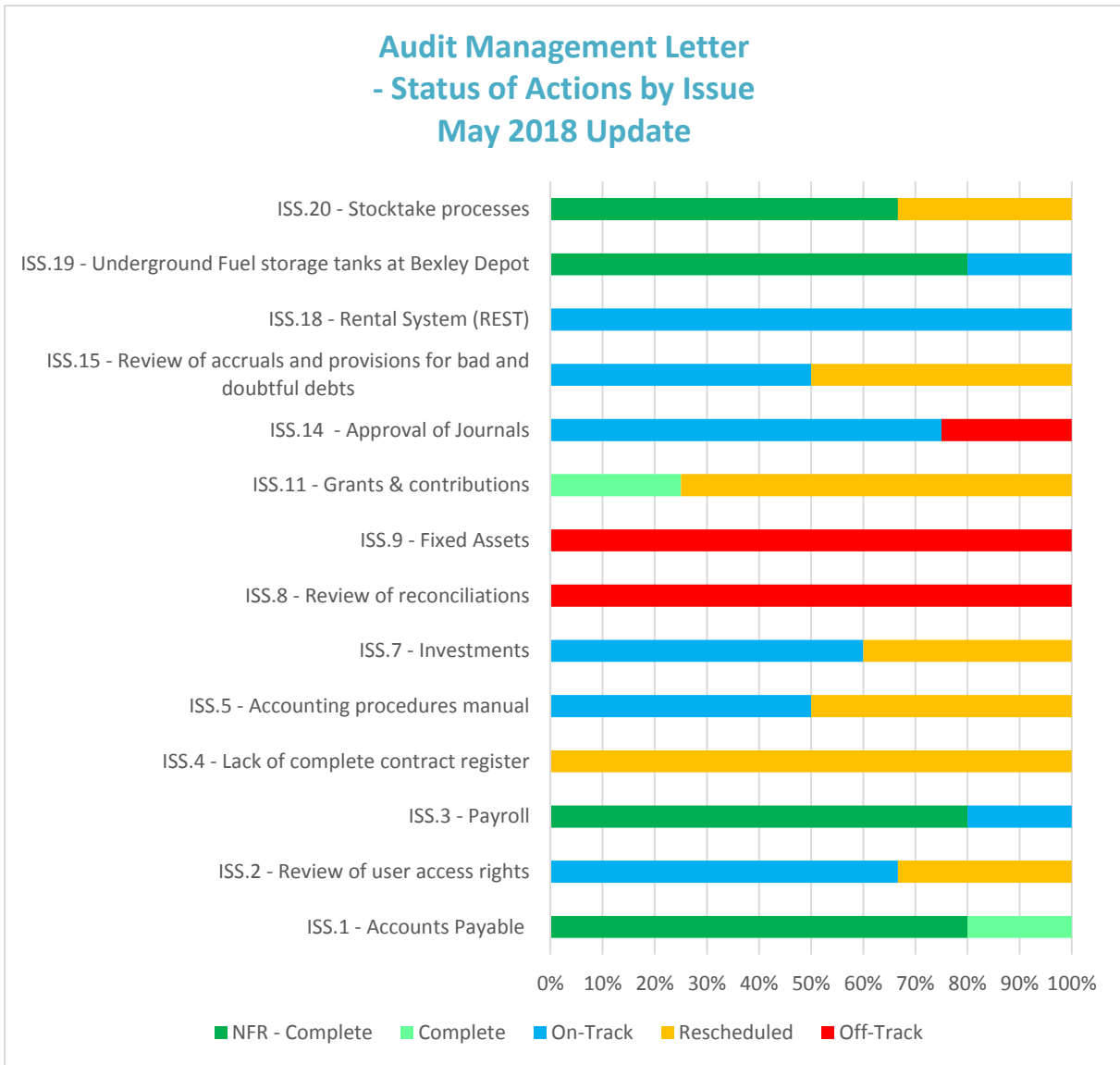
Overall, the May 2018 Status of Actions by Issue reports a number of actions as Rescheduled, which are all due to revised timeframes based on management's latest dates and available resourcing. As reported in February 2018 there have been four main factors driving the rescheduling (items 1 to 4 below), which have continued to impact across March to May:

- 1 Development of detailed Business Unit Work Plans.
- 2 Priority to finalise Financial Year Ends for Bayside Council 2016/17 accounts.
- 3 Complexity of amalgamation and two financial systems.
- 4 TechOne Development.

The following Graph shows the Status of Actions by Issue as:

NFR – Complete: These actions have previously been reported as complete.  
 Completed: These actions were completed in the current reporting period.  
 On-Track: Tracking to Time, Scope, and Quality.  
 Rescheduled\*: These actions have been reviewed and a revised timeframe proposed.  
 Off-Track: Currently forecast not to achieve any one of Time, Scope and / or Quality but which have not been rescheduled.

\*All items currently showing as Rescheduled for the February Update are due to revised timeframes and are still expected to be implemented. Many have interim measures in place and the current reconciliations and finalisation of the 2016/17 Bayside Council accounts will provide a solid foundation moving forward. Concurrently, the Business Process and Controls project is picking up the issues and addressing them moving forward.



Refer to *Attachment 3 - Bayside Interim Audit Action Plan - Summary (May 2018 Update)* for an overview by Issue, and *Attachment 4 - Bayside Interim Audit Action Plan - Exceptions (May 2018 Update)* for details on which items have been “Rescheduled” or are considered “Off-Track”.

The three key issues that are considered “Off-Track” in part or in full are:



Audit Issues Off-Track	
Audit Issue	Overall Comment
ISS.8 - Review of reconciliations	Off-track - Interim controls are not currently effective, some reconciliations are not up to date to April 2018 as at time of reporting. The Coordinator Financial Reporting is developing the Checklist and updating the procedures. However, due to current workloads across the 3 financial reporting years and two financial systems this is not yet running on a monthly timetable. The revised date reflects the future months will continue to be busy with reporting and audit and that it will take time to get to "normal" operating month. The BP&C review is starting to map and identify issues in this process.
ISS.9 - Fixed Assets	Off track. Major project to address asset management and systems is being implemented, timeframes unclear. Currently, manual systems in Excel - Depreciation postings are currently manual as the Fixed Asset Registers are not operating in TechOne for a variety of reasons. A full systems review is being undertaken to review the current system configuration and set-up. For monthly reporting, finance will use standing journals as an interim solution for quarterly reporting.
ISS.14 - Approval of Journals	Off-track. Manager Finance is reviewing the current practices and will provide a direction for the BP&C review to simplify and utilise TechOne functionality. As part of this review attachments of supporting documentation to all journal entries will be mandatory and electronic in the TechOne System. TechOne will be the record repository.

### Summary of Business Process and Controls Framework - Update

The review of high risk business processes and the identification and mapping of internal controls has commenced. A detailed review of the schedule was completed in January 2018 to align the planned reviews with respective Business Unit Work Plans. This is now updated to reflect the priorities and resourcing of the project through a consultancy arrangement. An updated project timeline is attached (refer Attachment 6 - Process and Control reviews).

As the project has emerged key business risks have continued to be assessed and the major changes to the schedule are the result of this, as well as the realignment to fit with the business teams and subject matter experts availability to contribute to the reviews. This shifted the focus from the Procurement business processes, which have been reviewed and an internal audit health check commenced, with a focus on Treasury Management, Banking Management, Cash Management, Revenue Management, and Investment Management.

The updated project plan has been revised to focus on:

- Risk.
- Addressing ICAC issues.
- Addressing Audit management letter issues.
- Contain issues to 2017/18.
- Conducting reviews that will support the 2017/18 financial year end.
- Implementing processes and systems for 2018/19 financial management.

## Summary Overall

Overall progress has been positive in many areas in strengthening internal controls, however a number of management's planned actions have been delayed or partially completed during the period since the last update was provided to the Risk & Audit Committee.

In part, this has been due to the following factors:

- Reprioritisation based on current issues emerging, resulting in a need to reprioritise some actions where the number of resources in Finance or Procurement are limited.
- Continued limited finance staff availability due to the challenges of finalising the audit for the former City of Botany Bay 2015/16 final accounts, concurrently with finalising the first Bayside Council Financial Statements for 2016/17 across multiple financial systems, and the ongoing development of financial systems and reporting within the concurrent financial year 2017/18.
- Detailed Business Unit Planning and realignment of priorities and resources across the Finance, IT, Governance and Business Process and Controls mapping to coordinate work plans.
- Business process complexities due to the ongoing transition and harmonisation of systems across Bayside and the combining of the former Council's teams with colocation occurring in November 2017, but where some functions remain on the legacy systems for Bayside East operations.

This has resulted in additional time in the review processes to identify current issues and work with teams to implement solutions, including the required levels of internal controls, in the current operating environment to develop and document more effective business processes. Accordingly, the project plan has now been resourced with the high risk business process and internal controls mapping to be completed by September, along with substantial progress on the ICAC and interim Audit management letter issues and recommendations.

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## Attachments

- 1 Attachment 1 - Bayside ICAC Action Plan - 2017/18 - Exceptions - May 2018 Update
- 2 Attachment 2 - Bayside ICAC Action Plan 2017/18 Actions - Open Actions May 2018 Update
- 3 Attachment 3 - Baysdie Interim Audit Action Plan - Summary May 2018 Update
- 4 Attachment 4 - Bayside Interim Audit Action Plan - Exceptions - May 2018 Update
- 5 Attachment 5 - Bayside Interim Audit Action Plan - Open Items - May 2018 Update
- 6 Attachment 6 - Business Process & Controls Project Timeline [↓↓↓↓↓↓](#)

**ATTACHMENT 1 - BAYSIDE ICAC ACTION PLAN – 2017/18 ACTIONS - EXCEPTIONS (MAY 2018 UPDATE)**  
 Update: Risk and Audit Committee 24/05/2018  
 Source: ICAC REPORT on Operation Ricco - Investigation into the conduct of the former City of Botany Bay Council Chief Financial Officer and others

