20 December 2019

Our Ref: 19/363024
Contact: Michael Mamo - 0400 223 706

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

Dear Mr Rangott

Implementation of ICAC Operation Ricco Report recommendations made in the investigation into the conduct of the former City of Botany Bay Council chief financial officer and others

Further to Bayside Council's original submission of the implementation and action plan on 26 October 2017 and the subsequent report in December 2018, in accordance with your request on 9 January 2019 to provide a progress report in December 2019, please find enclosed our Final Implementation Report (refer Attachment 1).

Also enclosed is a copy of an internal audit report by BDO who were engaged to independently assess and validate our ICAC implementation and action plan progress report. This report confirms that BDO has independently verified that all 79 actions have been implemented.

Throughout 2018 Council had implemented the majority of actions (75) and in December 2018 reported that there were four Actions identified as partially implemented.

The four remaining actions reported in December 2018 as partially implemented have now been finalised and are reported as Implemented as at December 2019. The status of these four actions has been independently verified by BDO auditors and reported to Council's Risk and Audit Committee on the 28 November 2019.

If you require further information in regards to this matter, please contact Council's Director City Performance, Michael Mamo on 0400 223 706 or michael.mamo@bayside.nsw.gov.au.

Yours faithfully

Meredith Wallace
General Manager

ICAC Operation Ricco Report
Final Implementation Report

December 2019
Attachment 1

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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 recommendations to the newly formed Bayside Council.

Council provided an action plan to ICAC in October 2017 and was required to provide a twelve month update on progress of implementation as at December 2018. In December 2018 Council reported that 75 actions had been implemented and four actions remained partially implemented. From this ICAC requested Council provide a Final Implementation Report as at December 2019.

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 and the four actions finalised in 2019.

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.

During 2019 Council continued to implement the recommendations. The items reported as Partially Implemented in December 2018 represented timing and as of December 2019 have all been implemented.

Ongoing Review & Monitoring

Council has continued to monitor and report on the implementation of the ICAC Recommendations and Councils agreed Implementation and Action Plan (October 2017) with regular quarterly updates provided to Councils Risk and Audit Committee. Council also engaged an independent auditor (BDO) to review the implementation status and as of December 2019 all actions have now been independently verified as complete.

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.

Further to the December 2018 progress report Council has implemented contract registers which are maintained by the Procurement Team and is assessing whether to implement the TechnologyOne contracts module or an alternative external system for management of Council's contracts (*Action A.1.1.2.15*).

Overall Comment	Overall Status
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.	All (38) actions Implemented
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.	
System based controls for segregation of duties over changes to Vendor Master data files (suppliers) from the Accounts Payable payment function. Changes to Vendor Master Files (suppliers) information is the responsibility of the Procurement Business Unit which completes a number of independent checks to verify the vendor's information including; company details, ABN, and bank details. Reviews of the new vendor details are then completed by a separate procurement officer and signed off.	
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 has been implemented and includes monthly reporting and monitoring of performance against budgets.	
Council has developed and implemented contract registers which are maintained by the Procurement Team and is assessing whether to implement the TechnologyOne contracts module or an alternative external system for management of Council's contracts.	

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.

Further to the December 2018 progress report Council has harmonised policy alignment and harmonised the control environment (*Actions A.2.1.6 and A.2.1.14*) and improved reconciliation processes by transitioning from Authority to TechnologyOne as Council's core financial management information system (*Action A.2.1.11)*.

