

**PART B: Bayside Councils Plan of Action**

**Corrective actions implemented and proposed**

**Ricco: ICAC REPORT Investigation into the conduct of the former City of Botany Bay Council Chief Financial Officer and others**

	Recommendation	Actions	Financial Year	Current Status	ACTION PLAN DETAIL	Responsibility	Directorate	Resources
	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	In Progress	A.1.1.1.1	Director City Performance	City Performance	Project Manager, Project Steering Committee, Project Teams TBA - including business owner, subject matter experts, functional teams, IT/Finance/HR business partners and business analysts as required
1.1.2	The vendor master file is subject to appropriate segregation and review-based controls	The Procurement function has been separated from Governance and Finance at Bayside and established as an independent stand alone 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.	2016/17	Complete	A.1.1.2.1	General Manager	General Manager	Transition Project Team, POC business partners
1.1.2		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.	2016/17	Complete	A.1.1.2.2	Director City Performance	City Performance	Manager Finance, Manager Procurement, Director City Performance, POC business partners
1.1.2		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.	2016/17	In Progress	A.1.1.2.3	Manager Procurement	City Performance	Manager Finance and Manager Procurement
1.1.2		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.	2016/17	Complete	A.1.1.2.4	Manager Procurement	City Performance	Manager Procurement, Procurement team
1.1.2		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.	2016/17	Complete	A.1.1.2.5	Manager Procurement	City Performance	Manager Procurement, Procurement team
1.1.2		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.	2016/17	Complete	A.1.1.2.6	Manager Procurement	City Performance	Manager Procurement, Procurement team
1.1.2		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.	2016/17	Complete	A.1.1.2.7	General Manager	General Manager	Manager Governance
1.1.2		Code of Conduct training has been conducted for all staff and half yearly updates scheduled.	2016/17	Complete	A.1.1.2.8	Manager Governance and Risk	City Performance	Manager Governance, Manager People and Organisational Culture (POC), and corporate trainers
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	Complete	A.1.1.2.9	Manager Procurement	City Performance	Manager Procurement, Procurement team
1.1.2		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.	2017/18	In Progress	A.1.1.2.10	Manager Procurement	City Performance	Manager Procurement, Procurement team
1.1.2		Periodic review of inactive suppliers (to be made inactive in the System), and active management of preferred suppliers, and reviews of Expenditure patterns.	2017/18	In Progress	A.1.1.2.11	Manager Procurement	City Performance	Manager Procurement, Procurement team
1.1.2		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.	2017/18	Complete	A.1.1.2.12	Manager Procurement	City Performance	Manager Procurement, Procurement team
1.1.2		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.	2017/18	Complete	A.1.1.2.13	Manager Governance and Risk	City Performance	Manager Governance, Manager People and Organisational Culture (POC), and corporate trainers
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	In Progress	A.1.1.2.14	Manager Procurement	City Performance	Manager Procurement, Procurement team
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	In Progress	A.1.1.2.15	Manager Procurement	City Performance	Manager Procurement, Procurement team