Recommendation	Actions	Financial Year	ACTION PLAN DETAIL	Responsible Manager	Action/s	Revised End Date	On Track / Off Track (if Off provide Mgr Comment) / NFR Complete	Management Comment MAY 2018
Recommendation 1			Action ID					
1.1.1	That Bayside Council reviews its financial processes and makes any necessary changes to ensure that:	2017/18	A.1.1.1.1	Director City Performance	Map Accounts Payable Business Process & internal controls, document and implemented agreed process with Finance Manager	15/08/2018	Rescheduled	Rescheduled. Revised date from 30/06 to 15/08 in line with revised project plan and timing of resourcing. Refer Project Business Process & Controls update.
1.1.2		2017/18	A.1.1.2.9	Manager Procurement	Update and issue new Bayside Policy, Procedures Implement operations in procurement team to manage the procurement functions Monitor work plan	15/07/2018	Rescheduled	Rescheduled. Revised date from 30/06 to 15/07 in line with revised BP&C project plan. Policy, procedures and training were implemented in 2017 and continue into 2018. Detailed reviews and updates of documentation are scheduled for Feb-Sep 18 as part of the Procurement Unit's Work Plan and in conjunction with the Business Process and Controls Review. Refer Manager Procurement's update to the Risk and Audit Committee - May 2018.
1.1.4		2017/18	A.1.1.4.7	Manager Finance, Operational Managers	Manager Finance - develop compliance measure Manager POC - advise Manager's to update Work plans as required Manager Finance - Conduct training and information session for Managers	30/06/2018	Rescheduled	Rescheduled. Revised Date from 30/03 to 30/06 in line with revised project plan and timing of resourcing. Refer Project Business Process & Controls update.
1.1.4		2017/18	A.1.1.4.8	Manager People Organisation & Culture	As per A.1.1.4.8	31/12/2018	Rescheduled	Rescheduled. Revised date from 30/03 to 31/12 to reflect next cycle of updates to GM Contract. Performance Contract will be updated when next reviewed.
1.1.5		2017/18	A.1.1.4.12	Director City Performance	As per A.1.1.1.1	19/08/2019	Rescheduled	Rescheduled. Revised date from 30/06 to 19/08 in line with revised project plan and timing of resourcing. Refer Project Business Process & Controls update.
1.1.5		2017/18	A.1.1.4.13	Manager Governance and Risk	As per A.1.1.2.13	19/08/2019	Rescheduled	Revised Date to 15/08/18 in line with revised project plan and timing of resourcing. Refer Project Business Process & Controls update.
1.1.5		2017/18	A.1.1.4.14	Manager Finance	As per A.1.1.2.1	19/08/2019	Rescheduled	Revised Date to 15/08/18 in line with revised project plan and timing of resourcing. Refer Project Business Process & Controls update.
1.1.5		2017/18	A.1.1.4.15	Manager Finance	As per A.1.1.2.1	19/08/2019	Rescheduled	Rescheduled. Revised date from 30/06 to 15/08 in line with revised project plan and timing of resourcing. Refer Project Business Process & Controls update.
2.1	That Bayside Council undertakes a review of the control frameworks governing processes that are vulnerable to corruption and implements any recommendations arising from the review.	2016/17	A.2.1.1	Director City Performance	As per A.1.1.3.1 Bank delegations updated to reflect separation of officers	30/06/2018	Rescheduled	Rescheduled. Revised date from 30/03 to 30/06. Mar-Apr - Bank signatories for Bayside have been updated. BP&C Review to ensure future updates occur as part of BAU.
2.1	That Bayside Council undertakes a review of the control frameworks governing processes that are vulnerable to corruption and implements any recommendations arising from the review.	2016/17	A.2.1.3	Manager Procurement	Procurement staff monitor expenditure monthly	30/06/2018	Off-Track	Off-track as the process is not embedded and monthly reviews have not yet been implemented. This requires a Business Process & Controls review to be conducted into the current approving and review process to ensure adequate internal controls.
2.1	That Bayside Council undertakes a review of the control frameworks governing processes that are vulnerable to corruption and implements any recommendations arising from the review.	2016/17	A.2.1.4	Manager Finance	Coordination Financial Accounting - Daily and Monthly Reconciliations included in Finance Procedures Coordinator Financial Services - reports non-compliance and uncleared balances to Manager Finance monthly	30/06/2018	Off-Track	Off track as monthly reconciliations are not being completed and signed off within the month. Bank Reconciliations and Balance Sheet Reconciliations across Bayside are in progress with Bank. Reconciliations done daily. However, the integration of the two financial systems is not yet complete and the finance team is continuing to work on finalising the first accounts for Bayside Council for 30/06/17. Whilst work is continuing there remains significant work in particular assets reconciliations and timing / completeness of reconciliations on a daily / monthly basis.
2.1	That Bayside Council undertakes a review of the control frameworks governing processes that are vulnerable to corruption and implements any recommendations arising from the review.	2017/18	A.2.1.10	Manager Procurement	As per A.1.1.1.1	24/06/2018	Rescheduled	Revised date from 30/04/18 to 24/06/18 to align with revised Business Process and Controls project timeline and Procurement Business Unit Work Plan.
3.1	That Bayside Council reviews the position descriptions of key operational and financial roles to ensure that they include the required skill sets and qualifications.	2017/18	A.3.1.8	Manager Finance	As per A.3.1.6	19/08/2018	Rescheduled	Rescheduled. Revised date from 30/04 to 24/06 in line with revised project plan and timing of resourcing. Refer Project Business Process & Controls update.

ATTACHMENT 2 - BAYSIDE ICAC ACTION PLAN – 2017/18 ACTIONS - OPEN ACTIONS (MAY 2018 UPDATE)

Update: Risk and Audit Committee 24/05/2018

Source: ICAC REPORT on Operation Ricco - Investigation into the conduct of the former City of Botany Bay Council Chief Financial Officer and others

	Recommendation	Actions	Financial Year	ACTION PLAN DETAIL	Responsible Manager	Action/s
	Recommendation 1			Action ID		
1.1.1	That Bayside Council reviews its financial processes and makes any necessary changes to ensure that:	Mapping of all key business processes (procurement, credit cards, accounts payable, cash management, receipting and inventory) and related controls. Establishment of clear documentation and continuing, ongoing and cyclical program of education for staff, contractors and suppliers.	2017/18	A.1.1.1.1	Director City Performance	Map Accounts Payable Business Process & Internal controls, document and implemented agreed process with Finance Manager
1.1.2		Procurement team is responsible for the policy, process, compliance, category management, supplier relations, panel liaison, business partnering and procurement analysis.	2017/18	A.1.1.2.9	Manager Procurement	Update and issue new Bayside Policy, Procedures Implement operations in procurement team to manage the procurement functions Monitor work plan
1.1.2		One of the strategic imperatives of the newly formed Procurement team is to undertake category reviews to rationalise the suppliers base and purge inactive suppliers and suppliers who do not meet the minimum criteria of dealing with Council.	2017/18	A.1.1.2.14	Manager Procurement	Review of suppliers, categories and best value completed by June 2018
1.1.2		Expand the use of Techone Contract Management module to support better establish and monitor terms and conditions and procurement compliance.	2017/18	A.1.1.2.15	Manager Procurement	Investigate and prepare business case on use of Techone Contract Register
1.1.3		Introduction of "No Purchase Order No Payment" policy and processes and a roll out of training to all staff and suppliers to ensure understanding and compliance. Reporting to identify non compliance, reparative measures and training requirements.	2017/18	A.1.1.3.6	Manager Procurement	No PO No Pay policy implemented Compliance monitored weekly and non-compliance addressed by emails and additional training Reporting of non-compliance to Executive
1.1.3		The development of clear processes will also include controls which will require adequate segregation and independent matching in all locations where ordering occurs and goods are receipted. The assurance of compliance will be part of the Health Check program.	2017/18	A.1.1.3.7	Manager Procurement	Internal auditor conducting health check of procurement by 31/12/17 Project Manager Business Process and Controls documenting internal control framework and business processes for Accounts Payable and Procurement by 31/12/17
1.1.4		Training for managers in financial and performance management and in financial management policies and processes.	2017/18	A.1.1.4.6	Manager Finance, Operational Managers	Project Manager Business Process & Controls with Finance Coordinators - Document Finance business process and controls framework and associated training material Conduct training for managers across: Monthly Performance Monitoring & Reporting, Budget Management, Budget Preparation & Forecasting, Costing and Business cases, Financial processes and controls
1.1.4		Budget and financial management and policy compliance included in Manager's Business Unit Performance Plans which include requirements for monitoring and review.	2017/18	A.1.1.4.7	Manager Finance, Operational Managers	Manager Finance - develop compliance measure Manager POC - advise Manager's to update Work plans as required Manager Finance - Conduct training and information session for Managers
1.1.4		Budget and Financial and Governance Performance KPI's be incorporated into Manager's Performance Agreements and Reviews.	2017/18	A.1.1.4.8	Manager People Organisation & Culture	As per A.1.1.4.8
1.1.4		Develop and implement an organisational wide business process for Monthly Reviews of Budget and Performance, including training and roll-out.	2017/18	A.1.1.4.9	Manager Finance	Business partner model implemented Jan-Mar-17 Training developed - as per A.1.1.4.6

	Recommendation	Actions	Financial Year	ACTION PLAN DETAIL	Responsible Manager	Action/s
1.1.4		Quarterly reforecasts by Managers assisted and facilitated by Finance. Full narrative and substantiation to be provided for budget amendments in Techone system. Business rules to be discussed and agreed with the Exec in August 2017.	2017/18	A.1.1.4.10	Manager Finance	Business partner model implemented Jan-Mar-17 Training developed - as per A.1.1.4.6
1.1.5		Develop Financial Operating Model for the Organisation - with full suite of processes, internal controls embedded, supported by systems and training of Finance staff and Users.	2017/18	A.1.1.4.12	Director City Performance	As per A.1.1.1.1
1.1.5		Risk review of all processes to identify required segregation of duties to be implemented in the business process reviews.	2017/18	A.1.1.4.13	Manager Governance and Risk	As per A.1.1.2.13
1.1.5		Embed changes in segregation of duties into Position Description - Work Plans.	2017/18	A.1.1.4.14	Manager Finance	As per A.1.1.2.1
1.1.5		Ongoing review and implementation of audit recommendations regarding segregation of duties.	2017/18	A.1.1.4.15	Manager Finance	As per A.1.1.2.1
2.1	That Bayside Council undertakes a review of the control frameworks governing processes that are vulnerable to corruption and implements any recommendations arising from the review.	Mapping of all key business processes (procurement, credit cards, accounts payable, cash management, receipting and inventory) and related controls. Establishment of clear documentation and continuing, ongoing and cyclical program of education for staff, contractors and suppliers.	2017/18	A.2.1.9	Director City Performance	As per A.1.1.1.1
2.1		Review of Policy on Purchase and Credit Cards, and mapping of business and systems processes.	2017/18	A.2.1.10	Manager Procurement	As per A.1.1.1.1
2.1		Ongoing improvement of reconciliation processes by transitioning of Authority systems to Tec hone (single system and set of bank accounts for Bayside Council). Full reconciliation performed across the balance sheet on a monthly basis.	2017/18	A.2.1.11	Manager Finance	Coordinator Financial Accounting - Update the Month End Checklist and reconciliation procedures. Manager Finance - Review Monthly Reconciliation pack for completeness Coordinator Financial Accounting - standardise processes to improve reconciliations.
2.1		Policy framework for new Bayside and prioritisation of policy development including the development of procedures and processes to reinforce work practices and embed controls.	2017/18	A.2.1.13	Manager Governance and Risk	As per A.2.1.6
2.1		Implement a more robust Business Governance Model including strengthening the policy and process ownership model, systems, change protocols and authorities.	2017/18	A.2.1.14	Manager Governance and Risk	As per A.1.1.1.1 Develop a Business Ownership model. Executive adopt a Business Ownership Model, and Governance process for change management to Policy, Process, Systems, Roles.
2.1		Extensive review of all user system profiles and access. Alignment of systems access to reflect responsibility, segregation of duty and delegated authority.	2017/18	A.2.1.15	Manager Finance	External consultant engaged to review system access and controls (Jun-17 - Nov-17). Implement recommendations by 31/12/17.
2.1		A review of high risk areas and the focus on development of mitigating actions and operational improvements to address.	2017/18	A.2.1.16	Manager Governance and Risk	Risk management reported back to Executive Quarterly Risk management actions embedded into Work plans for each responsible business unit.
3.1	That Bayside Council reviews the position descriptions of key operational and financial roles to ensure that they include the required skill sets and qualifications.	Conduct individual Capability Assessments and implement performance development plans. Address critical skills / capability issues on a team and individual level.	2017/18	A.3.1.6	Manager Finance	Identify required capabilities for each role Assess capability of staff against role capabilities Develop learning and development plans based on gap analysis and training needs analysis
3.1		Recruitment Policy & Procedures effectively implement the recruitment and maintenance of Skills and Qualifications management, e.g. verification of qualifications	2017/18	A.3.1.7	Manager People Organisation & Culture	Procedure updated by Dec-17