Overall Comment	Overall Status
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. In October 2016 Council adopted a new organisational structure creating the Procurement Business Unit independent of the Finance Business Unit, and further revised the roles and responsibilities for Fleet Management in 2019, with the Fleet Management function being incorporated as part of the Procurement Business Unit within the City Performance Directorate of Council. Council has reviewed and implemented all financial management policies including Fraud and Corruption, Procurement and Purchase Cards policies. 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 and monitored for effectiveness. Following the proclamation of Bayside Council all financial management information systems have been moved to one system (TechnologyOne) and a single payroll system (ichris). All financial management is now controlled in this environment and reconciliation processes are embedded.	All (16) actions Implemented

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
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. Council continues to run induction and refresher training to educate employees on Council's governance framework.	All (10) actions Implemented

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
Council has implemented actions to ensure that the implementation of both external and internal audit recommendations are reported to the Risk and Audit Committee. 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 policy for evaluating the General Manager's performance.	All (4) actions Implemented

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
Bayside Council has established functional reporting lines that allow the Internal Auditor to meet directly with the Risk and Audit Committee independently of management. In accordance with the requirements of the Local Government 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.	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
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. In October / November 2018 Council engaged and independent consultant to conduct an independent assessment of the effectiveness of the Risk and Audit Committee. This report was received and reported to the General Manager and Risk and Audit Committee in November 2018. Recommendations were considered and an action plan to implement improvements was implemented in 2019. Reporting and monitoring of performance will be ongoing through the Chair of the Committee.	All (3) actions Implemented

Update on Bayside ICAC Implementation and action plan - The Detail

In December 2018, Council reported to ICAC that 75 of the 79 actions had been 'Implemented'. The following table reports the progress of the final 4 actions that were reported in December 2018 as being 'Partially Implemented'. All 79 actions have now been implemented.

Action Plan Item (ref)	Actions	Status	Progress Update
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.	Implemented	Council has developed and implemented contract registers which are maintained by the Procurement Team. Council is licensed for the TechnologyOne Contracts module and is assessing whether to implement the TechnologyOne contracts module as part of the TechnologyOne system upgrade project or implement an alternative external system for management of Council's contracts.
A.2.1.6	Post amalgamation policy alignment and harmonisation	Implemented	As part of the Policy Harmonisation Project all financial management policies have been have been reviewed and harmonised.
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.	Implemented	Council has completed the migration of the Authority System to TechnologyOne and has also implemented Business Process and Controls for Financial Reporting in 2018/19 which included monthly reconciliations of all balance sheet accounts and regular Bank Reconciliations. This process has been established in 2018/19 and continues to be embedded for 2019/20.
A.2.1.14	Implement a more robust Business Governance Model including strengthening the policy and process ownership model, systems, change protocols and authorities.	Implemented	We have established a business governance model as part the Policy Harmonisation Project and Business Processes and Controls Project. All policies and key business processes and controls are being managed in line with this model.

BAYSIDE COUNCIL (BC)

Follow Up Review of ICAC Recommendations

November 2019

Distribution	
Party	Title
Meredith Wallace	General Manager
Michael Mamo	Director City Performance
Fausto Sut	Manager, Governance and Risk
Natasha Balderston	Internal Auditor, BC
Sean Pascoe	Partner, BDO
Steve Kent	Associate Director, BDO

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Inherent Limitations

The Services provided are advisory in nature and do not constitute an assurance engagement in accordance with Australian Standards on Review or Assurance Engagements or any form of audit under Australian Auditing Standards, and consequently no opinions or conclusions intended to convey assurance under these standards are expressed.

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

Our work is performed on a sample basis; we cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy, or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Bayside Council personnel. We have not attempted to verify these sources independently unless otherwise noted within the report.

Limitation of Use

This report is intended solely for the information and internal use of Bayside Council in accordance with the agreed Terms of Reference dated August 2019, and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report. We do not accept or assume responsibility to anyone other than Bayside Council for our work, for this report, or for any reliance that may be placed on this report by any party other than Bayside Council.

1 Executive summary

1.1 Background

This internal audit was undertaken as part of Bayside Council's (BC) Approved Internal Audit Plan for the year ending 30 June 2020.

The objectives and scope of the internal audit were documented in a Terms of Reference document dated August 2019.

