



Bayside Council

Serving Our Community

ICAC Operation Ricco Report - Implementation & Action Plan

Status Update - December 2018

Attachment 1



Table of Contents

How to read this report	3
Recommendation 1	4
Recommendation 2	5
Recommendation 3	6
Recommendation 4	6
Recommendation 5	7
Recommendation 6	7
Recommendation 7	7
Recommendation 8	8
Update on Bayside ICAC Implementation and action plan – The Detail.....	9

How to read this report

The following report provides an update on Bayside Council's response to the ICAC Report on the Operation Ricco investigation into the former City of Botany Bay Council's CFO's conduct.

On 9 September 2016 Bayside Council was proclaimed amalgamating the former City of Botany Bay Council and former City of Rockdale Council. Following this, the ICAC report on the investigation was concluded which made eight (8) recommendations to the newly formed Bayside Council.

Council provided an action plan to ICAC in October 2017 and is required to provide a twelve month update on progress of implementation as at December 2018.

Structure of the Report

This report includes separate sections for each of the ICAC Recommendations addressed to Bayside Council and includes:

- An overall summary of the implementation status.
- A status on the specific actions detailed in Bayside Council's Implementation and Action Plan.

Status Reporting

For this report actions have been assessed as either:

Implemented - Actions have been taken and are assessed as complete.

Partially Implemented - Actions have been taken, however remain incomplete in part.

Council has continued to implement the recommendations. The items reported as Partially Implemented primarily represent timing, and are all expected to be completed by 30 June 2019.

Ongoing Review & Monitoring

Council has continued to monitor and report on the implementation of the ICAC Recommendations and Council's agreed Implementation and Action Plan (October 2017) with regular quarterly updates provided to the Risk and Audit Committee.

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.

Overall Comment	Overall Status
<p>Bayside Council adopted an organisational structure in October 2016 which established a Procurement Business Unit. This Business Unit is separate to the Finance Business Unit responsible for managing payment processes. Council's Financial Management System includes security to limit creation of the supplier records to Procurement Staff and system access for Payments to Accounts Payable staff.</p> <p>Council has developed Business Processes and Controls for key financial processes. In particular, addressing the required internal controls including segregation of duties across the procurement, accounts payable and banking functions, and key high risk financial processes.</p> <p>Business Unit Managers are required to develop budgets aligned to the Integrated Planning and Reporting framework - Council's Community Strategic Plan, Delivery and Operational Plan. The Financial Reporting Business Process and Controls includes monthly reporting and monitoring of performance against budgets and is being implemented for 2018/19.</p>	<p>37 actions Implemented</p> <p>1 actions Partially Implemented (see below)</p>
<p><i>Expand the use of TechnologyOne Contract Register - refer Attachment 2 (Action A.1.1.2.15)</i></p> <p>The Technology One Contracts module was not implemented prior to the completion of the TechnologyOne Post Implementation Review. The TechnologyOne Post Implementation Review - Roadmap included the recommendation that the Contracts module be implemented over two phases. Solution design phase of the TechnologyOne Roadmap will commence in February 2019 and this will determine the timing of delivery. It is expected that phase one will be implemented by 30/06/2019.</p>	<p>Partially Implemented</p>

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.

Overall Comment	Overall Status
<p>Bayside Council has a governance framework that supports the overall control environment and management of risks. This includes Council’s Code of Conduct and Risk Management Framework. To support this Council has undertaken a Policy Harmonisation project to align and improve the policy and control framework for Bayside Council. Bayside Council was formed in September 2016 following the amalgamation of the former City of Botany Bay Council and former Rockdale City Council.</p> <p>In October 2016 Council adopted a new organisational structure creating the Procurement Business Unit independent of the Finance Business Unit, and revised the roles and responsibilities for Fleet Management which are embedded across two Directorates of Council - City Performance and City Presentation.</p> <p>Further to this in 2018 Bayside Council implemented a project to review the Business Process and Controls environment for 18 key financial processes. These processes include: Procurement, Contracts, Purchase Cards (Credit Cards and Store Cards), Accounts Payable, Inventory Management, Cash Handling, Receipting, Bank Reconciliation, Investments, Accounts Receivable, Fees and Charges, Financial Reporting, Developer Contributions, Bonds & Deposits, Bank Guarantees, Delegations, Legal Documents, and Starters and Leavers. These processes and controls continue to be embedded in 2018/19.</p>	<p>13 actions Implemented</p> <p>3 actions Partially Implemented (see below)</p>
<p><i>Post amalgamation policy alignment and harmonisation and control environment- Refer Attachment 2 (Actions A.2.1.6, and A.2.1.14)</i></p> <p>Bayside Council has adopted 55 Council and Administrative Policies and has implemented a project to develop policies and harmonise or retire the policies of the former City of Botany Bay Council and Rockdale City Council, with expected completion in 2018/19.</p> <p><i>Improvement of reconciliation processes by transitioning of Authority systems to TechnologyOne - Refer Attachment 2 (Action A.2.1.11)</i></p> <p>Business Process and Controls for Financial Reporting implemented in 2018/19 including monthly reconciliations of all balance sheet accounts and daily Bank Reconciliations. This process is ongoing and will be fully embedded in 2018/19.</p> <p>This action has been partly superseded as Council continues with two bank accounts supporting the Authority System and TechnologyOne systems and will do so until the retirement of the Authority System in 2018/19.</p>	<p>Partially Implemented</p>

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.