	Recommendation	Actions	Financial Year	ACTION PLAN DETAIL	Responsible Manager	Action/s
3.1		Finance staff qualifications and competency to be assessed and further training development to be provided as required.	2017/18	A.3.1.8	Manager Finance	As per A.3.1.6
3.1		Employee Performance System implemented with regularly monitor employee performance and capability.	2017/18	A.3.1.9	Manager People Organisation & Culture	Procedure updated by Dec-17
3.1		Key Roles & general staff induction processes to cover Corporate Governance requirements and key accountabilities.	2017/18	A.3.1.10	Manager People Organisation & Culture	Ongoing updates based on adoption of Policies and Procedures - as outputs from the Business Process and Controls project and other BAU reviews; including policy framework
4.1	That Bayside Council ensures that the implementation of both internal and external audit recommendations is considered by the elected body when evaluating the performance of the general manager.	General Manager performance contract to include KPI's and evaluation of the effectiveness of the implementation of internal and external audit recommendations.	2017/18	A.4.1.1	General Manager	General Manager contract updated.
4.1		As part of the General Manager's Performance Review, the Internal & External Audit recommendations (including the Management Representation Letter) will be tabled with the Council's review committee.	2017/18	A.4.1.2	General Manager	General Manager Performance report to include the External Audit Management Letters, Management responses and update on implementation, and copy of Management Representation Letter.
4.1		External Audit Management Letters and Management's Representation Letters are to be tabled with the Risk and Audit Committee at the first available meeting; and where appropriate with Management's responses.	2017/18	A.4.1.3	Manager Governance and Risk	Management Responses will be reported back to the Risk & Audit Committee.
5.1	That Bayside Council undertakes a risk assessment (including an assessment of fraud and corruption risks) to inform its internal audit plan.	Refer implementation of Council's Risk Management Framework which has been adopted by Council and includes the preparation of a complete risk register for Bayside.	2017/18	A.5.1.1	Manager Governance and Risk	Risk Management Framework adopted by Council by Dec-17 Monitoring and reporting of risk updated and reported to Executive Quarterly / and or high critical risks escalated as required.
7.1	That Bayside Council ensures it has a robust system in place to monitor and report on the implementation of internal audit recommendations that is independent from management.	The implementation of internal audit recommendations are also reported to the Executive and peer reviewed with the General Manager in this forum.	2017/18	A.7.1.4	General Manager	Matrix of all ICAC, External and Internal Audit recommendations and agreed actions developed and implemented. Management briefed on issues and consulted on agreed actions, and status reporting.
7.1		General Manager to review the independent assessment of the effectiveness of the Risk and Audit Committee, the Chair person's six monthly report, and to address deficiencies, and to report on the performance.	2017/18	A.7.1.5	General Manager	General Manager to review Independent Report on the Risk and Audit Committee by Mar-18 and Nov-19.
8.1	That the General Manager of Bayside Council conducts a review of the audit committee's effectiveness and the adequacy of its arrangements to ensure that it fulfils the responsibilities of its charter and provides sufficient assistance to Bayside Council's governing body on governance processes.	General Manager to review the independent assessment of the effectiveness of the Risk and Audit Committee against KPIs and the Chair person will provide six monthly report. This will report on the performance and address deficiencies.	2017/18	A.8.1.2	General Manager	General Manager to review Independent Report on the Risk and Audit Committee by Mar-18 and Nov-19.
8.1		External Independent Review of the Risk and Audit Committee to assess the effectiveness of the committee.	2017/18	A.8.1.3	General Manager	Appoint independent reviewer by 31/01/17.

Attachment 3 - Bayside Interim Audit Action Plan - Summary (May 2018 Update)  
Update: Risk and Audit Committee 24/05/2018

Audit Issue	NFR - Complete	Complete	On-Track	Rescheduled	Off-Track	Total	Overall Comment.
ISS.1 - Accounts Payable	4	1	0	0		5	TechOne System Security Access - Segregation of vendor maintenance from AP completed
ISS.2 - Review of user access rights			2	1		3	Revised date. System and security to be aligned to roles and responsibilities as part of the BP&C project.
ISS.3 - Payroll	4		1			5	Chris 21 system securities updated. Timesheets ongoing.
ISS.4 - Lack of complete contract register				4		4	Work in progress. Excel based Contracts register is being maintained and developed. Manager Procurement has included a project in the Procurement Work Plan to assess TechOne's systems and make recommendations. BP&C mapping commenced.
ISS.5 - Accounting procedures manual			1	1		2	Revised end date to 31/12/18. BP&C project revised and resources assigned. Interdependency with major project to address Assets.
ISS.7 - Investments			3	2		5	Revised date. Investment Strategy rescheduled and procurement planned. BP&C review commenced.
ISS.8 - Review of reconciliations					3	3	Off-track - Interim controls are not currently effective, some reconciliations are not up to date to April 2018 as at time of reporting. The Coordinator Financial Reporting is developing the Checklist and updating the procedures. However, due to current workloads across the 3 financial reporting years and two financial systems this is not yet running on a monthly timetable. The revised date reflects the future months will continue to be busy with reporting and audit and that it will take time to get to "normal" operating month. The BP&C review is starting to map and identify issues in this process.
ISS.9 - Fixed Assets					3	3	Off track. Major project to address asset management and systems is being implemented, timeframes unclear. Currently manual systems in Excel - Depreciation postings are currently manual as the Fixed Asset Registers are not operating in TechOne for a variety of reasons. A full systems review is being undertaken to review the current system configuration and set-up. For monthly reporting finance will use standing journals as an interim solution for quarterly reporting.
ISS.11 - Grants & contributions		1		3		4	2016/17 Financial year end subject to audit. Reconciliations will be reviewed with working papers. Differences have still existed across the TechOne and Authority systems, with income and revenue still being recorded against the Authority System. A consolidated grants register is being developed, and monthly reviews will commence in 2018/19.
ISS.14 - Approval of Journals			3		1	4	Off-track. Manager Finance is reviewing the current practices and will provide a direction for the BP&C review to simplify and utilise TechOne functionality. As part of this review attachments of supporting documentation to all journal entries will be mandatory and electronic in the TechOne System. TechOne will be the record repository.
ISS.15 - Review of accruals and provisions for bad and doubtful debts			1	1		2	Revised date. 2016/17 Bad and Doubtful Debts is being finalised as part of 2016/17 Financial Year End. BP&C review to map and embed process and controls.
ISS.18 - Rental System (REST)			3			3	Revised date. Access is being created but monthly reconciliation processes are not yet in place. Monthly reconciliations will commence in 2017/18 once normal monthly cycles are in place.
ISS.19 - Underground Fuel storage tanks at Bexley Depot	4		1			5	Revised date. In progress and complete for Bayside - Bexley Depot. However the Bayside - Botany Depot fuel issues are currently not passing to TechOne. This issue is currently being resolved with IT requiring the set-up of a different stores location for the Fuel at Bayside - Botany Depot.
ISS.20 - Stocktake processes	2			1		3	One action has been rescheduled with a revised date. In progress and interim controls in place through Data Fuel. However, technical issues Aug - Jan resulted in files not being uploaded into TechOne from Bexley (this issue is now resolved), however there is an issue in the set-up in TechOne of the Bayside - Botany Depot which is currently being investigated by IT.
<b>Total Actions</b>	<b>14</b>	<b>2</b>	<b>15</b>	<b>13</b>	<b>7</b>	<b>51</b>	

Attachment 4 - BaySide Interim Audit Action Plan - Exceptions (May 2018 Update)  
 Update: Risk and Audit Committee 24/05/2018

Issue	Observation	Implication	Ref	Recommendations	Responsible Manager	Actions	Revised End Date	On-Track / Rescheduled / Off-Track / N/A Complete (if Off provide Mgr Comment)	Management Comment MAY-2018
ISS.2 - Review of user access rights	There is no regular periodic review of user access rights to the systems.	There is a risk that when staff leave or move within the organisation they retain unnecessary access from prior job responsibilities. This could lead to the override of controls or fraud being committed without being detected.	ISS.2.2	Management should regularly review user access rights.  The review should include validating that user access rights correspond with the current job responsibilities and support adequate segregation of duties	Manager People Organisation & Culture	PLM Project Manager - Develop and document the business process and controls for Onboarding and Offboarding processes.	19/06/2018	Rescheduled	Rescheduled. Revised date from 30/04 to 19/06 due to staff changes. Work has commenced and a new system is being implemented to support the onboarding processes for staff. Internal working groups are consulting to broaden the process and to work with BP&C reviews to manage the workflow and controls. BP&C review will document the business process and controls.
ISS.5 - Accounting procedures manual	The Council does not have an Accounting Procedures Manual. There is inadequate documentation of policies and procedures on key business cycles such as: • property, plant and equipment, • fees and charges and other revenue billings, • payroll and • purchasing and payables etc. • grant and contributions	1. Internal controls may not be adequately designed and implemented. 2. Staff may not know the correct procedures to be followed. 3. There is a greater risk that fraud can be committed and not detected.	ISS.5.2	Procedures should be designed to ensure that there are adequate internal controls including segregation of duties	Manager Finance	Implement Project Ricochet to develop business process and controls framework to develop Business processes, document internal controls, and train and embed processes into the new BaySide Council - for Accounting Business process & internal controls / Procedures.	31/12/2018	Rescheduled	Rescheduled. Revised date from 30/06 to 31/12 with updated BP&C plan and resources in place. BP&C Reviews in progress. Accounting policies and procedures are being reviewed through the BP&C reviews for high priority processes. Separate project established to address Assets.
ISS.7 - Investments	The Council holds over \$200million investments at 31/03/17. There was no written approval for new investments placed (except those > 3 years terms which are approved by the Finance Manager by email).	Investment decision may not be in the best interest of the Council.	ISS.7.1	Due to the size of the Council's Investment portfolio an investment committee should be established to:	Manager Finance	Establish a Charter for Investment Committee by 15/01/18 Convene an Investment Committee by 31/03/18	15/07/2018	Rescheduled	Rescheduled. Revised date from 31/03 to 15/07. Finance Business Unit Work Plan has a scheduled review of the Investment Policy including establishing a charter. The BP&C review of investment management is in progress - with the Investments Register for BaySide work being consolidated from Feb-18. Work ongoing to support staff with implementation.
ISS.7 - Investments			ISS.7.2	Set investment strategies including the terms of investments.	Manager Finance	Adopt BaySide Investment Strategy (with development of an independent advisor) & Policy during the 2017/18 IP&R Long Term Financial Strategy	15/08/2018	Rescheduled	Rescheduled. Revised date from 20/05 to 15/08. To be considered in BP&C review which has commenced.
ISS.8 - Review of reconciliations	General Ledger reconciliations are performed monthly, but only reviewed at year end. Performing and reviewing reconciliations is a key internal control for any organization.	Errors or fraud may not be identified and investigated in a timely manner	ISS.8.1	An officer independent of the preparer should review general ledger reconciliations every month	Coordinator Financial Accounting	1. Coordinator Financial Reporting prepare a Checklist and Month End process to allocate and monitor completeness and quality of reconciliations. 2. Coordinator Financial Reporting create and implement a TRIR table for storing all Daily, Weekly (or other), and Monthly Reconciliations	30/06/2018	Off-Track	Off-track - Interim controls are not currently effective, some reconciliations are not up to date to April 2018 as at time of reporting. The Coordinator Financial Reporting is developing the Checklist and updating the procedures. However, due to current workloads across the 3 financial reporting years and two financial systems this is not yet running on a monthly timetable. The revised date reflects the future months will continue to be busy with reporting and audit and that it will take time to get to "normal" operating months. The BP&C review is starting to map and identify issues in this area.
ISS.8 - Review of reconciliations			ISS.8.2	Reconciling items should be addressed on a timely basis.	Manager Finance	1. Coordinator Financial Reporting to prepare Monthly report to monitor list of Monthly Reconciliation Adjustments and Age of unreconciled amounts. 2. Schedule Monthly Meetings between Director City Performance, Manager Finance and Coordinator Financial Reporting to discuss Reconciliations	30/06/2018	Off-Track	Off-track - As above. Interim controls in place. The Finance Manager reports issues to the Director and can advise of any material issues on the reconciliations - BP&C review to address issues and identify improved process.
ISS.8 - Review of reconciliations			ISS.8.3	Reconciling items should be addressed on a timely basis.	Manager Governance	Own approve and implement an update Delegations Manual to include Approve General Ledger Adjustments as a specific Delegation & Issue new delegations to Finance staff	30/06/2018	Off-Track	Off-track - Interim controls are not effective for current year. Manager Finance is closely reviewing and monitoring the reconciliations as the work papers for year end progress. Final working papers will be signed off, and as workbooks normalise post audit the standard operations will commence and formal obligations be determined. BP&C review focusing on solutions for current business process.
ISS.9 - Fixed Assets	1. There was no depreciation charged up to our interim fieldwork date for all the fixed assets (except vehicles disposed during the year). 2. Expenditure on WIP is expensed during the year and only capitalized year end.	Expenditure will be initiated during the year and only corrected at year end. This will result in monthly management reports being meaningless. Management's review of the monthly results in an important internal control to the business and should be based on accurate information.	ISS.9.1	Depreciation should be charged on a monthly basis.	Manager Finance	1. Coordinator Financial Accounting to update Finance Month End Checklist and procedures to include monthly depreciation posting. 2. Fixed Asset Accountant - post Depreciation Journal monthly for 2017/18 on a monthly basis 3. Coordinator Assets and Coordinator Financial Reporting identify and document the process to post monthly depreciation by 30/11/17	30/06/2018	Off-Track	Off-track - Major project to address asset management and systems is being implemented. Schemes unclear. Currently manual systems in Excel - Depreciation postings are currently manual as the Fixed Asset Registers are not operating in TechOne for a variety of reasons. A full systems review is being undertaken to review the current system configuration and set-up. For monthly reporting finance will use standing journals as an interim solution for quarterly reporting.
ISS.9 - Fixed Assets			ISS.9.2	WP should be capitalized as it is incurred.	Manager Finance	Coordinator Financial Reporting - Capitalise 2016/17 WP at year end	30/03/2018	Off-Track	Off track. Ongoing issues with audit on completeness and valuation of assets as part of the 2016/17 financial year end in progress. Note, Fixed Assets Registers are being maintained outside TechOne. A specific major project is planned to address Assets holistically.
ISS.9 - Fixed Assets			ISS.9.2	WP should be capitalized as it is incurred.	Manager Finance	Coordinator Financial Reporting - Capitalise 2017/18 WP monthly from Dec 31	30/06/2018	Off-Track	Off-track - Monthly WIP capitalisation is not occurring at this stage due to fundamental issues in set-up of the Fixed Assets Registers and processes in the TechOne system. With assets for BaySide East not yet being established in TechOne. This will occur once the Fixed Asset Registers are established in TechOne - by 30/06/18. Separate major project to address all Asset issues.
ISS.14 - Approval of Journals	Journal entries can be posted without being reviewed by another officer.		ISS.14.4	All journal entries made during the period 9/9/16 to 30/6/17 should be reviewed and approved by a more senior officer than the poster to ensure that they are appropriate.	Coordinator Financial Accounting	Coordinator Financial Accounting to conduct a review of all journal entries made during the period 9/9/16 to 30/6/17 to ensure each pt has been approved by a more senior officer than the poster to ensure that they are appropriate and agreed to past & proposed delegations.	30/03/2018	Off-Track	In progress. 2016/17 Financial Year End is subject to audit. Final review will occur once all work papers and reconciliations are finalised in both TechOne and Authority general ledger systems.
ISS.15 - Review of accruals and provisions for bad and doubtful debts	The provision for bad and doubtful debts and accruals at year end is not reviewed by management	The balances may be misstated	ISS.15.1	Management should review accruals and provisions estimates regularly	Manager Finance	Coordinator Rates and Revenue - Conduct a monthly review of Debtors and identify actions for credit management Coordinator Financial Reporting - include Monthly Reconciliations of the Debtors Credit Management Review and Provisioning of Bad and Doubtful Debts in the Month End Checklist and business procedures Project Manager Business Process and Controls - Document Business Process and Controls for Credit Management and provisioning bad and doubtful debts	30/06/2018	Rescheduled	Rescheduled. Revised date from 26/02 to 30/06. 2016/17 Bad and Doubtful Debts is being finalised. BP&C review included - part Accounts Receivable & Credit Management; and relates to Reconciliation and Year End.