1.2 Purpose

The purpose of this internal audit was to review the progress of implementation of:

- Internal audit recommendations;
- ICAC recommendations;
- The recommendation from Project 2020 (AG Recommendations);
- Health check follow up reviews; and
- Continuous Risk Improvement Program (CRIP).

1.3 Scope

The scope of the internal audit is limited to internal audit recommendations (Parks & Gardens, Leave, Inventory Management and Cash Handling), health check follow up reviews (Employees Mandatory Licenses Processes, Payroll, Procurement and Accounts Payable), the Continuous Risk improvement Program, ICAC and Project 2020 recommendations.

This report will cover the progress update for the recommendations from ICAC. The status of the other audit recommendations were reported separately in the "Follow Up Review of Past Audit Recommendations"

Report dated October 2019 and the yet to be issued report for the "Follow Up of Recommendations for Project 2020".

This follow up internal audit excludes the IT Interim Audit 2017-18 Management Letter recommendations. These will be included in our Report on Project 2020 Report.

1.4 Approach

The following approach was undertaken for the internal audit:

- We obtained the relevant recommendations and reviewed the progress to date;
- Interviewed BC personnel responsible for implementation of actions; and
- Examined relevant documentation and/or physically sighted completed implementations to determine actions completed or in-progress.

1.5 Summary of key findings

This internal audit assessed the progress in the implementation of recommendations made in the ICAC audit.

Overall, the status of the recommendations was assessed as **Satisfactory**, with all of the recommendations having been completed. The following table shows a summary of the status ICAC recommendations:

Table A: Summary Status of Recommendations

	No. of Recommendations
Recommendations previously verified as "Completed" or "Closed" (recommendations that will not be implemented due to their cost effectiveness or alternative controls in place).	9

	No. of Recommendations
Recommendations verified as "Completed" in this internal audit.	2
Total number of recommendations	**11**

The progress status of outstanding recommendations were assessed as **Satisfactory**. All recommendations have been satisfactorily addressed. Internal Audit previously performed a follow up verification of the recommendations in November 2018. The recommendations that were not assessed as "Completed" were followed up in this internal audit. The following table shows the status of the recommendations:

Table B: ICAC Recommendations

No	ICAC Report Recommendations	Internal Audit Assessment @ Nov 2018	Internal Audit Assessment @ Nov 2019
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;	**Complete**. The role for vendor master file maintenance is performed by Procurement and segregated from Finance. Vendor master file maintenance are reviewed by the Procurement Specialist or the Procurement Manager	N/A. Assessed as completed in November 2018.
2	• 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;	**Complete**. Workflow is automated within TechOne to ensure appropriate approval delegation and three-way match for payment.	N/A. Assessed as completed in November 2018.
3	• operational managers have visibility over, and involvement in, setting budgets and monitoring expenditure against these budgets;	**Complete**. Operational Managers were involved in budget setting and monitoring. The use of TechOne Enterprise Budget Module provides visibility to the Operational Managers.	N/A. Assessed as completed in November 2018.
4	• adequate segregations exist across different financial processes.	**Partially Complete**. The vendor master file maintenance had been segregated from Account Payables. Various other financial processes are being finalised, which will be completed by 30 June 2019.	**Completed.** The various financial processes have been finalised and approved by the Executive.