Overall Comment	Overall Status
<p>Bayside Council implemented a review and adopted a new organisational structure in October 2016 following proclamation. In 2016/2017 all position descriptions were updated to align to the NSW Public Sector Capability Framework. All executive positions, management and staff appointments have been made in accordance with the new position descriptions which include the required skill sets and qualifications. Council has implemented a performance review framework which regularly reviews employee performance against work plans and required capabilities aligned to roles and responsibilities. All staff named have been investigated and Council has been guided by legal advice in terms of disciplinary actions.</p> <p>Council continues to run induction and refresher training to educate employees on Council’s governance framework.</p>	<p>All (10) actions Implemented</p>

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.

Overall Comment	Overall Status
<p>Council has implemented actions to ensure that the implementation of both external and internal audit recommendations are reported to the Risk and Audit Committee.</p> <p>The General Manager’s contract includes performance measures on the effective implementation of management’s responses to the internal and external audit issues, and has been included in the process for evaluating the General Manager’s performance.</p>	<p>All (4) actions Implemented</p>

Recommendation 5

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

Overall Comment	Overall Status
Council adopted a Risk Management Policy and framework which provides for regular reviews and updates to identify and manage risks. The implementation of the Bayside Council internal audit function is ongoing.	All (1) action Implemented

Recommendation 6

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

Overall Comment	Overall Status
<p>Bayside Council has established functional reporting lines that allow the Internal Auditor to meet directly with the Risk and Audit Committee independently of management.</p> <p>In accordance with the requirements of the Local Government Act the Internal Auditor, as a member of staff, reports to the General Manager. Within Council the Internal Audit function sits within the Governance and Risk Business Unit.</p>	All (2) actions Implemented

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.

Overall Comment	Overall Status
-Bayside Council has in place a Risk and Audit Committee with four independent members. The Risk and Audit Committee meets quarterly and meets with the Internal Auditor independently of management prior to meetings. The Internal Audit function provides updates on progress of internal audits and develops an internal audit program that is agreed with the Committee.	All (5) actions Implemented

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.

Overall Comment	Overall Status
<p>Following the Proclamation, the newly formed Bayside Council developed a charter and appointed a Risk and Audit Committee with four independent members in March 2017, the first meeting was held in May 2017.</p> <p>In October- November 2018 Council engaged an independent consultant to conduct an assessment of the effectiveness of the Risk and Audit Committee. This report has been received and reported to the General Manager and Risk and Audit Committee in November 2018. Recommendations are being considered and the Risk and Audit Committee is developing an action plan to implement recommendations for improvement in 2019. Reporting and monitoring of performance will be ongoing through the Chair of the Committee.</p>	<p>All (3) actions Implemented</p>