Issue	Observation	Implication	Ref	Recommendations	Responsible Manager	Action's	Revised End Date	On-Track / Reached / Off-Track / NFR Complete (if Off provide Mgr Comment)	Management Comment MAY-2018
<b>ISS-20 - Stocktake processes</b>	<p>Stocktake procedures have not be formalized for the Council</p> <p>The draft Stores Management Manual only requires stocktakes to be performed "periodically". Only 2 stocktakes were conducted during the financial year, which is regarded as insufficient for stock items subject to theft or loss such as fuel</p> <p>2. Duplicated stock numbers were noted in the stocktake reports which were referring to the same stock item. This means the quantities need to be combined of the duplicated stock numbers to come up with the actual variance.</p>	If stock is not adequately controlled it is more likely to be stolen or lost.	ISS-20.1	The draft Stores Management Manual should be reviewed and updated to require more frequent stocktakes for items subject to theft or loss.	Manager Plant & Fleet	TechOne System Inventory Management module implemented and weekly fuel checks in place	15/06/2018	Rescheduled	rescheduled. Revised date from 30/05 to 15/06. In progress and interim controls in place through Data Fuel. However, technical issues Aug - Jan resulted in files not being uploaded into TechOne from Bexley (this issue is now resolved), however there is an issue in the set up in TechOne of the Baseline - Balance Dept fuel issues are still occurring but being investigated with IT. Full BPIC review scheduled for Inventory Management.

**ATTACHMENT 5 - BAYVIEW INTERIM AUDIT ACTION PLAN - OPEN ITEMS (May 2018 Update)**

Update: Risk and Audit Committee 24/05/2018  
 Note: Excludes items previously reported as "Complete" which are now classified as NFR. "No further report - Complete"

Issue	Observation	Implication	Ref	Recommendations	Responsible Manager	Start Date	End Date	Action/s	Revised End Date	On-Track / Revolved / On-Track / NFR Complete / (if ON provide Mgr Comment)	Management Comment MAY 2018
ISS.1 - Accounts Payable	Masterfile changes (changes to the vendor masterfile on a weekly basis) Regregation of duties and masterfile access Accounts Payable staff all have view access rights to the procurement register. The Procurement team members, Single Point Contact (SPC), Managers and Finance team have access to accounts payable functions.	There is inadequate segregation of duties. Fraud could be committed by staff making changes to bank account details, allowing the transfer of money to their own bank accounts. Without anyone reviewing changes to the Masterfile, if fraud were committed, it may not be discovered.	ISS.1.2	System access should be reduced based on appropriate segregation of duties.	Manager IT	1/11/2017	16/11/17	Enable TachOne Access to segregate the system access and users in Procurement (not all in master file) from Accounts Payable (make payments).	16/11/2017	On-Track / Complete	Completed. New TachOne Security profiles have been set up to limit the segregation of duties between accounts payable and Procurement separating the vendor creation from AP.
ISS.2 - Review of user access rights	There is no regular periodic review of employees access rights to the systems.	There is a risk that when staff leave or move within the organisation they retain unnecessary access from prior job responsibilities. This could lead to the potential of controls or fraud being committed without being detected.	ISS.1.1	Management should regularly review user access rights. The review should include validating that user access rights correspond with the current job responsibilities and support adequate segregation of duties.	Manager IT	1/10/2017	10/10/2017	Review Lantana Consulting report into justification limits and access and the TachOne system access. Implement agreed and required changes for segregation of duties and control limits TachOne, Chris 21, and Authority systems.	10/10/2017	On-Track	In progress and interim controls in place. The report has been received and will be reviewed as part of the IMAC review of the key functions. TachOne Profiles required for AP, HR and Procurement.
ISS.2 - Review of user access rights			ISS.2.2	Management should regularly review user access rights. The review should include validating that user access rights correspond with the current job responsibilities and support adequate segregation of duties.	Manager People Organisation & Culture	1/11/2017	16/11/2017	HRD Project Manager - Develop and document the business process and controls for Onboarding and Offboarding process.	16/11/2017	Not Started	Revised date from 10/10 to 16/11 due to staff changes. Work has commenced and a new system is being implemented to support the onboarding process for staff. Interim working group is operating to ensure the process ends to work with IMAC. IMAC will continue to support the business process and controls.
ISS.2 - Review of user access rights			ISS.2.3	Management should regularly review user access rights. The review should include validating that user access rights correspond with the current job responsibilities and support adequate segregation of duties.	Manager Governance	1/12/2017	10/12/2017	Governance Manager to conduct quarterly review of compliance with Segregation.	10/12/2017	On-Track	In place. System and authority to be signed to roles and responsibilities. In progress.
ISS.3 - Payroll	Masterfile access The payroll team has access to payroll master file including employees bank account details. Not all Masterfile changes are reviewed The "log and reason" from Chris 21 is not being used to review all changes to employee master files. Review of exception reports (Weekly exception reports generated by Chris 21, which are currently checked by the payroll team as part of the weekly payroll processing schedule) are not reviewed and approved by someone independent of the payroll process. Ensuring all leave taken is recorded Council has no control for master staff, to ensure all leave taken is recorded in Chris 21. Currently only the Finance Department uses a "Sign in Sheet" to record daily attendance which is reviewed by the line.	Fraud could be committed by staff making changes to bank account details, allowing the transfer of money to their own bank accounts. If fraud were committed, it may not be discovered. Leave may be taken and not recorded and there may not be records to prove whether the staff member worked that day.	ISS.3.5	Attendance records should be kept to document whether staff were at work. These records should be compared to leave recorded to ensure all leave taken is recorded.	Manager People Organisation & Culture	10/11/2017	10/11/2017	1. Payroll Coordinator to evaluate Supervisors and Managers in the correct process. 2. Payroll Coordinator to review and monitor compliance with the process and report non-compliance for corrective action. 3. Payroll Coordinator implement electronic time and attendance records	10/11/2017	On-Track	Processes are being supported and monitored. Interim working group are supporting the specifications of the new - Chris payroll system including a review of the business process and controls.
ISS.4 - Lack of complete contract register	Bayview Council does not have a complete and centralised contract register.	There may be deficiencies from maintaining incomplete contract register and lack of clarity regarding contract responsibilities.	ISS.4.1	Management should implement a complete centralised contract register for the whole Council. The register should include information such as: - details of the contractors, project undertaken or goods and services to be provided - date on which contract became effective and duration of the contract - estimated contract value - information to identify the legal, operational and financial responsibilities and custodians of the contracts	Manager Procurement	1/10/2017	11/12/2017	Implement a centralised Contracts Register by 11/12/17. Document the Business Process and Controls for the Council's Contracts Management. Procurement Manager to conduct monthly review of contracts of emerging and new contracts, and upcoming ending / terminating contracts, and renews.	10/12/2017	On-Track	Revised date in progress and interim controls register is being maintained in place. The change Procurement in conjunction with the Manager Finance will review the business requirements and determine if TachOne option is the best option. IMAC review commenced and set for completion 15/07/18
ISS.4 - Lack of complete contract register			ISS.4.2	Management should implement a complete centralised contract register for the whole Council. The register should include information such as: - details of the contractors, project undertaken or goods and services to be provided - date on which contract became effective and duration of the contract - estimated contract value - information to identify the legal, operational and financial responsibilities and custodians of the contracts	Manager Procurement	1/10/2017	11/12/2017	Process mapping is also currently being undertaken to ensure that all roles and responsibilities are clear. BMO, a credentialled checking agency, has also been engaged to audit and certify BMO and other compliance requirements for contractors. Review and address any non-compliance identified by BMO within 2 weeks and / or immediately if risk assessment critical.	10/12/2017	On-Track	All roles, interim controls in place with interim contract register. IMAC review has been agreed to the Manager Procurement Business Unit Work Plan.
ISS.4 - Lack of complete contract register			ISS.4.3	Management should implement a complete centralised contract register for the whole Council. The register should include information such as: - details of the contractors, project undertaken or goods and services to be provided - date on which contract became effective and duration of the contract - estimated contract value - information to identify the legal, operational and financial responsibilities and custodians of the contracts	Manager Procurement	1/10/2017	11/12/2017	Engage BMO, a credentialled checking agency, to audit and certify BMO and other compliance requirements for contractors. Review and address any non-compliance identified by BMO within 2 weeks and / or immediately if risk assessment critical.	11/12/2017	On-Track	All roles, interim controls in place with interim contract register. BMO has been engaged and is working on existing suppliers.
ISS.4 - Lack of complete contract register			ISS.4.4	Management should implement a complete centralised contract register for the whole Council. The register should include information such as: - details of the contractors, project undertaken or goods and services to be provided - date on which contract became effective and duration of the contract - estimated contract value - information to identify the legal, operational and financial responsibilities and custodians of the contracts	Manager Procurement	1/10/2017	11/12/2017	Configure TachOne to include the following fields: - details of the contractors, project undertaken or goods and services to be provided - date on which contract became effective and duration of the contract - estimated contract value - information to identify the legal, operational and financial responsibilities and custodians of the contracts	10/12/2017	On-Track	All roles, interim controls in place with interim contract register. The business requirements are TachOne Contracts register functionality will be reviewed.
ISS.5 - Accounting procedures manual	The Council does not have an Accounting Procedures Manual. There is inadequate documentation of policies and procedures on key business cycles such as: - property, plant and equipment - fees and charges and - other revenue billings, - payroll and - purchasing and payables etc. - grant and contributions	1. Internal controls may not be adequately designed and implemented. 2. Staff may not know the correct procedures to be followed. 3. There is a greater risk that fraud will be committed and not detected.	ISS.5.1	An Accounting Procedures Manual should be developed for the Council.	Manager Finance	20/06/2017	30/06/2018	Implement Project Ratchet to develop business process and controls framework for develop Business processes, document internal controls, and train and embed processes into the new Bayview Council.	11/12/2017	On-Track	IMAC inputs collected and resources in place to complete work. In place commenced on priority business processes and to complete priority areas of Accounting Procedures Manual.