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1.1.3	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	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.	2016/17	Complete	A.1.1.3.1	Manager Finance	City Performance	Senior Finance staff
1.1.3		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.	2016/17	In Progress	A.1.1.3.2	Manager Finance	City Performance	Accounts Payable, Manager Finance
1.1.3		Delegated authorities implemented with sample signature provided to verifying staff in Accounts Payable. Signature required on all invoices before payment.	2016/17	Complete	A.1.1.3.3	Manager Governance and Risk	City Performance	
1.1.3		Automated workflow embedded within TechOne and all paper based ordering eliminated with the consolidation of AP from Civica into TechOne from June 2017.	2016/17	Complete	A.1.1.3.4	Manager Procurement & Manager Finance	City Performance	
1.1.3		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.	2017/18	In Progress	A.1.1.3.5	Manager Procurement & Manager Finance	City Performance	
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	In Progress	A.1.1.3.6	Manager Procurement	City Performance	
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 received. The assurance of compliance will be part of the Health Check program.	2017/18	In Progress	A.1.1.3.7	Manager Procurement	City Performance	Manager Procurement, Procurement team, Manager Finance, Finance team, Accounts Payable,
1.1.4	Operational managers have visibility over, and involvement in, setting budgets and monitoring expenditure against these budgets	Implemented a Finance Business Partner model working with Business Managers to develop their 2017/18 Budget for Bayside.	2016/17	Complete	A.1.1.4.1	Manager Finance, Operational Managers	City Performance	Manager Finance, Coordinator FP&A, Finance Business Partners, Operational Managers
1.1.4		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.	2016/17	Complete	A.1.1.4.2	Manager Finance, Operational Managers	City Performance	Manager Finance, Coordinator FP&A, Finance Business Partners, Operational Managers
1.1.4		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.	2016/17	Complete	A.1.1.4.3	Manager Finance, Operational Managers	City Performance	Manager Finance, Coordinator FP&A, Finance Business Partners, Operational Managers
1.1.4		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.	2016/17	Complete	A.1.1.4.4	Manager Finance, Operational Managers	City Performance	Manager Finance, Coordinator FP&A, Finance Business Partners, Operational Managers
1.1.4		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.	2017/18	In Progress	A.1.1.4.5	Manager Finance, Operational Managers	City Performance	Manager Finance, Coordinator FP&A, Finance Business Partners, Operational Managers
1.1.4		Training for managers in financial and performance management and in financial management policies and processes.	2017/18	In Progress	A.1.1.4.6	Manager Finance, Operational Managers	City Performance	Manager Finance, Coordinator FP&A, Finance Business Partners, Operational Managers
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	In Progress	A.1.1.4.7	Manager Finance, Operational Managers	City Performance	Manager Finance, Coordinator FP&A, Finance Business Partners, Operational Managers
1.1.4		Budget and Financial and Governance Performance KPI's be incorporated into Manager's Performance Agreements and Reviews.	2017/18	In Progress	A.1.1.4.8	Manager People Organisation & Culture	City Life	Manager People Organisation & Culture, Manager Finance
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	In Progress	A.1.1.4.9	Manager Finance	City Performance	Director City Performance, Manager Finance, Financial Planning and Analysis team, Project Manager Business Process and Controls
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	In Progress	A.1.1.4.10	Manager Finance	City Performance	Manager Finance, Coordinator FP&A, Finance Business Partners, Operational Managers

