

26 October 2017

Our Ref: F17/634 Your Ref: E14/2586
Contact: Meredith Wallace [REDACTED]

Mr Lewis Rangott
Executive Director, Corruption Prevention
Independent Commission Against Corruption
GPO Box 500
SYDNEY NSW 2001

Dear Mr Rangott

Implementation of recommendations made in the investigation report into the conduct of the former City of Botany Bay Council chief financial officer and others

In response to the ICAC Report on the Investigation into the former City of Botany Bay Council, Bayside Council has considered the recommendations directed to it (Recommendations 1 to 8) and fully supports their implementation.

As you are aware, the proclamation of Bayside Council on 9 September 2016 effectively resulted in a new start as the operations of the new Council are significantly different to that which existed in the management of the former City of Botany Bay Council. Council is well underway in implementing a strong governance framework and is embedding new values and behaviours, a new management structure, and have commenced the significant work to align policies, processes, internal controls and systems.

Importantly, at the heart of Council's response is to instil the culture and organisational capability required to develop a sustainable financial and performance operating model - underpinned by a robust business management and internal control framework.

Council has already established a strong independent Risk and Audit Committee and that Committee has considered and endorsed Council's proposed action plan, including the development of a detailed project plan to map business processes and internal controls to address high risk business processes.

Enclosed is Bayside's plan of action summary and detailed response to the recommendations made in the ICAC report. The detailed plan of action highlights actions taken prior to the report being released and actions proposed to be taken in the 2017/18 financial year to further strengthen Council's internal controls.

As you will appreciate from the action to date, Bayside Council is committed to, and is prioritising, the implementation of the recommendations made by the ICAC. We consider the recommendations to be consistent with the good governance framework we want to achieve in the new Council.

Yours sincerely



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General Manager

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Bayside Council's plan of action in response to recommendations made in the *Investigation into the conduct of the former City of Botany Bay Council chief financial officer and others.*

PART A: Bayside Council's response to corruption prevention recommendations

Firstly, please indicate the response to be taken for each recommendation made.

Recommendation 1: That Bayside Council reviews its financial processes and makes any necessary changes to ensure that:

- its vendor master file is subject to appropriate segregation and review-based controls
- sufficient segregations exist in its invoice payment processes (including the introduction of a three-way match arrangement) to manage the risks associated with fraudulent payments
- operational managers have visibility over, and involvement in, setting budgets and monitoring expenditure against these budgets
- adequate segregations exist across different financial processes.

Please indicate the response the public authority will take in its plan of action:

- Implement the recommendation as described in the report
- Implement the intent of the recommendation in an alternative way
- Partially implement the recommendation
- Not implement the recommendation

If the action Bayside Council intends is other than "implement the recommendation as described in the report", please state the proposed action to be undertaken in the space provided below.

Please explain why the above action is proposed rather than the ICAC's published recommendation.

Recommendation 2: That Bayside Council undertakes a review of the control frameworks governing processes that are vulnerable to corruption (including those related to procurement, invoice payment, fleet management and charge-card usage) and implements any recommendations arising from the review

Please indicate the response the public authority will take in its plan of action:

- Implement the recommendation as described in the report
- Implement the intent of the recommendation in an alternative way
- Partially implement the recommendation
- Not implement the recommendation

If the action Bayside Council intends is other than "implement the recommendation as described in the report", please state the proposed action to be undertaken in the space provided below.

Please explain why the above action is action is proposed rather than the ICAC's published recommendation.

Recommendation 3: That Bayside Council reviews the position descriptions of key operational and financial roles to ensure that they include the required skill sets and qualifications.

Please indicate the response the public authority will take in its plan of action:

- Implement the recommendation as described in the report
- Implement the intent of the recommendation in an alternative way
- Partially implement the recommendation
- Not implement the recommendation

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Please explain why the above action is action is proposed rather than the ICAC's published recommendation.

Recommendation 4: 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.

Please indicate the response the public authority will take in its plan of action:

- Implement the recommendation as described in the report
- Implement the intent of the recommendation in an alternative way
- Partially implement the recommendation
- Not implement the recommendation

If the action Bayside Council intends is other than "implement the recommendation as described in the report", please state the proposed action to be undertaken in the space provided below.

Please explain why the above action is action is proposed rather than the ICAC's published recommendation.

Recommendation 5: That Bayside Council undertakes a risk assessment (including an assessment of fraud and corruption risks) to inform its internal audit plan.

Please indicate the response the public authority will take in its plan of action:

- Implement the recommendation as described in the report
- Implement the intent of the recommendation in an alternative way
- Partially implement the recommendation
- Not implement the recommendation

If the action Bayside Council intends is other than "implement the recommendation as described in the report", please state the proposed action to be undertaken in the space provided below.

Please explain why the above action is action is proposed rather than the ICAC's published recommendation.

Recommendation 6: That Bayside Council ensures that its internal audit function operates independently from management by reporting functionally to its audit committee.

Please indicate the response the public authority will take in its plan of action:

- Implement the recommendation as described in the report
- Implement the intent of the recommendation in an alternative way
- Partially implement the recommendation
- Not implement the recommendation

If the action Bayside Council intends is other than "implement the recommendation as described in the report", please state the proposed action to be undertaken in the space provided below.

Please explain why the above action is action is proposed rather than the ICAC's published recommendation.

Recommendation 7: 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.

Please indicate the response the public authority will take in its plan of action:

- Implement the recommendation as described in the report
- Implement the intent of the recommendation in an alternative way
- Partially implement the recommendation
- Not implement the recommendation

If the action Bayside Council intends is other than "implement the recommendation as described in the report", please state the proposed action to be undertaken in the space provided below.

Please explain why the above action is action is proposed rather than the ICAC's published recommendation.

Recommendation 8: 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

Please indicate the response the public authority will take in its plan of action:

- Implement the recommendation as described in the report
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- Not implement the recommendation

If the action Bayside Council intends is other than "implement the recommendation as described in the report", please state the proposed action to be undertaken in the space provided below.

Please explain why the above action is action is proposed rather than the ICAC's published recommendation.

PART B: Bayside Council's plan of action

In this section, please provide details of Bayside Council's plan of action in relation to the recommendations and/or proposed actions described above.

The scope and scale of recommendations made in investigation reports varies considerably, and the Commission recognises a single template may not suit every agency or investigation. In view of this, Bayside Council is invited to develop a format that is appropriate for the proposed plan of action and subsequent report(s).

The Commission asks that the plan of action and subsequent proposed report formats are developed in consultation with the ICAC's corruption prevention representative named in the cover letter. The ICAC corruption prevention representative will advise if the plan or report format has the Commission's endorsement.

However if Bayside Council prefers to adhere to an established format, the following may be used as a guide.

Plan of action

Each specific recommendation or proposed action
Action to be taken describing activities, allocating responsibility, measures to be used