Issue	Observation	Implication	Ref	Recommendations	Responsible Manager	Start Date	End Date	Action/s	Revised End Date	On-Track / Resolved / Off-Track / OIG Complete (if OIG provide Mgr Comment)	Management Comment MAY 2018
05.3 - Accounting procedures manual	The Council does not have an Accounting Procedures Manual. There is inadequate documentation of policies and procedures on key business systems such as: • property plant and equipment, • fees and charges and, • other revenue billings, • payroll and, • purchasing and payables etc. • grants and contributions	1. Internal controls may not be adequately designed and implemented. 2. Staff may not know the correct procedures to be followed. 3. There is a greater risk that fraud can be committed and not detected.	05.3.2	Procedures should be designed to ensure that there are adequate internal controls including segregation of duties	Manager Finance	20/09/2017	30/09/2018	Implement Project Phoenix to develop business process and controls framework to develop Business processes. Document internal controls, and plan and embed processes into the new BaySide Council - for Accounting Business process & internal controls (Procedures)	31/12/2018	Resolved	Resolved - Revised date from 30/09 to 31/12 with updated BPC core and resources in place. BPC Review in progress. Accounting policies and procedures are being reviewed through the BPC review for high priority projects. Separate project established to review assets.
05.7 - Investments	The Council holds over £200million in investments as at 31/03/17. There was no written approval for new investments placed (except those 3 year terms which are approved by the Finance Manager by email).	Investment decision may not be in the best interest of the Council.	05.7.1	Due to the size of the Council's investment portfolio an investment committee should be established to:	Manager Finance	1/12/2017	31/09/2018	Establish a Charter for Investment Committee by 31/03/18. Convene an Investment Committee by 31/03/18	15/01/2018	Resolved	Resolved - Revised date from 30/09 to 15/01. Finance Manager has done a scheduled review of the Investment Policy following establishing a charter. The BPC review of investment management is in progress with the investment register no longer being considered from Sep-18, from ongoing to support start with implementation.
05.7 - Investments	The Council holds over £200million in investments as at 31/03/17. There was no written approval for new investments placed (except those 3 year terms which are approved by the Finance Manager by email).	Investment decision may not be in the best interest of the Council.	05.7.2	Set investment strategies including the terms of investments.	Manager Finance	1/12/2017	31/12/2017	Adopt BaySide Investment Strategy (with development of an independent advisor's Policy during 2017/18 & RLR Long Term Financial Strategy	15/01/2018	Resolved	Resolved - Revised date from 30/09 to 15/01. To be considered in BPC Review which has commenced.
05.7 - Investments			05.7.3	Review cashflow needs of the Council to ensure that they line up with investments made.	Manager Finance	1/12/2017	30/06/2018	Align CFM with Investment Strategy for 2017/18 (P&R)	30/06/2018	On-Track	Date corrected, should have been signed by the 30/06 to P&R Institute - revised to 30/06/18
05.7 - Investments			05.7.4	Review investment performance.	Manager Finance	1/12/2017	30/06/2018	Monthly Investment Performance monitored and reported to Director City Performance, and Monthly Council report on investments submitted by end of month following	30/06/2018	On-Track	Monthly investment reports are being reported to Council. Some issue on the timing of the reports due to Council Meeting Cycle and also issues in consolidated calculations. BPC review under way.
05.7 - Investments			05.7.5	Review and approve new investments.	Manager Finance	1/11/2017	30/06/2018	Manager Finance - to review and sign off investments. Investment Register and Investment report that investments have met and / or complied with all limits.	30/06/2018	On-Track	Finance Manager is signing off BaySide investments. Investment Register issues in the preparation of investment reports and process is under review.
05.8 - Review of reconciliations	General Ledger reconciliations are performed monthly, but only reviewed in year end. Unexplained recurring reconciliations are a major internal control risk.	Errors or fraud may not be identified and investigated in a timely manner	05.8.1	An officer independent of the preparer should review general ledger reconciliations every month	Coordinator Finance	10/11/2017	31/03/2018	1. Coordinator Finance Reporting prepare a Checklist of current list process to include and control reconciliation at a level of reconciliation. 2. Coordinator Finance Reporting create and maintain a list of reconciling items at a level. Weekly or other, and Monthly Reconciliations	30/06/2018	Off-Track	Off-Track - interim controls are not currently effective. Some reconciliations are not up to date as per 31/03/18 at end of reporting. The Coordinator Finance Reporting is reviewing the Checklist and updating the process. However, due to current resource issues the Finance Reporting team and local finance systems this is not yet being done in a timely fashion. The revised date reflects the future month will continue to be done with reporting and audit trail that will need time to get to "normal" reporting month. The BPC review is ongoing.
05.8 - Review of reconciliations			05.8.2	Reconciling items should be addressed on a timely basis.	Manager Finance	10/11/2017	31/03/2018	1. Coordinator Finance Reporting to prepare Monthly report to monitor list of Monthly Reconciliation Adjustments and Age of unexplained amounts. 2. Schedule Monthly Meetings between Director City Performance, Manager Finance and Coordinator Finance Reporting to discuss Reconciliations.	30/06/2018	Off-Track	Off-Track - as above - interim controls in place. The Finance Manager reports issue to the Director and are aware of any relevant issues on the reconciliations. BPC review is ongoing and interim reporting process.
05.8 - Review of reconciliations			05.8.3	Reconciling items should be addressed on a timely basis.	Manager Governance	1/12/2017	31/12/2017	Gain approval and implement an update Delegation Manual to include Approve General Ledger Adjustments as a specific delegation & issue new delegations to Finance staff	30/06/2018	Off-Track	Off-Track - interim controls are not effective to current date. Manager Finance is clearly reviewing and monitoring the reconciliations as the work opens for year end progress. New working papers will be signed and as reconciling items are not signed the related reconciling items will be determined. BPC review ongoing on solution for current business process.
05.9 - Fixed Assets	1. There was no depreciation charged up to our interim financials date for all the fixed assets (except vehicles disposed during the year). 2. Expenditure on WIP is expensed during the year and only capitalised at year end.	Expenditure will be incurred during the year and only capitalised at year end. This will result in monthly management reports being overstated. Management review of the monthly results in an important internal control to the business and should be based on accurate information.	05.9.1	Depreciation should be charged on a monthly basis.	Manager Finance	1/12/2017	30/06/2018	1. Coordinator Finance Accounting to update Finance Manual End Checklist and procedures to include monthly Reconciliation posting. 2. Fixed Asset Accounting - post Depreciation Journal monthly for 2017/18 as a monthly basis. 3. Coordinator Assets and Coordinator Financial Reporting identify and document the process to post monthly depreciation by 30/11/17	30/06/2018	Off-Track	Off-Track - Work project to address asset management and systems is being progressed. Interim under. Currently manual systems in place - Operational postings are currently manual as the fixed asset registers are not updated in Finance for a variety of reasons. A full system replacement is being undertaken to update the current system configuration and setup. For monthly reporting Finance will use existing journals as an interim solution for quarterly reporting.
05.9 - Fixed Assets			05.9.2	WIP should be capitalised as it is incurred.	Manager Finance	1/12/2017	30/06/2018	Coordinator Finance Reporting - Capitalise 2016/17 WIP year end	30/06/2018	Off-Track	Off-Track - Ongoing work with audit on completion and solution of issue as part of the 2016/17 financial year end is in progress. Fixed Asset Registers are being maintained outside Finance. A special major project is planned to address assets monthly.
05.9 - Fixed Assets			05.9.2	WIP should be capitalised as it is incurred.	Manager Finance	1/12/2017	30/06/2018	Coordinator Finance Reporting - Capitalise 2017/18 WIP monthly from Dec 15	30/06/2018	Off-Track	Off-Track - Monthly WIP depreciation is not occurring at this stage due to fundamental issues in setup of the Fixed Assets Registers and processes in the Finance system. Work plans for Finance had not yet been established in Finance. This will occur once the Fixed Asset Registers are established in Finance - by 30/06/18. Separate major project to address at Asset issues.
06.11 - Grants & contributions	Grants and contribution reconciliations were not completed from November 2016 to June 2017, also a central register is not maintained.	Grants and contributions may not be accounted for correctly.	06.11.1	A central grant and contribution should be maintained and reconciliations should be completed monthly and reviewed and approved by management.	Manager Finance	10/11/2017	31/12/2017	Reconcile Grants and Contributions for BaySide Council for year ended 30 June 2017	30/06/2018	Resolved	2016/17 financial year end in progress - Grants tracked. Reconciliations will be provided with spring grants. Off-Track have also started across the Finance and authority systems, with income and expense still being recorded against the Authority system. A completed grant register is being developed.
06.11 - Grants & contributions			06.11.1	A central grant and contribution should be maintained and reconciliations should be completed monthly and reviewed and approved by management.	Manager Finance	1/12/2017	30/06/2018	Coordinator Rates & Revenue - Prepare Monthly Reconciliations of the Grants and Contributions Coordinator Finance Reporting - Include Monthly Reconciliations of the Grants and Contributions in the Month End Checklist and Business procedures	30/06/2018	On-Track	Monthly reconciliations are not yet routine due to the current reporting and across Finance. This will be established once the financial year ends and results for the financial year 2016/17 accounts are settled. The BPC review will focus on current date 2017/18 and system for year end and 2016/18
06.11 - Grants & contributions			06.11.1	A central grant and contribution should be maintained and reconciliations should be completed monthly and reviewed and approved by management.	Manager Finance	1/12/2017	31/12/2017	Coordinator Rates & Revenue - Develop and implement a centralised grants and contributions register showing approvals and equities Project Manager Business Process and Controls - Facilitate and develop, document and implement an end-to-end business process and controls for Grants Management	30/06/2018	On-Track	BPC review scheduled 2016/17 financial year end in progress as well as current project authority to Finance has resulted in resources to complete the process. Reconciliations will be reviewed with working papers. A centralised grants register is being developed. BPC review scheduled for completion by 30/06 as part of financial reporting & budget control.
06.11 - Grants & contributions			06.11.1	A central grant and contribution should be maintained and reconciliations should be completed monthly and reviewed and approved by management.	Manager Finance	1/12/2017	30/06/2018	Manager Finance - Review Monthly Grants Reconciliation Register (Nov-17, Dec-17, Jan-18, Feb-18, Mar-18, Apr-18, May-18, Jun-18, and monthly thereafter) Coordinator Finance Reporting - Include Finance Manager's Monthly review of Central Grants Register in Finance Month End Checklist	30/06/2018	On-Track	As above. The consolidated grants register is not yet implemented.