Update on Bayside ICAC Implementation and action plan – The Detail

The following tables report the progress of implementation against the detailed action plan with 75 of the original 79 actions implemented as at December 2019.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
Recommendation 1				
A.1.1.1.1	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.	Implemented		Council has documented the Business Process and Controls for each of the following processes: Procurement, Credit Cards (Purchase Cards), Accounts Payable, Cash Management - Investments, Cash Management - Bank Reconciliation, Cash Management - Cash Handling, Receipting and Inventory Management. Each business process documents the risks to be managed and the key internal controls. Council also implemented policies and training for staff on Procurement including the implementation of a “No Purchase Order - No Payment” for the majority of purchasing. Suppliers have Council’s Terms and Conditions, which reinforces Council’s adopted Gifts and Benefits policy “A Thank you is enough”. Training is ongoing with reminders sent to suppliers at key times of the year.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.2.1	The Procurement function has been separated from Governance and Finance at Bayside and established as an independent standalone business support unit. A manager has been appointed as well as 3 procurement specialist and a procurement officer. Vendor master file maintenance rests with Procurement and not accounts payable.	Implemented		Bayside Council's Organisational Structure was adopted in October 2016 which created the new Procurement Business Unit which functions separate to Finance. The Business Unit is resourced with a Procurement Manager, 3 procurement specialists and one procurement officer. Responsibilities are clearly documented including Business Processes and Controls, supporting forms and system controls over segregation of duties between Procurement and Finance.
A.1.1.2.2	Prior to amalgamation of the former City of Botany Bay Council, changes to authorities to create and maintain Vendor Master Files were implemented - moved from Accounts Payable to Procurement Staff. This is also the current practice for Bayside.	Implemented		Controls over vendor files were implemented in the former City of Botany Bay Council's financial management procurement & payment system, which was decommissioned from use in May 2017.
A.1.1.2.3	Controls over change to bank details were implemented requiring a secondary sign-off. An audit report of bank file changes is reviewed on a monthly basis.	Implemented		The Business Process and Controls includes controls over the changes to supplier bank details and the requirement for a secondary sign-off. Monthly reviews of changes to the bank details are ongoing. Former City of Botany Bay Council supplier (vendor) records were verified prior to being created in the financial system.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.2.4	Former City of Botany Bay Council Vendor Master Files have not been migrated to TechOne; Only Procurement & Finance "verified" Vendor Master Records have been created in the new System.	Implemented		Former City of Botany Bay Council supplier (vendor) records were verified prior to being created in the Bayside Council's financial system. The former City of Botany Bay's financial system for payments to vendors was decommissioned in May 2017.
A.1.1.2.5	All continuing former City of Botany Bay Council vendors were written to and provided Bayside Council's Vendor Terms and Conditions and Statement of Business Ethics.	Implemented		All former City of Botany Bay vendors were provided Bayside Council's Vendor Terms and Conditions. All new suppliers continue to receive Bayside Council's Vendor Terms and Conditions and Statement of Business Ethics.
A.1.1.2.6	New Vendor process implemented. All "New" Vendors undergo independent verification processes, including ABN checks and additional disclosures on related parties. This series of checks is clearly outlined in the New Supplier Process and Forms.	Implemented		Bayside Council's Procurement Business Unit have responsibility for maintenance of the Vendor Master Files (suppliers). Segregation of duties is clearly defined between the Business Process and Controls for Accounts Payable and Procurement. The segregation of roles and responsibilities is supported through system security. Bayside Council's Business Process and Controls for Procurement and New Supplier Form requires the verification of all supplier (vendor) details including ABN, and disclosures on related parties.
A.1.1.2.7	Council adopted a "Thank you is Enough" policy as part of its Code of Conduct which has been publicised to the community, vendors, and staff. Internal staff training has been conducted extensively.	Implemented		Bayside Council continues to inform suppliers (vendors) and staff on Council's Code of Conduct and Gifts and Benefits Policy with a "Thank you is Enough" policy.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.2.8	Code of Conduct training has been conducted for all staff and half yearly updates scheduled.	Implemented		Bayside Council implemented Code of Conduct training in 2016 and continues to run annual training on Code of Conduct.
A.1.1.2.9	Procurement team is responsible for the policy, process, compliance, category management, supplier relations, panel liaison, business partnering and procurement analysis.	Implemented		Bayside Council implemented a new Procurement Business Unit to manage the procurement policy and process. The Procurement Business Unit partners with the organisation to improve procurement decisions and compliance with procurement policies and processes. The Procurement Business Unit is responsible for establishing the vendors and providing education to suppliers on Council's procurement policies and the Vendor Terms and Conditions, including Council's a "Thank you is Enough" policy.
A.1.1.2.10	Management self assessment and review of processes and monitoring of key controls, including: Analysis of Audit Reports for new suppliers, change requests to Vendor Master File, ABN cross checks, Bank Account cross checks to staff payroll and with requesting suppliers, review of related parties.	Implemented		Business Process & Controls for Procurement and the monitoring of compliance and control has been implemented. New Supplier and Change of Supplier Details forms have been updated to improve sign-off and reviews.
A.1.1.2.11	Periodic review of inactive suppliers (to be made inactive in the System), and active management of preferred suppliers, and reviews of Expenditure patterns.	Implemented		The Procurement Business Unit conducts reviews and analysis of suppliers and update the system as required.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.2.12	All "New" Vendors undergo independent verification processes, including ABN checks and additional disclosures on related parties and cross-check of employee bank details. As per the New Supplier Process and Forms.	Implemented		Bayside Council's Procurement Business Unit have responsibility for maintenance of the Vendor Master Files (suppliers). Segregation of duties is clearly defined between the Business Process and Controls for Accounts Payable and Procurement. The segregation of roles and responsibilities is supported through system security. Bayside Council's Business Process and Controls for Procurement and New Supplier Form requires the verification of all supplier (vendor) details including ABN and disclosures on related parties.
A.1.1.2.13	Council's Code of Conduct policy will continue to be reinforced and is a central part of the induction program for new staff and contractors.	Implemented		Code of Conduct training completed and information on Code of Conduct is included in new starter packs for employees. Annual refresher training conducted.
A.1.1.2.14	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.	Implemented		The Procurement Business Unit undertakes reviews of categories in conjunction with internal stakeholders to identify business requirements and coordinates with the stakeholders establishment of procurement practices to support the business needs.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.2.15	Expand the use of TechOne Contract Management module to support better establish and monitor terms and conditions and procurement compliance.	Partially Implemented	Milestones: 31/3/2019 Business Requirements 30/06/2019 System Implemented	The Technology One Contracts module was not implemented prior to the completion of the TechnologyOne Post Implementation Review. The TechnologyOne Post Implementation Review - Roadmap included the recommendation that the Contracts module be implemented over two phases. Solution design phase of the TechnologyOne Roadmap will commence in February 2019 and this will determine the timing of delivery. It is expected that phase one will be implemented by 30/06/2019.