No	ICAC Report Recommendations	Internal Audit Assessment @ Nov 2018	Internal Audit Assessment @ Nov 2019	No	ICAC Report Recommendations	Internal Audit Assessment @ Nov 2018	Internal Audit Assessment @ Nov 2019
5	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	**Partially Complete**. A review of the high risk areas was performed. The implementation of the recommendations from the review is ongoing. They are expected to be completed by 30 June 2019.	**Completed. P**olicies and procedures relating to processes vulnerable to corruption were identified, harmonised and published.		body when evaluating the performance of the general manager.	the effectiveness of the implementation of internal and external audit recommendations. This will be presented to the GM's Performance Review Panel on 21 Jan 2019 for approval.	
6	That Bayside Council reviews the position descriptions of key operational and financial roles to ensure that they include the required skill sets and qualifications	**Complete**. The position description of key operational and financial roles had been reviewed to include the required skill sets and qualifications. BC has also implemented recruitment and maintenance of Skills and Qualification management.	N/A. Assessed as completed in November 2018.	8	That Bayside Council undertakes a risk assessment (including an assessment of fraud and corruption risks) to inform its internal audit plan.	**Complete**. A risk assessment was performed and the risk register updated. A review of the risk management profile and updating of the Annual Internal Audit Plan was conducted.	N/A. Assessed as completed in November 2018.
				9	That Bayside Council ensures that its internal audit function operates independently from management by reporting functionally to its audit committee.	**Complete**. The Risk & Audit Committee (RAC) Charter includes role requirements for the internal audit function.	N/A. Assessed as completed in November 2018.
7	That Bayside Council ensures that the implementation of both internal and external audit recommendations is considered by the elected	**Complete**. Updates to the General Manager's (GM) performance contract were made to includes evaluation of	N/A. Assessed as completed in November 2018.	10	That Bayside Council ensures it has a robust system in place to monitor and report on the implementation of	**Complete**. A Risk & Audit Committee was established independent of management to which	N/A. Assessed as completed in November 2018.

No	ICAC Report Recommendations	Internal Audit Assessment @ Nov 2018	Internal Audit Assessment @ Nov 2019
	internal audit recommendations that is independent from management.	the Internal Auditor reports. The implementation of internal audit recommendations is a standing agenda item for the RAC.	
11	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.	**Complete**. A Consultant from the IIA was engage to conduct an independent review of the RAC. A final report was issued on 5 December 2018.	N/A. Assessed as completed in November 2018.

Bayside Council developed a total of 79 actions to address the ICAC recommendations. Internal Audit reviewed all 79 actions in November 2018 and followed up on the outstanding actions in this internal audit. All actions were satisfactorily addressed. The following table summarises the progress and the verification of the actions:

Table C: ICAC Actions Summary

	Number of Actions
Actions verified as "Completed" in November 2018	54
Actions verified as "Completed" in November 2019. (For detailed results of the review, refer to **Appendix A**).	25
Total	**79**

1.6   Acknowledgement
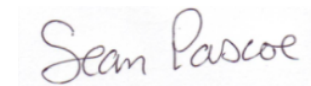
We would like to take this opportunity to thank all BC staff for their co-operation and assistance during the course of our internal audit.

1.7   Report clearance

The contents of this report have been discussed with Natasha Balderston, Internal Auditor and Fausto Sut, Manager-Governance and Risk.

Yours sincerely

Sean Pascoe

Sean Pascoe
Partner, BDO Risk Advisory

2   Detailed findings

2.1   ICAC Audit Report

Background
Internal Audit performed a follow up internal audit of the implementation of the ICAC recommendations in November 2018. A total of two recommendations and 25 actions were assessed as "Partially Completed" or "In Progress". These recommendations and actions were followed up in this internal audit, as set out below.

Implementation Status by Recommendation			
Recommendations in Report	**Status** [Note: Refer to the legend (below) for description of the table headings]		
	PC	**CC**	**IP**
That Bayside Council reviews its financial processes and makes any necessary changes to ensure that: **R1** its vendor master file is subject to appropriate segregation and review-based controls;	✓		
R2 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;	✓		
R3 operational managers have visibility over, and involvement in, setting budgets and monitoring expenditure against these budgets; and	✓		
R4 adequate segregations exist across different financial processes.		✓	

BDO

Recommendations in Report	Status [Note: Refer to the legend (below) for description of the table headings]		
	PC	**CC**	**IP**
R5 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		✓	
R6 That Bayside Council reviews the position descriptions of key operational and financial roles to ensure that they include the required skill sets and qualifications	✓		
R7 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.	✓		
R8 That Bayside Council undertakes a risk assessment (including an assessment of fraud and corruption risks) to inform its internal audit plan.	✓		
R9 That Bayside Council ensures that its internal audit function operates independently from management by reporting functionally to its audit committee.	✓		
R10 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.	✓		
R11 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.	✓		

<u>**Legend**</u>:

PC – Recommendations previously verified as "Completed" or "Closed" (recommendations that will not be implemented due to their cost effectiveness or alternative controls in place).