Issue	Observation	Implication	Ref	Recommendations	Responsible Manager	Start Date	End Date	Action/s	Revised End Date	On-Track / Rescheduled / Off-Track / Still Complete (if Off provide Mgr Comment)	Management Comment MAY 2018
ISS 14 - Approver of journals	Normal entries can be posted without being reviewed by another officer.	Fraudulent journal entries could be processed	ISS 14.1	The accounting system should be restricted to ensure that journal entries cannot be made without being reviewed by a responsible senior officer.	Manager IT	1/3/2017	13/3/17	Update Technical Access to restrict input of Journal by Administrators, Coordinators, and Manager Finance	30/06/2018	On-Track	In progress. Current TechOne configuration has been reviewed and access designated to journals. Consultants have been engaged to review the input of data from external systems. This will then allow the restriction to General Ledger Journals to be implemented.
ISS 14 - Approver of journals			ISS 14.2	Journal entries review should be captured and documented.	Manager Finance	10/11/2017	13/3/17	1. Coordinator Financial Reporting create and implement Journal templates (including staff training) 2. Review Journals and verify the signatures approving are in accordance with the agreed Delegations	30/06/2018	On-Track	In progress. Standardised templates exist in TechOne and Authority systems. However, formal delegations have not been implemented.
ISS 14 - Approver of journals			ISS 14.3	The system should also document the reasons why a journal is not approved.	Coordinator Financial Accounting	10/11/2017	13/3/17	1. Coordinator Financial Reporting create and implement Journal templates (including staff training) 2. Review Journals and verify the signatures approving are in accordance with the agreed Delegations	30/06/2018	On-Track	In progress. Manager Finance is reviewing the current practice and will propose a solution for the BPC review to simplify and allow TechOne functionality. As part of this review attachments of supporting documentation for all journal entries will be mandatory and electronic in the TechOne system. TechOne will be the record repository.
ISS 14 - Approver of journals			ISS 14.4	All journal entries made during the period 01/10/16 to 30/09/17 should be reviewed and approved by a more senior officer than the user to ensure that they are appropriate.	Coordinator Financial Accounting	10/11/2017	13/3/2017	Coordinator Financial Accounting to conduct a review of Journal entries made during the period 01/10/16 to 30/09/17 to ensure each entry has been approved by a more senior officer than the user to ensure that they are appropriate and correct to such a crossed obligation.	30/06/2018	Off-Track	In progress. 2016/17 Financial year final accounts to audit. A final review will occur once all user papers and reconciliations are received in both TechOne and Authority general ledger systems.
ISS 15 - Review of accruals and provisions for bad and doubtful debts	The provision for bad and doubtful debts and accruals at year end is not reviewed by management.	The balances may be overstated	ISS 15.1	Management should review accruals and provisions estimates regularly.	Manager Finance	1/12/2017	11/01/2018	Coordinator Rates and Revenue - Conduct a monthly review of Debtors and identify action for credit management Coordinator Financial Reporting - Include Monthly Reconciliations of the Debtors Credit Management Review and Provisioning of Bad and Doubtful Debts in the Month End Checklist and business procedures Project Manager Business Process and Controls - Document Business Process and Controls for Credit Management and provisioning bad and doubtful debts	30/06/2018	Rescheduled	Rescheduled. Revised date from 26/02 to 10/01/18. 17th and 18th quarterly periods being reviewed. BPC review includes - Debtors Recoverable & Credit Management, and review of Reconciliation and year end.
ISS 15 - Review of accruals and provisions for bad and doubtful debts			ISS 15.2	Management should review accruals and provisions estimates regularly.	Manager Finance	10/12/2017	10/06/2018	Manager Finance - Review Aged Trial Balance and credit management practices and the Provision for Doubtful Debt (Quarterly, included in Finance Month End Process) Coordinator Financial Reporting - Include Finance Manager's Monthly review of Detailed Grants Register in Finance Month End Checklist	30/06/2018	On-Track	2017/18 agreed that balances will be reviewed monthly April 2018
ISS 16 - Rental System (RENT)	The RENT system is used for managing rental income of the Council, see note 3. The RENT system is not integrated with the Finance system (TechOne previously E1). The Finance team does not have access to the RENT system and bills for rents based on a manually maintained excel sheet sent from Property team. We noted differences in that spreadsheet of at least 273,000 between what should have been billed and what was billed.	Rents may be incorrectly billed	ISS 16.1	The Finance team should have access to the RENT system.	Manager Property	1/11/2017	10/11/2017	Coordinator Financial Reporting - Review Monthly RENT to TECH Reconciliation (Nov-17, Dec-17, Jan-18, Feb-18, Mar-18, Apr-18, May-18, Jun-18 and monthly thereafter) Coordinator Financial Reporting - Include Property Manager's preparation of RENT to TECH Reconciliation and Finance Coordination review of the Reconciliation Project Manager Business Process and Controls - Document the Business Process and Controls for the Monthly Reconciliation of the RENT to TECH	30/06/2018	On-Track	ACCESS BINGE OFFER BULK PROPERTY Reconciliation processes are not yet in place. Current interim controls to that reconciliation are still active.
ISS 16 - Rental System (RENT)			ISS 16.2	Considerations should be given to integrating the RENT system with the Finance system.	Manager Property	10/12/2017	10/06/2018	Manager Property & Manager Finance - Develop business requirements for new system Manager Property - Develop scope and business case for RENT Steering Com & Task approval	30/06/2018	On-Track	Scoping is in progress for an extension of TechOne system to incorporate the functionality of the RENT system.
ISS 16 - Rental System (RENT)			ISS 16.3	A review should be conducted to ensure the Council is correctly billing the rents it is entitled to.	Manager Finance	10/11/2017	10/06/2018	Coordinator Financial Reporting - Review Monthly RENT to TECH Reconciliation (Nov-17, Dec-17, Jan-18, Feb-18, Mar-18, Apr-18, May-18, Jun-18 and monthly thereafter) Coordinator Financial Reporting - Include Property Manager's preparation of RENT to TECH Reconciliation and Finance Coordination review of the Reconciliation Project Manager Business Process and Controls - Document the Business Process and Controls for the Monthly Reconciliation of the RENT to TECH	30/06/2018	On-Track	Property reconciliations are not yet in place. Current interim controls in place are that the reconciliations are performed and will move to a monthly cycle when the 2017/18 audit is finished.
ISS 19 - Underground Fuel Storage tanks at Bodeby Depot			ISS 19.5	Any variances identified during stocktakes should be investigated and resolved in a timely manner.	Manager Plant & Fleet	1/11/2017	11/12/2017	1. Manager Plant & Fleet - Implement monthly review and analysis and action discrepancies quarterly 2. Internal Auditor - review Manager Plant & Fleet monthly monitoring and Quarterly adjustments 3. Manager Plant & Fleet - Ensure corrective actions are implemented within 3 weeks of non-compliance being identified	30/06/2018	On-Track	BPC Review in progress for Invoicing - Invoicing, Depot & Bodeby Depot. Some issues with supplier records where fuel issues are currently not passing to TechOne. This issue is currently being resolved with IT regarding the set-up of a different store location for the fuel at Bodeby Depot.
ISS 20 - Stocktake processes	Stocktake procedures have not been formalized for the Council.  The draft Stores Management Manual only requires stocktakes to be performed "periodically". Only 2 stocktakes were conducted during the financial year, which is regarded as insufficient for stock items subject to theft or loss such as fuel.  2. Duplicated stock numbers were noted in the stocktake reports which were referring to the same stock items. This means the quantities need to be combined of the duplicated stock numbers to come up with the actual variance.	If stock is not adequately controlled it is more likely to be stolen or lost.	ISS 20.1	The draft Stores Management Manual should be reviewed and updated to require more frequent stocktakes for items subject to theft or loss.	Manager Plant & Fleet	1/10/2017	10/10/2017	TechOne System Inventory Management module implemented and weekly fuel checks in place	15/06/2018	Rescheduled	Rescheduled. Revised date from 30/08 to 15/06. In progress and interim controls in place through 2018 fuel inventory. Technical issues Aug. 18n resulted in files not being generated. The TechOne from Bodeby Depot issue is now resolved, however there is an issue in the design. Technical review of the Bodeby Depot fuel issues are still occurring but being investigated with IT. Full BPC review complete for inventory management.



## **Risk & Audit Committee**

**24/05/2018**

Item No	5.5
Subject	<b>Proposed 4 Year Internal Audit Plan (2018/22)</b>
Report by	John Walsh, Internal Auditor
File	SC18/36

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### **Summary**

The proposed 4 Year Internal Audit Plan (2018/22) (the plan) is presented. The plan commences 1 July 2018. An objective of the plan is to complete in Year 1 all internal audit's work in relation to Project Ricochet, Internal Audit's 'health checks' and the legacy audits on the Issues List, and meet the Audit office's recommendation of reviewing all core financial systems within a three year cycle.

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### **Officer Recommendation**

- 1 That the proposed 4 Year Audit Plan (2018/22) be received and noted.
  - 2 That the Committee endorse the 4 Year Audit Plan (2018/22) as presented.
- 

### **Background**

The plan covers the 4 year period commencing 1 July 2018 is set out in the Appendix for discussion.

The plan's 4 year time frame recognises that there is a significant amount of internal audit's time committed to existing projects and that these projects cover a significant proportion of the Councils core financial systems. Most of internal audit work in Year 1 is already committed. The plan for Years 2, 3 and 4 assumes an 'audit as usual' because by 1 July 2019 it is planned that the Council will be in a 'business as usual' mode.

It is a recommendation of the Audit Office, arising from the Council's statutory audit, that Internal Audit complete a full review of the Councils core financial systems every three years. This plan addresses this recommendation.

The plan envisages carrying out staggered audits over 3 years (cash collections) and 2 years (inventories) in order to cover all cash collection sites and both depots. It is anticipated that any improvement findings in the first year will be recommended concurrently for the non - audited sites.

The Council's Strategic Risk Register includes 4 risks that are assessed 'residual high' or higher. This plan includes, in Y1, the audit of one high risk strategic matter relating to current IT implementation and on-going development. The other 3 strategic risks relate to: failure to manage crowds in public spaces; a major infrastructure failure; and, failure to recover from frauds to the extent predicted, do not come within the scope of internal audit per se and are covered in the plan under 'Corporate Risk Management'.

The Council's operational risk register is compiled but subject to approval. A review of its 'major' risks does not include any risks that come directly into the scope of internal audit. The audit program will be subject to regular review and reporting and will be subject to any further work that may arise from the continuing activities of the peak investigative bodies.

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## **Attachments**

Proposed 4 Year Internal Audit Plan (2018/22) [↓](#)

**Bayside Council: Draft 4 Year Internal Audit Plan commencing 1 July 2018.**

Prepared by John Walsh Internal Auditor 9 May 2018

**Internal audit's objective**

The objective of the internal audit function (internal audit) of Bayside Council (the Council) is to provide independent, objective assurance over the Council's risk management, internal control, governance and the processes in place for ensuring effectiveness, efficiency and economy.

**The internal audit framework**

The council's internal audit functions within a framework comprising:

- Internal audit guidelines issued in September 2010 by the NSW Division of Local Government.
- The Council's Risk and Audit Committee Charter
- The Council's Internal Audit Charter.
- The appropriate professional standards and code of ethics

**Internal audit's scope**

The Council's internal audit scope is to provide assurance on the:

- Adequacy and effectiveness of the risk management framework and related internal controls.
- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and resource usage
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures and contracts

**Overview of the internal audit approach**

The draft internal audit plan (the plan) has been developed by taking account of:

- the risks identified in the Council's risk register and related documents
- the recommendations of the various external reports on the Council and its predecessors arising from ICAC investigations (Ricco and Jarek) and the Council's responses to date
- the various Audit Management Letters issued by the NSW Auditor General in relation to Botany and Bayside councils, and the Council's responses to date
- IT implementation status of Council's core applications
- Internal audit's work to date, its knowledge of the Council and local government in general to identify other areas of risk.
- discussions with Council senior management to confirm all risks are identified and covered in the plan.

**Contingencies**

The plan allows 5 weeks per annum for contingencies which includes internal work, if any, arising from latest referrals to ICAC.

**Follow-up**

The plan allows 2 weeks per annum for follow-up in Year 1 and 4 weeks per annum thereafter, and 1 week per annum for follow-up re the annual statutory audit management letter.



**Other matters**

The plan allows 2 weeks per annum for the internal auditor's involvement in the following

- quality control review of internal auditor's work
- attendance at audit committee meetings
- regular contact with the Council's management
- liaison with external audit

**The internal audit team**

This plan is based on one internal auditor, full-time. Being 45 weeks per annum after 4 weeks annual leave, 2 weeks public holidays and 1 week sick leave (contingent).