A.1.1.3.1	Invoice by invoice signature, coding and matching check implemented July 2016 at Botany Council. This required the EFT or cheque signatory to check that every payment on a remittance run included signed and coded invoices, were within delegated authority and were a reasonable purchase to a legitimate supplier. This was also a check to ensure payments were compliant with the \$150k tender threshold.	Implemented		Council implemented a review of all vendors (suppliers) and conducts detailed reviews of all payments for compliance with delegations, coding and procurement practices.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.3.2	Purchase order raised before payment implemented for major cost categories. Matching of invoice to goods receipt and purchase order implemented on a manual basis across Botany Council in early 2016/17.	Implemented		Implemented in former City of Botany Bay Council prior to amalgamation. Bayside Council has implemented a "No Purchase Order, No Payment" policy which requires the majority of Council's purchasing to be via Purchase Order. Purchase Order are "Goods Received" and matched to Invoices for payment. There is a limited number of exceptions due to the nature of those payments. The Procurement Business Unit monitors and reports on compliance with procurement policy on a regular basis.
A.1.1.3.3	Delegated authorities implemented with sample signature provided to verifying staff in Accounts Payable. Signature required on all invoices before payment.	Implemented		Delegations are maintained and updated in the financial management system.
A.1.1.3.4	Automated workflow embedded within TechOne and all paper based ordering eliminated with the consolidation of AP from Civica into TechOne from June 2017.	Implemented		Work flow for purchasing and accounts payable implemented, including delegation limits. The Civica Accounts Payable systems was decommissioned in June 2017.
A.1.1.3.5	Bayside Council has implemented a new financial system, TechOne, in December 2016, and Council is transitioning the whole of organisation to the new operating environment in 2017/18 where the workflow and matching will occur in the system.	Implemented		Work flow for purchasing and accounts payable implemented, including delegation limits. The Civica Accounts Payable systems was decommissioned in June 2017.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.3.6	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 noncompliance, reparative measures and training requirements.	Implemented		Bayside Council's "No Purchase Order No Payment" Policy was implemented in 2017/2018 and ongoing training, reporting and monitoring in place to develop compliance and address business requirements. The Procurement Business Unit monitors results will be monitored and coaching and support given to non-compliant areas. Focus in 2018/2019 continues to embed business procedures and policy.
A.1.1.3.7	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.	Implemented		Internal health check completed for Procurement in 2018 and the recommendations are being implemented by the Manager Procurement. Business Process and Controls continue to be embedded in 2018/2019. The Internal Audit function continues to run health check reviews as part of the Internal Audit Program.
A.1.1.4.1	Implemented a Finance Business Partner model working with Business Managers to develop their 2017/18 Budget for Bayside.	Implemented		Bayside Council adopted and implemented the organisational structure in October 2016. The Finance Business Unit structure included a Financial Planning & Analysis (FP&A) team to work with and support the organisation through a business partnering model.
A.1.1.4.2	For 2016/17 there was ongoing excel based reporting which was used to report Quarterly and to map the two former Council's to a single reporting entity, and inform the 2017/18 Budget.	Implemented		Bayside Council has continued to invest in the financial information systems to streamline and improve systems and reporting. From 2018/19 Council has a single reporting system for financial reporting, transactional analysis, and managing budget compliance.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.4.3	The 2016/17 Budget for City of Botany Bay was recast in August 2016 to provide greater substantiation and to transfer knowledge and ownership to Managers prior to amalgamation.	Implemented		Bayside Council has continued to invest in the financial information systems to streamline and improve systems and reporting. From 2018/19 Council has a single reporting system for financial reporting, transactional analysis, and managing budget compliance.
A.1.1.4.4	For 2017/18 detailed labour budgets based on revised organisational structure has been completed in conjunction with Managers and POC and approved by the Exec at a series of workshops.	Implemented		Detailed labour budget models are stored within the TechnologyOne Enterprise Budgeting module.
A.1.1.4.5	2017/18 Bayside Budget being loaded into the TechOne enterprise budget module with further narrative and computation being input against individual line items to substantiate the budget line. Final input checked and approval by Operational Managers.	Implemented		Bayside Council has continued to invest in the development of the TechnologyOne budget management capabilities, which has included the implementation of the Enterprise Budget module which will continue to be rolled out in 2018/19.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.4.6	Training for managers in financial and performance management and in financial management policies and processes.	Implemented		The Business Process and Controls for Financial Reporting have been implemented in 2018/19. Training has been provided for all business unit managers in budget and management reporting requirements for 2018/19 in line with the financial management cycle. Focus in 2018/19 on embedding month end reporting process improving data. The Business Process and Controls for Financial Reporting have been implemented in 2018/19. Training has been provided for all business unit managers in budget and management reporting requirements for 2018/19 in line with Council's financial management cycle. Focus in 2018/19 is on embedding month end reporting process improving data integrity, financial and budget management, effectiveness of control environment, and performance analysis.
A.1.1.4.7	Budget and financial management and policy compliance included in Manager's Business Unit Performance Plans which include requirements for monitoring and review.	Implemented		Budget and financial management key performance measures have been developed and implemented in the Business Unit Manager's 2018/19 Work Plans. Training to support Business Unit Managers including managing to the new key performance measures has been rolled out in October to November 2018.
A.1.1.4.8	Budget and Financial and Governance Performance KPI's be incorporated into Manager's Performance Agreements and Reviews.	Implemented		Budget and financial management key performance measures implemented in Business Unit Managers Work Plans for 2018/19.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.4.9	Develop and implement an organisational wide business process for Monthly Reviews of Budget and Performance, including training and roll-out.	Implemented		The Business Process and Controls for Financial Reporting have been implemented in 2018/19 with training rolled out to the Business Unit Managers in conjunction with the Finance Performance and Analysis (FP&A) Business Partner in November 2018. The FP&A Business Partnering Model was implemented in Bayside Council's Organisational Structure adopted in October 2016 and implemented in 2016/17.
A.1.1.4.10	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.	Implemented		The Business Process and Controls for Financial Reporting have been implemented in 2018/19 with training rolled out to the Business Unit Managers in conjunction with the Finance Performance and Analysis (FP&A) Business Partner in November 2018. This includes new processes for the managing the monthly and quarterly budget monitoring and forecasting of end of year results.
A.1.1.4.11	Segregation of duties has been implemented within Finance, including: creation of Vendor Master File records moved to Procurement, separation of Administrator role from Accounts Payable processes and banking.	Implemented		Segregation of duties embedded through the organisational structure which separates the Procurement function from Finance. The Business Process and Controls for Procurement, Accounts Payable, and Bank Reconciliations document the internal controls and segregation of duties. System security supports the segregation of Vendor File Maintenance and Accounts Payable Processing.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.4.12	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.	Implemented		<p>Bayside Council has adopted a Governance Framework including policies and processes which embed Council's risk management and control environment. The Finance function works within this framework and is enabled through the organisational structure. The Finance function includes four teams: Financial Accounting, Financial Planning and Analysis (FP&A), Rates and Revenue, and Financial Operations. Position descriptions align to the NSW Public Sector Capability framework. The FP&A team is a business partnering model providing support to the Business Units in preparing budgets and forecasts, reporting, monitoring and reviewing performance. The high risk finance Business Process & Controls have been documented and work is continuing to embed the business practices. Council is continuing to develop financial management practices, enabling the finance teams capability and organisational wide financial management capability. Significant progress has been made and projects to harmonise financial systems across the organisation across 2016/17, 2017/18 with further implementations underway in 2018/19. These projects will continue to improve the timeliness, quality and accuracy of the financial information for reporting and decision making purposes.</p>