CC – Recommendations verified as "Completed" in this internal audit.

IP – Recommendations verified as "In Progress" in this internal audit.

Progress update of the work completed and work to be done
All recommendations are satisfactorily assessed as "Completed". Internal Audit verification indicated that adequate actions were taken to satisfactorily complete the two recommendations (R4 & R5).   Internal Audit also verified the outstanding actions that support the recommendations. All actions were satisfactorily 'Completed". Refer to **Appendix A** for details.

Appendix A - ICAC

No	Recommendation	Actions	ACTION PLAN DETAIL	Responsible Manager	Audit Status @ Nov 19	Audit Verification @ Nov 2019
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.	A.1.1.1.1	Director City Performance	Completed	Business processes had been developed, approved by the Executives and implemented in December 2018.
1.1.2	The vendor master file is subject to appropriate segregation and review-based controls	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.	A.1.1.2.3	Manager Procurement	Completed	A form had been developed for bank detail changes. The form has been verified by Internal Audit.
1.1.2	The vendor master file is subject to appropriate segregation and review-based controls	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.	A.1.1.2.14	Manager Procurement	Completed	Purge of suppliers are done annually. Suppliers will become inactive if not used within a year. Every supplier in the system has a category code assigned.
1.1.2	The vendor master file is subject to appropriate segregation and review-based controls	Expand the use of TechOne Contract Management module to support better establish and monitor terms and conditions and procurement compliance.	A.1.1.2.15	Manager Procurement	Closed	Council has purchase license for the Contract Module in TechOne and will make a decision to use Contract module within TechOne or an external system for management of Council's Contract.
1.1.4	Operational managers have visibility over, and involvement in, setting budgets and monitoring expenditure against these budgets	Develop and implement an organisational wide business process for Monthly Reviews of Budget and Performance, including training and roll-out.	A.1.1.4.9	Manager Finance	Completed	The Financial Reporting process and procedures were developed and approved by the Executive, and training has been provided.
1.1.5	Adequate segregations exist across different financial processes.	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.	A.1.1.4.12	Director City Performance	Completed	Financial process and procedures have been developed and approved by the Executive. A total of 18 business processes were developed.
1.1.5	Adequate segregations exist across different financial processes.	Risk review of all processes to identify required segregation of duties to be implemented in the business process reviews.	A.1.1.4.13	Manager Governance and Risk	Completed	Business process was approved by the Executive in December 2018 and implemented. These processes have a risk and controls identified around segregation of duties. There were a total of 18 processes.
1.1.5	Adequate segregations exist across different financial processes.	Embed changes in segregation of duties into Position Description - Work Plans.	A.1.1.4.14	Manager Finance	Completed	Segregation of duties have been embedded in the control activities in the business processes documentation.
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.	A.2.1.1	Director City Performance	Completed	Based on our discussion with the Accounts Payable Coordinator, the signatories A & B have been implemented. The non-Finance staff include the Manager Governance & Risk and the Coordinator Governance.
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.	Monitoring of Charge Cards for Bunnings and Fuel Cards closely monitored by Procurement.	A.2.1.3	Manager Procurement	Closed	Bunnings charge cards are issued by Procurement. Bunnings charge cards transactions are approved by the respective Managers (physical invoice). AP codes the invoice to the respective cost centres. Fuel cards are monitored by the Fleet Coordinator and any abnormality is reported to the Manager.