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1.1.5	adequate segregations exist across different financial processes.	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.	2016/17	Complete	A.1.1.4.11	Manager Finance	City Performance	Coordinator Financial Services, Coordinator Financial Accounting
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	In Progress	A.1.1.4.12	Director City Performance	City Performance	Project Manager Process and Controls
1.1.5		Risk review of all processes to identify required segregation of duties to be implemented in the business process reviews.	2017/18	In Progress	A.1.1.4.13	Manager Governance and Risk	City Performance	Coordinator Risk and Insurance, Internal Auditor
1.1.5		Embed changes in segregation of duties into Position Description - Work Plans.	2017/18	In Progress	A.1.1.4.14	Manager Finance	City Performance	POC Business Partner
1.1.5		Ongoing review and implementation of audit recommendations regarding segregation of duties.	2017/18	In Progress	A.1.1.4.15	Manager Finance	City Performance	Internal Auditor
<b>2</b>	<b>Recommendation 2</b>							
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.	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.	2016/17	In Progress	A.2.1.1	Director City Performance	City Performance	Finance Manager, Finance Team, Internal Auditor
2.1		Original Botany Bay Council Credit Cards were suspended and reconciliations completed. New Bayside credit cards were issued to Directors only with improved controls.	2016/17	Complete	A.2.1.2	Manager Procurement	City Performance	Manager Procurement
2.1		Monitoring of Charge Cards for Bunnings and Fuel Cards closely monitored by Procurement.	2016/17	In Progress	A.2.1.3	Manager Procurement	City Performance	Manager Procurement
2.1		Improvements to reconciliations - for bank and balance sheet.	2016/17	In Progress	A.2.1.4	Manager Finance	City Performance	Coordinator Financial Accounting
2.1		The Procurement function has been separated from Governance and Finance at Bayside and established as an independent stand alone 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.	2016/17	Complete	A.2.1.5	General Manager	General Manager	Manager People Organisation & Culture
2.1		Post amalgamation policy alignment and harmonisation	2016/17	In Progress	A.2.1.6	Manager Governance and Risk	City Performance	Coordinator Governance
2.1		Bayside values developed and implemented across Bayside, including staff training.	2016/17	Complete	A.2.1.7	General Manager	General Manager	Manager People Organisation & Culture
2.1		Removal of systems access for individuals who's role has changed in the organisation.	2016/17	In Progress	A.2.1.8	Director City Performance	City Performance	Coordinator Applications
2.1		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.	2017/18	In Progress	A.2.1.9	Director City Performance	City Performance	Project Manager Process and Controls
2.1		Review of Policy on Purchase and Credit Cards, and mapping of business and systems processes.	2017/18	In Progress	A.2.1.10	Manager Procurement	City Performance	Procurement Team
2.1		Ongoing improvement of reconciliation processes by transitioning of Authority systems to TechOne (single system and set of bank accounts for Bayside Council). Full reconciliation performed across the balance sheet on a monthly basis.	2017/18	In Progress	A.2.1.11	Manager Finance	City Performance	Project Manager Finance
2.1		Procurement team is responsible for the policy, process, compliance, category management, supplier relations, panel liaison, business partnering and procurement analysis.	2017/18	Complete	A.2.1.12	Manager Procurement	City Performance	Procurement Team
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	In Progress	A.2.1.13	Manager Governance and Risk	City Performance	Coordinator Governance
2.1		Implement a more robust Business Governance Model including strengthening the policy and process ownership model, systems, change protocols and authorities.	2017/18	In Progress	A.2.1.14	Manager Governance and Risk	City Performance	Project Manager Process and Controls, Coordinator Governance
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	In Progress	A.2.1.15	Manager Finance	City Performance	Coordinator Applications
2.1		A review of high risk areas and the focus on development of mitigating actions and operational improvements to address.	2017/18	In Progress	A.2.1.16	Manager Governance and Risk	City Performance	Coordinator Risk & Insurance
<b>3</b>	<b>Recommendation 3</b>							
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.	New Organisational Structure implemented post amalgamation (9/9/16) - from Sept-16 to Jun-17.	2016/17	Complete	A.3.1.1	General Manager	General Manager	Manager People Organisation & Culture
3.1		NSW State Government PSC Capability Framework implemented and new Position Descriptions adopted across Council (Jan-17 - Jun-17).	2016/17	Complete	A.3.1.2	Manager People Organisation & Culture	General Manager	Manager People Organisation & Culture
3.1		Recruitment of Bayside Council executive and management has been completed with appointment of suitably qualified staff to key positions.	2016/17	Complete	A.3.1.3	General Manager	General Manager	Manager People Organisation & Culture
3.1		Staff named as "affected" individuals in the ICAC report were investigated.	2016/17	Complete	A.3.1.4	General Manager	General Manager	Manager Governance and Risk
3.1		Finance operating model implemented which features specialisation, finance business partners, a new FP&A team and a process and controls project lead.	2017/18	Complete	A.3.1.5	Director City Performance	City Performance	Project Manager Process and Controls
3.1		Conduct individual Capability Assessments and implement performance development plans. Address critical skills / capability issues on a team and individual level.	2017/18	In Progress	A.3.1.6	Manager Finance	City Performance	Manager People Organisation & Culture