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.1.1.4.13	Risk review of all processes to identify required segregation of duties to be implemented in the business process reviews.	Implemented		High risk financial business processes have been reviewed with improved internal controls implemented in the business process and controls reviews. Improvements have been implemented.
A.1.1.4.14	Embed changes in segregation of duties into Position Description - Work Plans.	Implemented		Embedding of Business Processes and Controls includes change management and implementation plans. Where required changes to Work Plans and Position Descriptions will be actioned in 2018/19.
A.1.1.4.15	Ongoing review and implementation of audit recommendations regarding segregation of duties.	Implemented		The review of the Business Process and Controls resulted in the assessment of the risks and required internal controls for the key finance processes and resulted in a number of changes to the roles and responsibilities of staff. These changes continue to be embedded through the business processes and controls change management and implementation plans. Where necessary changes to Work Plans and Position Descriptions will continue to be actioned. Significant changes and improvements to segregation occurred across a number of business processes including Procurement, Accounts Payable, Purchase Cards (Credit Cards and Store Cards), Cash Management - Investments, Banking, changes to bank authorities, Bank Guarantees, Financial Reporting, authorisation of journals, and responsibilities for reconciliations and reviews.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
Recommendation 2				
A.2.1.1	Interim Finance measures in 2016/17 have included: Implementation of a Delegations Register including financial delegations and specimen signatures; detailed secondary review by senior finance staff of all payments; changes to Bank Authorities and implementation of a Signatory A (Finance) & Signatory B (Non-Finance) for EFT and cheque payments.	Implemented		All payment files include senior reviewer prior to payment and Bank Authorities include a two tier level of security.
A.2.1.2	Original Botany Bay Council Credit Cards were suspended and reconciliations completed. New Bayside credit cards were issued to Directors only with improved controls.	Implemented		All former City of Botany Bays Council credit cards were originally suspended and new cards restricted to Directors. As Bayside Council implemented the new organisational structure requirements for a small number of other cards were identified which have the same controls in place. The Business Processes and Controls for Credit Cards have been implemented and all Credit Card expense forms are authorised by the General Manager. Finance perform monthly reconciliations.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.2.1.3	Monitoring of Charge Cards for Bunnings and Fuel Cards closely monitored by Procurement.	Implemented		The Business Process & Controls Purchase Cards has been implemented with changes continuing to be embedded in 2018/19. Responsibility for Fuel Cards reviews has been assigned to the Fleet Coordinator, and the Purchase Store Cards are being monitored by City Presentation. New forms and processes for reconciliation (including business rules) are being embedded.
A.2.1.4	Improvements to reconciliations - for bank and balance sheet.	Implemented		The Business Process and Controls includes daily reconciliation of Bank Accounts and monthly reconciliations of all key balance sheet accounts. Reconciliations are reviewed by a senior finance officer and the month end reconciliations and issues are reviewed with the Manager Finance. Key issues are discussed with the Director of City Performance.
A.2.1.5	The Procurement function has been separated from Governance and Finance at Bayside and established as an independent standalone business support unit. A manager has been appointed as well as 3 procurement specialist and a procurement officer. Vendor master file maintenance rests with Procurement and not accounts payable.	Implemented		Bayside Council's Organisational Structure was adopted in October 2016 which created the new Procurement Business Unit which functions separate to Finance. The Business Unit is resourced with a Procurement Manager, 3 procurement specialists and one procurement officer. Responsibilities are clearly documented including Business Processes and Controls, supporting forms and system controls over segregation of duties between Procurement and Finance.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.2.1.6	Post amalgamation policy alignment and harmonisation	Partially Implemented	30/06/2019	Bayside Council has adopted 55 Council and Administrative Policies and has implemented a project to develop policies and harmonise or retire the policies of the former City of Botany Bay Council and Rockdale City Council, with expected completion in 2018/19.
A.2.1.7	Bayside values developed and implemented across Bayside, including staff training.	Implemented		Bayside Council has developed and implemented Values for the organisation. Workshops were held with staff and the values were adopted in 2016/17. Training was conducted for all staff and continue to be embedded in Council through ongoing training programs, Work Plans and are embedded in Position Descriptions.
A.2.1.8	Removal of systems access for individuals whose role has changed in the organisation.	Implemented		System and Security profile reviews ongoing. The Business Process and Controls reviews identified and implemented system based controls over a number of processes including: Procurement and Accounts Payable, Bank Reconciliation, and Banking Authorities. Governance conduct quarterly reviews with the Information Technology Business Unit to ensure TechnologyOne approval limits for purchasing are maintained. Council is embedding the Business Process and Controls for Onboarding and Off-boarding of staff in 2018/19.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.2.1.9	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.	Implemented		Business Process and Controls have been documented across 18 key high risk business processes which cover: Procurement, Contracts, Purchase Cards (Credit Cards and Store Cards), Accounts Payable, Inventory Management, Cash Handling, Receipting, Bank Reconciliation, Investments, Accounts Receivable, Fees and Charges, Financial Reporting, Developer Contributions, Bonds & Deposits, Bank Guarantees, Delegations, Legal Documents, and Starters and Leavers. Processes to be implemented and embedded in 2018/19. A new Payroll System is being implemented for 2018/19 and the Asset Management Systems are currently under review.
A.2.1.10	Review of Policy on Purchase and Credit Cards, and mapping of business and systems processes.	Implemented		Council has adopted a Purchase Card Policy and reviewed the Business Process and Controls for Purchase Cards (including Credit Cards and Store Cards).