**Internal audit performance indicators**

- operational plan to be submitted by September each year
- follow-ups to be performed within 1 year of the audit taking place
- issue of draft reports within 30 working days of work being complete
- issue of final report within 10 working days of receipt of management responses
- recommendations made compared with recommendations accepted: 85%
- internal audit attendance at all audit committee meetings

**The proposed internal audit plan**

The plan covers the 4 year period commencing 1 July 2018 is set out in the Appendix for discussion.

The plan's 4 year time frame recognizes that there is a significant amount of internal audit's time committed to existing projects and that these projects cover a significant proportion of the Councils core financial systems. Most of internal audit work in Year 1 is already committed. The plan for Years 2, 3 and 4 assumes an 'audit as usual' because by 1 July 2019 it is planned that the Council will be in a 'business as usual' mode.

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The Council's operational risk register is compiled but subject to approval. A review of its 'major' risks does not include any risks that come directly into the scope of internal audit.

Appendix: Draft (for discussion) 4 Year Internal Audit Plan (in weeks)

Draft internal audit plan		Risk	Y1	Y2	Y3	Y4	Un plan ned
<b>Committed internal audit work:</b>							
ICAC Ricco *	a		6				
AG Bayside Interim Audit 16/17 *	b		6				
Internal audit 'health checks' 17/18	c		4	4	2	2	
Internal audit 'health checks' 18/19 (x3)	d		6				
Legacy audits (Issues List)	e		2				
* Relates to internal audit's work in verifying that ICAC/AG's recommendations have been implemented.			24	4	2	2	
Cash		High	4	3	3		
Investments	b	Low				1	
Debtors		Med			8		
Inventories (2 depots)	b	High	4	6			
Fixed Assets - Infrastructure	b	Low		6			
Fixed Assets - Property	b	Medium		4			
Fixed Assets - Fleet & other	b, e	Low				4	
Creditors	a, b	Low				8	
Revenue - Rates and annual charges		Medium		6			
Revenue - User charges and fees		Medium			4		
Revenue - Grants & Contributions	b	Low				4	
Revenue - Other	b	Low				2	
Expenditure – Payroll/Leave	b, c, e,	Low			8		
Expenditure – Materials & contracts	a, c, c, e	Medium		8			
Expenditure – Other including p/cards	a	Low				4	
General Ledger	a, b, b, b	Low			2		
Certification & Compliance	e, e	Low					4
Policies and procedures – Accounting	b	Low				2	
Policies and procedures - Other		Low					4
Registers	b	Low				2	
IT (Strategic Risk)	b	High	4				
Budget setting and management	a	Low					4
Organisational Structure Management	a	Low			2		
Management of audit recommendations	a	Low					2
Corporate Risk Management	a, e	Low				4	
Human Resources		Low					4
Work Health & Safety	c, e	Low					4
Management reporting (internal)		Low					4
Performance Monitoring		Low					4
Integrated Planning & Reporting		Low					4
Anti-Fraud & Corruption Management	a	Low					4
Business Continuity Planning		Low					4
Other matters (liaison, meetings, etc.)			2	2	2	2	
F/up - post internal audit and post Ricco			2	4	4	4	
Follow-up annual external audit				1	1	1	
Internal audit plan contingencies			5	5	5	5	
<b>Total weeks per annum</b>			<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	

**Risk & Audit Committee**

**24/05/2018**

Item No	5.6
Subject	<b>Audit Program 2017/18 - Status of Health Checks</b>
Report by	Fausto Sut, Acting Director City Performance
File	SF17/2386

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**Summary**

While not completed, generally good work has been undertaken in completing the four health checks agreed to be completed as part of the Audit Program 2017/18. The attached status reports are subject to audit verification.

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**Officer Recommendation**

That the progress report on the four health checks be received and noted.

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**Background**

A focus for Internal Audit during this transition period and financial year has been the development and implementation of a health check program for high risk areas across the business. Based on the then impending Operation Ricco report and some of the high risk outstanding audit recommendations, Internal Audit nominated the following four areas to participate in the health check process:

- 1 Procurement.
- 2 Payroll.
- 3 Management of employees' mandatory tickets, licenses and training.
- 4 External contractor management

The changeover in internal auditors as a result of the permanent incumbents absence on maternity leave has taken longer than expected, with Mr John Walsh commencing duties on 6 April 2018. The focus during orientation has been to familiarise himself with the work at hand and develop a draft 4 year audit program (reported separately at this meeting).

Accordingly, while updates have been provided on the progress of the four health checks, internal audit has not validated the veracity of the progress and will do so over the coming months. This has been catered for in the draft 4 year audit program as well as the completion of a further three health checks.

**Overview**

***Procurement***

The status report outlines significant work that has been undertaken, including the areas of monitoring and education. The progress is subject to audit verification.

**Payroll**

Work has focused on implementing the new HR system iChris including a review of processes and controls. It is anticipated that iChris will go live from 1 July 2018.

**Management of Employees' Mandatory Tickets, Licenses and Training.**

An audit has been undertaken by POC identifying gaps in information held. This has led to training and licence renewals. There has been a delay in implementing Council's harmonised HR system, ie iChris and this is expected to Go-live on 1 July 2018. The completion of this work has been revised to 31 October 2018.

**External Contractor Management**

The BNG Conserve system has been demonstrated to key staff from various business units. Also the system has been reviewed and updated to represent Bayside Council. The work has identified there are several sub projects required to be completed to holistically address the Health Check objectives. These sub projects require leadership and ownership from specific business units who are also juggling competing priorities and hence realistic timeframes are currently being determined with these business units. Procurement will drive this work.

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**Attachments**

- 1 Procurement Health Check - Status Report May 2018
- 2 Payroll Health Check - Update May 2018
- 3 Employee Licences Health Check - Update May 2018
- 4 External Contractor Mgt Health Check - Update May 2018 [↓↓↓↓](#)

## Risk &amp; Audit Committee 24 May 2018

## Procurement Health Check

Current step number in process table: 7/8 (Audit Testing/Reporting Preparation)

Risk Level: **HIGH (possible downgrade)**

**Progress on Issues Identified in the Procurement Health Check:****1 Non Compliance – Invoices being paid without a purchase order.**

It was reported in November 2018 that approximately 13% of goods and services purchases occur outside the TechOne system, resulting in a Purchase Order (PO) not being raised

A review of the TechOne system found that 778 invoices were paid without a PO between July and October 2017.

Compliance has substantially improved since last reported. The below table shows the compliance statistics between November 2017 and April 2018. Compliance on average is 99.13% vs non-compliance 0.87%.

This steep decline is due to a strict rejection by the Accounts Payable Team of invoices received directly that do not fall within the exception criteria (see notes in table below). The Procurement Team have regularly distributed information via email and in person regarding the no purchase order / no payment principle. The Accounts Payable Team and Procurement Team have worked together to address the non-compliant invoices with the staff members. The Procurement Team have also been meeting with business units and individuals to provide advice and training on using the purchase order system.

<b>Compliance - Invoices Paid Directly vs With A Purchase Order</b>					
	<b>Number of Invoices Paid with Purchase Order (Compliant)</b>	<b>Total No of Direct Invoices paid without a Purchase Order</b>	<b>Non - Compliant Direct Invoices</b>	<b>% of non compliance</b>	<b>Notes</b>
<b>Nov</b>	1649	518	44	2.03	Acceptable Direct Invoices include Payments to Statutory Authorities and Utility Companies. Refund of Councillor *Expenses, Petty Cash Claims. Refund of Bonds (e.g. DA, Field Hire, and Child Care). Payment of Community Related Grants.
<b>Dec</b>	1315	382	23	1.36	
<b>Jan</b>	1328	515	8	0.43	
<b>Feb</b>	1519	332	9	0.49	
<b>March</b>	1532	369	6	0.32	
<b>April</b>	1191	286	5	0.34	
<b>Total</b>	<b>8534</b>	<b>2402</b>	<b>95</b>	<b>0.87</b>	
<b>Av</b>	<b>1422</b>	<b>400</b>	<b>16</b>	<b>0.87</b>	

Whilst there is now high compliance in not paying invoices without a purchase order, non-compliance has emerged in the practice of raising purchase orders after the invoice has been received.

For the period of November 17 to April 2018 there is an average of 73% non-compliance in invoices being paid with a purchase order whereby the invoice date is earlier than the purchase order date.

Whilst there is an assumption that a proportion of these would be acceptable exemptions allowing this practice occur (e.g. unforeseeable emergency to conduct works and hence unable to raise the purchase order in advance), the non-compliance percentage is alarming and requires immediate action to mitigate this issue.

This non-compliant practice creates similar risks to paying an invoice without a purchase order such as the supplier not being made aware of Council's Statement of Business Ethics and Business Terms and conditions prior to engaging in business with Council. This information is on the purchase order which was received after the work had already been completed. Staff are raising the purchase order to get the invoice paid now that direct invoices are being rejected by Accounts Payable. It is also unclear if due diligence in accordance with Council's Procurement Policy occurred in sourcing and engaging the supplier.

#### Action taken to address this issue

The Manager Procurement recently issued the non-compliance statistics via email to the Leadership Team (GM, Directors and Managers). A further report that details the specific staff members undertaking this practice was also circulated to the Leadership Team. The Procurement Manager advised the Leadership Team that the non-compliant practice had to cease and to address it with their teams immediately.

The Procurement Team will be visiting all business units in coming weeks to discuss their procurement activities, forward plan for next financial year and train staff on how to use the system correctly to mitigate non-compliance.

Compliance reports will be generated at least quarterly and presented to the Leadership Group and to other key stakeholders as required.

## **2 Tighter Controls in the TechOne Procurement System**

### **a) Lack of Detail in Purchase Requisitions:**

Tighter controls should be placed in the system to ensure that staff are not able to raise requisitions without a dollar amount and account numbers and where relevant, supporting evidence of quotes received.

Whilst staff can raise a purchase requisition without a dollar amount and cost at the requisition stage of the process. The purchase requisition cannot be approved and hence progress to being a purchase order which is then released to a supplier without this information. The internal system control is at the approval point of the requisition.

### **b) Cancelling of Purchase Orders:**

Purchase Orders can still be cancelled by anyone who can access the system. However, an additional control was inserted into the system that requires a mandatory reason for the cancellation.

There is a work flow audit on who has touched the purchase order in the system. A standard report is generated and reviewed by the Procurement Unit quarterly to identify an anomalies and trends.

The Procurement Unit is exploring with technical administrators of the system to build in alerts to notify when an order cancelled.

c) Amending Orders:

An additional control has been inserted in the system that requires a reasons for amending a purchase order. The amendment proposed is work flowed back to the authorising officer for approval. The Procurement Unit has established a report to monitor amendments at least quarterly and will address any diversion from Procurement Policy and Guidelines.

a) Duplicate Orders

When a purchase order is raised a number is generated. The system prevents duplicate numbers being issued. Duplicate transactions can occur if 2 separate purchase orders were generated for the same product or service. This can be picked up at invoice matching stage of the process.

Changes have been made to the set-up of the Technology One system to enable system monitoring and control of duplicate AP invoices to be tested on a more detailed level, including, Supplier Number, Invoice Number, Invoice Date and Invoice Value, Once data entry is more consistent advance analytics and testing scripts will be developed to enable further system based data integrity testing to be completed.

Council has also recently decided to purchase the ScanWatcher module of the Technology One system to enable the future scanning of AP Invoices and attachment of these documents to the relevant financial transactions recorded in the Technology One System.

b) Segregation of Duties

While there is segregation of duties between ordering goods and approving the purchase orders, there is still some lack of segregation in ordering goods and services and receipting them in the system. While implementing this segregation could be administratively onerous to the organisation, it is still important to devise ways to implement this segregation to ensure and uphold the integrity of the receipting process.

Action taken:

Whilst there are no system controls that segregate between the person ordering and receipting the goods, business rules have been established and communicated to staff by the procurement unit. The high level work flow is outlined below;

- Purchase Requisition is Raised: Officer 1
- Purchase Requisition is Approved: Officer 2 with financial delegations and authority over account codes
- The above workflow has system controls so that Officer 1 has to be different from Officer 2. This has been tested.