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3.1		Recruitment Policy & Procedures effectively implement the recruitment and maintenance of Skills and Qualifications management, e.g. verification of qualifications	2017/18	In Progress	A.3.1.7	Manager People Organisation & Culture	General Manager Business Unit	POC Team
3.1		Finance staff qualifications and competency to be assessed and further training development to be provided as required.	2017/18	In Progress	A.3.1.8	Manager Finance	City Performance	
3.1		Employee Performance System implemented with regularly monitor employee performance and capability.	2017/18	In Progress	A.3.1.9	Manager People Organisation & Culture	General Manager Business Unit	POC Team
3.1		Key Roles & general staff induction processes to cover Corporate Governance requirements and key accountabilities.	2017/18	In Progress	A.3.1.10	Manager People Organisation & Culture	General Manager Business Unit	POC Team
<b>4 Recommendation 4</b>								
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	In Progress	A.4.1.1	General Manager	General Manager	General Manager, Manager Governance & Risk, POC business partner
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	In Progress	A.4.1.2	General Manager	General Manager	General Manager, Manager Governance & Risk, POC business partner
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	In Progress	A.4.1.3	Manager Governance and Risk	City Performance	General Manager, Manager Governance & Risk, POC business partner
4.1		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.	2017/18	In Progress	A.4.1.4	Manager Governance and Risk	City Performance	General Manager, Manager Governance & Risk, POC business partner
<b>5 Recommendation 5</b>								
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	In Progress	A.5.1.1	Manager Governance and Risk	City Performance	Manager Governance & Risk, Coordinator Risk and Insurance
<b>6 Recommendation 6</b>								
Actions taken to date								
6.1	That Bayside Council ensures that its internal audit function operates independently from management by reporting functionally to its audit committee.	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.	2016/17	Complete	A.6.1.1	General Manager	City Performance	Manager Governance & Risk, Internal Auditor, Coordinator Risk Management
6.1		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.	2016/17	Complete	A.6.1.2	General Manager	General Manager	General Manager, Manager Governance & Risk, POC business partner
<b>7 Recommendation 7</b>								
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.	A Risk Management Framework has been developed and adopted to assess and monitor all existing internal and external audit recommendations and management's responses.	2016/17	In Progress	A.7.1.1	Manager Governance and Risk	City Performance	Manager Governance & Risk, Coordinator Risk Management, Internal Auditor
7.1		Develop an Operational and enterprise wide Risk Management Register and implement risk mitigation, monitoring and reporting to Executive and Risk and Audit Committee.	2016/17	Complete	A.7.1.2	Manager Governance and Risk	City Performance	Manager Governance & Risk, Coordinator Risk Management, Internal Auditor
7.1		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.	2017/18	Complete	A.7.1.3	General Manager	General Manager	General Manager, Manager Governance & Risk, POC business partner
7.1		The implementation of internal audit recommendations are also reported to the Executive and peer reviewed with the General Manager in this forum.	2017/18	In Progress	A.7.1.4	General Manager	General Manager	General Manager, Executive, Manager Governance & Risk, Internal Auditor
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	In Progress	A.7.1.5	General Manager	General Manager	General Manager, Manager Governance & Risk, Independent Reviewer
<b>8 Recommendation 8</b>								
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.	Implemented a new, revised, Risk and Audit Committee with three independent members (Mar-17-May17). First meeting was held May-17.	2016/17	Complete	A.8.1.1	General Manager	General Manager	General Manager, Director City Performance, Manager Governance & Risk, Internal Auditor
8.1		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	In Progress	A.8.1.2	General Manager	General Manager	General Manager, Manager Governance & Risk, Independent Reviewer
8.1		External Independent Review of the Risk and Audit Committee to assess the effectiveness of the committee.	2017/18	In Progress	A.8.1.3	General Manager	General Manager	General Manager, Manager Governance & Risk, Independent Reviewer

**Legend - Current Status:**

Complete: action has been implemented and is being monitored for compliance.

In Progress: action has been commenced and is the process of being designed or implemented.