A.2.1.11	Ongoing improvement of reconciliation processes by transitioning of Authority systems to TechnologyOne (single system and set of bank accounts for Bayside Council). Full reconciliation performed across the balance sheet on a monthly basis.	Partially Implemented	30/06/2019	Business Process and Controls for Financial Reporting implemented in 2018/19 including monthly reconciliations of all balance sheet accounts and daily Bank Reconciliations. This process is ongoing and will be fully embedded in 2018/19. This action has been partly superseded as Council continues with two bank accounts supporting the Authority System and TechnologyOne and will do so until the retirement of the Authority System in 2018/19.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.2.1.12	Procurement team is responsible for the policy, process, compliance, category management, supplier relations, panel liaison, business partnering and procurement analysis.	Implemented		Bayside Council's Organisational Structure was adopted in October 2016 which created the new Procurement Business Unit which functions separate to Finance. The Procurement Business Unit is responsible for all procurement policy, managing Council's procurement business systems and processes and monitoring and reporting on controls and compliance with procurement policies and procedures.
A.2.1.13	Policy framework for new Bayside and prioritisation of policy development including the development of procedures and processes to reinforce work practices and embed controls.	Implemented		Council has adopted a Governance Framework and adopted 55 Council and Administrative policies . Council has an ongoing project to harmonise or retire policies - this project is expected to be completed by end of 2018/19. Council has also developed key business processes and controls to embed business work practices and controls.
A.2.1.14	Implement a more robust Business Governance Model including strengthening the policy and process ownership model, systems, change protocols and authorities.	Partially Implemented	30/03/2019	Council adopted a policy framework and is currently updating to include the governance model over the Business Process and Controls, and systems and authorities. Since amalgamation Council has adopted 55 Council and Administrative policies.
A.2.1.15	Extensive review of all user system profiles and access. Alignment of systems access to reflect responsibility, segregation of duty and delegated authority.	Implemented		System and Security profile reviews are ongoing. The Business Process & Controls project implemented changes to roles and responsibilities and systems to support segregation of duties. Previous external report has been used to inform the Technology One Post Implementation review.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.2.1.16	A review of high risk areas and the focus on development of mitigating actions and operational improvements to address risks.	Implemented		Council has a Risk Management Framework and monitors and reports on risk to the Executive and the Risk and Audit Committee. Risk management is embedded in Managers Business Unit Work Plans.
Recommendation 3				
A.3.1.1	New Organisational Structure implemented post amalgamation (9/9/16) - from Sept-16 to Jun-17.	Implemented		Bayside Council organisational structure was first adopted by the Administrator in October 2016 and roles and responsibilities aligned. The organisational structure was then subsequently considered and adopted by Council in July 2018.
A.3.1.2	NSW State Government PSC Capability Framework implemented and new Position Descriptions adopted across Council (Jan-17 - Jun-17).	Implemented		Bayside Council's position descriptions were developed in accordance with the NSW State Government PSC Capability Framework.
A.3.1.3	Recruitment of Bayside Council executive and management has been completed with appointment of suitably qualified staff to key positions.	Implemented		Following the Proclamation of Bayside Council all executive and manager positions were filled with consideration of the qualifications and experience of staff appointed to key positions.
A.3.1.4	Staff named as "affected" individuals in the ICAC report were investigated.	Implemented		All staff named have been investigated and Council has been guided by legal advice in terms of disciplinary actions.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.3.1.5	Finance operating model implemented which features specialisation, finance business partners, a new FP&A team and a process and controls project lead.	Implemented		Bayside Council Organisational Structure includes the Financial Performance and Analysis (FP&A) team to business partner with the business managers. A business process and controls project was implemented in 2018 to improve and embed internal controls.
A.3.1.6	Conduct individual Capability Assessments and implement performance development plans. Address critical skills / capability issues on a team and individual level.	Implemented		In 2016/17 all Bayside Council Position Descriptions were updated to reflect the NSW State Government PSC capability framework and Bayside Council staff were appointed into the new organisational structure roles. Council Performance and Organisational Culture Business Unit (POC) have implemented a performance management framework in 2018 which includes performance reviews against work plans and position description capabilities. POC also verify all new appointments skills and experience in the recruitment process.
A.3.1.7	Recruitment Policy & Procedures effectively implement the recruitment and maintenance of Skills and Qualifications management, e.g. verification of qualifications	Implemented		Bayside Council's recruitment process includes the verification of qualifications and skills.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.3.1.8	Finance staff qualifications and competency to be assessed and further training development to be provided as required.	Implemented		Council's Position Descriptions include the NSW Public Sector Capability set. Focus in 2018/19 is embedding financial management and internal controls within Finance with a number of business process changes to be implemented and embedded across finance. This continues to result in changes to some finance roles and responsibilities requiring future updates to Position Descriptions and / or work plans. This will identify training needs and support required to develop staff capability. Further development of staff is ongoing.
A.3.1.9	Employee Performance System implemented with regularly monitor employee performance and capability.	Implemented		Council has implemented an Employee Performance framework including regular review of performance and capability.
A.3.1.10	Key Roles & general staff induction processes to cover Corporate Governance requirements and key accountabilities.	Implemented		Council has implemented employee induction and refresher programs that regularly reinforce Council's governance framework.
Recommendation 4				
A.4.1.1	General Manager performance contract to include KPI's and evaluation of the effectiveness of the implementation of internal and external audit recommendations.	Implemented		The General Manager Performance Review Policy including key performance areas (KPA's) was reported to the Risk and Audit Committee on 27/9/18 and adopted by Council on 14/11/18. The General Manager's Performance Review includes a report on implementation of audit recommendations, copy of audit management letters, and a report on the effectiveness of the