- Purchase Requisition once approved is known as Purchase Order.
- Goods or services received, checked and receipted into the system: Officer 1
- Hard copy of invoice is issued to Authorising Officer for checking, approval and signature to process. This is often Officer 2 who approved the requisition or another officer other than Officer 1 that has appropriate authority and financial delegations to approve.
- Hard copy of invoice with Purchase Order Reference is sent to accounts payable for processing.

### 3 Access to Budgets

- a) The Financial Planning and Analysis team meets with managers on a monthly basis in relation to their business units financials.

Responsible Managers should also have access to Executive Information Enquiries in Technology One, which enables real time enquiries of information based on transactions in the Technology One.

Current business process of creating monthly accrual entries from delivered purchase orders have been placed on hold pending completion of Post Implementation Review (PIR) of the Technology One System, as these journals were not adding value to the information within the financial system.

Also reports will be created in Technology One to add the order commitment values to actuals to enable the responsible managers to monitor budget on the basis of actuals plus commitment against budget allocation.

Council is also in the process of implementation of the Enterprise Budget module of the Technology One system and this will be rolled out to the managers early in the 2018/19 financial year.

#### **Education:**

- a) Education and Training completed during this financial year includes;
- Education on Bayside Procurement Policy to staff via emails, staff newsletter and attendance to Team Meetings.
  - TechOne User Training provided by specialist consultant to end users – December 2017
  - Regular one on one training sessions regarding the use of the procurement system provided by the Procurement Business Unit.
  - Preparation of Quick Reference guides to assist staff perform functions in the procurement system.
  - Relational Trading Training providing by a specialist consultant. Over 130 staff attended the training. 10 Sessions provided staff and 1 session to Leadership



Team which was held between Nov 17-Feb 18. A follow up session held 16 May 18 with a sample of staff who attended the training to review and share learning put into practice.

- Corruption Prevention Training provided by ICAC. 3 Sessions held in February with over 100 staff in attendance.
- Procurement Section established on Council's intranet for staff to access Procurement Policy, procedures, forms and preferred supplier information. Use guides on the procurement system is also available on the intranet.
- Procurement Policy, Statement of Business Ethics, Standard Terms and Conditions and information in doing business with Council is provided on website for public to access
- Purchase Order template updated to reference the above and include key messages including No Purchase Order / No Payment principle.
- Email to over 2000 suppliers on data base in December 2017 to advise on No Gift Policy (Thank You is Enough). Also provided information on Policy, Statement of Business Ethics, Standard Terms and Conditions and Guide on Doing Business with Council.
- New suppliers entered into the system as issued with a welcome email and a reference to the Procurement Policy, Statement of Business Ethics, Standard Terms and Conditions and a guide in doing business with Council.
- Emails to all staff at least monthly on Procurement related matters / observations including compliance.
- Establishment of procurement system focus group with representatives from various business units. Purpose of the focus group is to exchange knowledge, learn more about using the system and provide input into improving the system. Outcome is to build capacity in the use of the system across the organisation.

**In progress:**

- Preparation of the 2018/19 Procurement Education Campaign. A workshop with the Procurement Unit and Learning and Development Unit is scheduled for 17 May 2018.
- Completion of Bayside Procurement Guidelines scheduled for completion by 1 July 2018.
- Completion of standardised procurement templates – on going. The Procurement Unit are progressively developing a resource library for staff to access to plan and undertake procurement activities.
- Supply category review. This includes revising the supply category naming convention in the system, refreshing the category allocations against suppliers in the system to enable more detailed reporting and monitoring of procurement activities and trends.

## Payroll Health Check

Current step number in process table: 7/8 (Audit Testing/Reporting Preparation)

Risk Level: **Medium**

**Urgent issues identified in the Payroll health check:**

- 1 Payroll is currently processed in separate CHRIS21 systems for each of the former Councils. The CHRIS 21 system used to process the former Botany Council payroll was configured for the Civica system. The cost codes for the Civica system do not align with cost codes required for import into TechOne. Finance is required to map transactions from Civica cost codes to the new TechOne cost codes and manually adjust in payroll file prior to importing into TechOne. The previous Civica works orders also contained details of cost dissection allocation. This dissection is currently done manually by Finance reconciling back to the paper timesheets. The manual adjustments and dissections are very time consuming and can be subject to human errors. These issues will be resolved once the project to consolidate CHRIS 21 systems as the new system will be configured for the TechOne cost codes.
- 2 Most of the controls within the Payroll process are manual controls and as a result, are reactive in nature and subject to human error. It is expected that the implementation of iChris would introduce more preventative and detective controls, and reduce the reliance on reactive controls.
- 3 There is no evidence of segregation of duties between the inputting, reviewing, reconciling, checking and paying of staff.
- 4 Accuracy of leave balances are unclear as the onus is on Managers to ensure that their staff have completed a leave form and it is submitted to payroll when leave is taken. The robustness of this process varies across the organisation and cannot be determined. It is internal audit's opinion that this is an important area to focus on as Council already has significant amount of leave liabilities it is working on reducing.
- 5 While leave benefits and entitlements are in line with the organisation's policy, the organisation currently operates under two different Awards for the former Councils. The application of these Awards to the staff from each former Council may not be applied as consistently or strictly across the organisation. This issue will be remediated once negotiations with the Union is completed and all staff have the same entitlements and benefits.
- 6 Changes to master data file are reviewed by the Transition Project Lead – People and Organisational Culture but a more robust checking and verification process should be applied, especially in regards to changes to bank account details. This would especially help to ensure that potential fraudulent activities are identified and investigated in a timely manner.

**Action Plan In Progress:**

1. There is currently a project underway, led by the Transition Project Lead – People and Organisational Culture, to consolidate the two Chris21 systems into an upgraded iChris system. The integration of these systems will allow for more automated controls to be introduced, more robust segregation of duties to be introduced, better reports to be produced, and more regular reporting to be undertaken. This will not only remove some

of the urgent issues identified but also strengthen the process in areas which are currently working well.

2. It would be ideal to review the systems, controls and processes in the iChris system against the payroll health check to ensure that all the necessary controls have been implemented and are working effectively and efficiently.
3. Moving forward, the Payroll Coordinator will review the "ADP" audit report, which show all Masterfile changes to employee details, on a weekly basis. Changes will be reconciled and checked against supporting documents to verify its validity and authenticity. Any suspicious or unauthorised changes will be investigated.

Update May 2018

Work has focused on implementing the new HR system iChris including a review of processes and controls. It is anticipated that iChris will go live from 1 July 2018.

Management of Employees' Mandatory Licenses, Tickets and Training Health Check  
 Current step number in process table: 7/8 (Audit Testing/Reporting Preparation)  
 Risk Level: **High**

**Urgent Issues identified in the Management of Employees' Mandatory Licenses, Tickets and Training health check:**

***Previous Update***

The primary issue identified with the above health check is the lack of an electronic system to manage employees' mandatory licenses, tickets and training. Currently, the process is being managed manually resulting in:

- 1 Lack of clarity if all staff have the necessary licenses, tickets and training required for their positions.
- 2 Difficulty in monitoring and tracking expiry of these licenses, tickets and training.
- 3 Gaps in identifying, in a timely manner, staff who require refresher training for these licenses, tickets and training.
- 4 Inconsistency in collecting documentary evidence of training completed by staff.
- 5 Lags in communication to Team Leaders and/or Coordinators when their staff are not appropriately licensed or ticketed.

The above issues can begin to be resolved with the nomination, testing, implementation and roll-out of an electronic license, ticket and training system. The Manager POC, Coordinator Workplace Relations and the Coordinator Work Health and Safety is in the process of considering the available options and nominating a system. It is expected that the system will be Global Vision, with the system expected to go live by March 2018.

***Update - Committee Meeting of 24 May 2018***

A manual audit of all staff has been undertaken including taking copies of all licences (e.g. drivers licence, first aid, white card etc), recording the details, and filing copies in TRIM as official records.

The information gathered from the audit has identified gaps. This has resulted in extensive training and renewal of licences, including a record amount of first aid training for high risk areas such as outdoor workforce, childcare, library and sports & recreation functions.

There has been a delay in implementing Council's harmonised HR system ie iChris and this is expected to Go-live on 1 July 2018. It is anticipate that the information already collated will then be entered into iChris. Global Vision has been selected as the reporting software which will integrate with iChris.

The revised timeframe is 31 October 2018.

## Risk &amp; Audit Committee 24 May 2018

External Contractor Management  
Current step number in process table: 2 (Audit Preparation)  
Risk Level: **High ??**

The External Contractor Management health check has 6 objectives:

- 1 To ensure that there are sufficient and relevant contractor management policies and procedures which are regularly reviewed and properly communicated.
- 2 To ensure that vendors undergo a proper procurement process in accordance with the Procurement Policy and are selected based on merits and value for money.
- 3 To ensure that Council has properly set up vendors in an appropriate system and they have been properly inducted on site, as per WHS and other legislation and regulations, prior to commencing work.
- 4 To ensure that unauthorised payments to vendors for incomplete or unsatisfactory work is prevented.
- 5 To ensure that all payments are for valid and approved vendors for goods and services actually received.
- 6 To ensure that Council is only using vendors that are performing to expectations.

The Manager Procurement was appointed the process control owner and has been facilitating with key stakeholders the review and re-establishment of a consistent and harmonised external contractor management process for Bayside Council.

The Manager Procurement has mapped the contractor management process with key stakeholders to gain an understanding of roles and responsibilities in the management of external contractors. This exercise identified that the process is more complex than anticipated.

The Manager Procurement has drafted a 'Road Map' for the external contractor management project. There are several sub projects identified in this Road Map listed below which aim to holistically address the Health Check objectives. These sub projects require leadership and ownership from specific business units who are also juggling competing priorities and hence realistic timeframes are currently being determined with these business units.

1. Establish a Governance Framework for Contractor Management for Bayside: (Procurement Unit Lead)
2. Revise and harmonise contract management policy and guidelines: (Procurement Unit Lead)
3. Establish a system that records, monitors and reports on contractor Insurances, Accreditations and Tickets required to perform the required works and/or services to ensure they remain relevant and current: (Procurement Unit Lead)
4. Revise and harmonise standardise contractor induction documentation: (People Organisation and Culture Lead)
5. Revise and implement consistent contract performance management processes across Council – (Procurement Unit Lead with Business Unit Managers) :

6. Educate and train staff on the above – (Procurement Unit with Learning Development, Risk and WHS Teams)

The Road Map with timeframes will be reported to the Risk and Audit Committee as well as progress on its implementation.

The Health Check update provided to the Risk and Audit Committee in December 2017 focussed predominately on the sub project number 3 above. Progress on this item is outlined below;

### Completed

- 1 The BNG Conserve system has demonstrated to key staff from various business units.
- 2 BNG Conserve representatives have reviewed and updated the system to represent Bayside Council.
- 3 Contractors registered in the BNG Conserve System with former Botany and/or Rockdale have been made inactive subject to the revised Bayside process being established. These contractors have been notified of the review and the action taken.

### Next Steps

- 4 Further consultation by the Procurement Unit with the Leadership Team and key business units will occur in **June 2018** to formalise the process map and road map. It is critical to the success of this process (and hence mitigating risks) that the Leadership Team and key business units have 'buy in' to the process and take ownership for responsibilities assigned to them for this the process
- 5 The Procurement Unit to determine with key stakeholders what level of contractor / supplier must be registered in the BNG Conserve System. **by August 2018**
- 6 The Procurement Unit to collate the number current contractors / suppliers that are required to be registered with BNG Conserve. **September 2018**
- 7 The contractor/supplier is required to pay a fee to register with BNG Conserve. The fee is approximately \$180 per annum. The Procurement Unit will need to revise contracts and/or business terms and conditions with the current contractors/suppliers identified to determine if there is any scope to enforce the requirement for the registration and payment. If not, Council will need to determine what strategy to implement to have the current contractors registered **November 2018**
- 8 The Procurement Unit to update procurement documentation to include the BNG Conserve registration requirement so that it can be enforced with future contractors / supplier engaged **September 2018**
- 9 The Procurement Unit to work with BNG Conserve to input supplier / contractor details into the system and ensure all relevant contractor documentation is collated and current. **December 2018**
- 10 Staff Training on BNG Conserve System from **February 2019**