BDO

No	Recommendation	Actions	ACTION PLAN DETAIL	Responsible Manager	Audit Status @ Nov 19	Audit Verification @ Nov 2019
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.	Improvements to reconciliations - for bank and balance sheet.	A.2.1.4	Manager Finance	Completed	Reconciliations for bank and balance sheet items are being performed and monthly reconciliation update meetings are held with the Finance Manager and the Coordinator.
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.	Post amalgamation policy alignment and harmonisation	A.2.1.6	Manager Governance and Risk	Completed	Council has identified 22 potential policies and procedures, relating to processes vulnerable to corruption. All of these identified policies and procedures have been harmonised and/or adopted afresh, and published. The Coordinator maintains a spreadsheet to monitor the status of the policies for the harmonisation process.
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.	Removal of systems access for individuals whose role has changed in the organisation.	A.2.1.8	Director City Performance	Completed	Service Desk tickets will be raised by the Manager to remove access for the user. Also, IT generates users access list on an annual basis for TechOne, Pathway, AD and Payroll system for the respective Managers to verify the staff's user access. This list is returned to IT and any changes is updated in the system.
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.	A.2.1.9	Director City Performance	Completed	Business processes had been developed, approved by the Executive and implemented in December 2018.
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.	Review of Policy on Purchase and Credit Cards, and mapping of business and systems processes.	A.2.1.10	Manager Procurement	Completed	Completed. The Purchase and Credit Cards Policy is finalised and adopted by Council. Council provided evidence that the Purchase Card Policy was adopted on 21 December 2018.
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.	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.	A.2.1.11	Manager Finance	Completed	The transitioning of Authority system to TechOne was completed in April 2019. There is only one system in use (TechOne).
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.	Policy framework for new Bayside and prioritisation of policy development including the development of procedures and processes to reinforce work practices and embed controls.	A.2.1.13	Manager Governance and Risk	Completed	Council has identified 22 potential policies and procedures relating to processes vulnerable to corruption. All of these identified policies and procedures have been harmonised and/or adopted afresh, and published. The Coordinator maintains a spreadsheet to monitor the status of the policies for the harmonisation process.
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.	Implement a more robust Business Governance Model including strengthening the policy and process ownership model, systems, change protocols and authorities.	A.2.1.14	Manager Governance and Risk	Completed	Council developed and adopted a Policy Management Procedure to provide a consistent and more robust Business Governance Model. All policies and key business processes and controls are being managed in line with this policy.
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.	Extensive review of all user system profiles and access. Alignment of systems access to reflect responsibility, segregation of duty and delegated authority.	A.2.1.15	Manager Finance	Completed	Completed. User system profiles and access are regularly reviewed. Business processes are being finalised with system access to reflect segregation of duties and delegated authority. The delegations in TechOne are reviewed by the Governance & Team to ensure compliance.
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.	A.3.1.6	Manager Finance	Completed	Council has adopted the public sector capability framework. The position descriptions reflect these capabilities. Performance management framework was also implemented, including performance review against position descriptions.

No	Recommendation	Actions	ACTION PLAN DETAIL	Responsible Manager	Audit Status @ Nov 19	Audit Verification @ Nov 2019
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.	A.4.1.1	General Manager	Completed	Completed. The GM's performance contract included KPI's relating to effectiveness of implementation of internal and external audit recommendations. This was approved by the General Manager's Performance Review Panel on 21 January 2019.
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.	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.	A.4.1.2	General Manager	Completed	Completed. GM performance review process was adopted at the November 2018 Council meeting. The first review occurred on 21 January 2019. The GM tabled her report on the Mgmt. letters. Note: 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 Risk and Audit Committee based on an independent review.
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.	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.	A.7.1.5	General Manager	Completed	Completed. Final report was provided by IIA on 5 December 2018,
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.	A.8.1.2	General Manager	Completed	Completed. Final report was provided by IIA on 5 December 2018,
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.	External Independent Review of the Risk and Audit Committee to assess the effectiveness of the committee.	A.8.1.3	General Manager	Completed	Completed. Final report was provided by IIA on 5 December 2018,