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
				Risk and Audit Committee based on an independent review.
A.4.1.2	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.	Implemented		Process implemented by Manager Governance. General Manager Performance report to include the External Audit Management Letters, Management responses and update on implementation, and copy of Management Representation Letter.
A.4.1.3	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.	Implemented		External Audit Management Letters including Management Responses are being reported back to the Risk & Audit Committee including ongoing monitoring of updates on progress of implementation.
A.4.1.4	General Manager will request that the External Audit Management Letters are to be addressed to both the General Manager and copied to Chair of the Risk and Audit Committee. The External Auditor is invited to each Audit Committee meeting and able to comment on any issue.	Implemented		General Manager requested External Auditors to issue Management Representation letters to Risk and Audit Chair.
Recommendation 5				
A.5.1.1	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.	Implemented		Risk Management Policy and framework adopted by Council.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
Recommendation 6				
A.6.1.1	Charter for Risk and Audit Charter has provision for the reporting of Internal Audit Reports to the Committee on a periodic basis to monitor the delivery of the Internal Audit Program.	Implemented		The new Bayside Council organisational structure was first adopted on 12 October 2016 and reporting lines established. The organisational structure was then reaffirmed by Council on 11 July 2018.
A.6.1.2	In accordance with the Local Government Act the Internal Auditor reports to the Risk and Audit Committee, but operationally to the General Manager, and daily to the Manager of Governance. The Internal Auditor meets with the Risk and Audit Committee independently of management.	Implemented		Meetings between the Internal Auditor and the Risk and Audit Committee Chair are scheduled before each Risk and Audit Committee meeting. This allows the Internal Auditor to meet directly with the committee independently of management.
Recommendation 7				
A.7.1.1	A Risk Management Framework has been developed and adopted to assess and monitor all existing internal and external audit recommendations and management's responses.	Implemented		Council implemented a Risk Management Framework and monitors and reports on risk management to the Executive and Risk and Audit Committee.
A.7.1.2	Develop an Operational and enterprise wide Risk Management Register and implement risk mitigation, monitoring and reporting to Executive and Risk and Audit Committee.	Implemented		Council implemented a Risk Management Framework and reports to the Executive and Risk and Audit Committee.

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.7.1.3	Bayside has an established Audit Committee independent of management to which the Internal Auditor reports. The implementation of internal audit recommendations is a standing agenda item for the committee. The Audit Committee will also have a Councillor as its member.	Implemented		Bayside Council established a Risk and Audit Committee in March 2017 and appointed four independent members. Meetings commenced in May 2017 and are conducted quarterly. Internal Audit meet with the Risk and Audit Committee independently of management prior to meetings.
A.7.1.4	The implementation of internal audit recommendations are also reported to the Executive and peer reviewed with the General Manager in this forum.	Implemented		The Risk and Audit Committee receive quarterly progress reports on implementation of management's response to audit recommendations.
A.7.1.5	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.	Implemented		An independent assessment on the effectiveness of the Risk and Audit Committee was performed in October to November 2018 and the draft report was considered by the General Manager in November 2018 and subsequently reported to the Risk and Audit Committee on 22/11/18. The final report was received on 5/12/18 and the General Manager and the Risk and Audit Committee will develop an action plan to implement opportunities for improvement and the General Manager will continue to monitor the effectiveness of the Risk and Audit Committee.
Recommendation 8				
A.8.1.1	Implemented a new, revised, Risk and Audit Committee with three independent members (Mar 17 - May 17). First meeting was held May-17.	Implemented		Bayside Council established a Risk and Audit Committee in March 2017 and appointed four independent members. Meetings commenced in May 2017 and are conducted quarterly

Action Plan Item (ref)	Actions	Status	Revised End Date	Progress Update - DECEMBER-2018
A.8.1.2	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.	Implemented		An independent assessment on the effectiveness of the Risk and Audit Committee was performed in October to November 2018 and the draft report was considered by the General Manager in November 2018 and subsequently reported to the Risk and Audit Committee on 22/11/18. The final report was received on 5/12/18 and the General Manager and the Risk and Audit Committee will develop an action plan to implement opportunities for improvement and the General Manager will continue to monitor the effectiveness of the Risk and Audit Committee.
A.8.1.3	External Independent Review of the Risk and Audit Committee to assess the effectiveness of the committee.	Implemented		An independent assessment on the effectiveness of the Risk and Audit Committee has been completed and final report issued 5/12/18. The Risk and Audit Committee is developing an action plan to implement opportunities for improvement.