

12 Month Progress Report

Operation Jarek

City of Botany Bay

Please update this schedule with information about the status of each item as at February 2014. Include details of the latest action/update in respect of each initiative, dates where relevant and attach copies of any documents referred to, where possible, in support of implementation of particular initiatives. Please provide the name of a contact person in your agency from whom we can seek more detail if needed. Please return this document to the ICAC in writing and electronically to ckenny@icac.nsw.gov.au by no later than 28 February 2014.

Recommendation 1.

That councils communicate to suppliers a clear set of supplier behaviour expectations and the associated consequences for non-compliance.

Summary of progress

The recommendation is being: <check one>

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Letter sent by Council to all suppliers reminding them of the requirements under Council's Statement of Business Ethics.

During 2012 training program for staff included Council's policies and procedures and organisation- wide Code of Conduct training.

All orders issued to suppliers by Council contain a reference to Council's Statement of Business Ethics and its availability on Council's website.

Supporting material

Statement of Business Ethics.

Evaluation of implementation (Progress update)

Review of Business Ethics Statement was undertaken and endorsed by Council in July 2013.

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Recommendation 2.

That councils develop a proactive and comprehensive supplier engagement framework.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Procurement Procedures Guidelines for Officers has been distributed to relevant staff and is available on Council's intranet.

Council promotes the use of SSROC and Local Government contract suppliers where applicable.

Reference to Council's Statement of Business Ethics is shown on all orders issued by Council and is available on Council's website.

Council will monitor and review the frequency and \$ spend with suppliers as part of our risk management processes. Regular suppliers with a \$ spend over a predetermined amount will be sent a letter on a bi-annual basis outlining Council's procurement policy. This will serve to complement advice regarding Council's Business Ethics Statement.

Supporting material

Reference to Council's Statement of Business Ethics is included on all orders issued by Council.

Evaluation of implementation (Progress update)

Continued enhancement of Procurement Policy and procedures arising from Council's membership of Southern Sydney Regional Organisation of Councils (SSROC) and changes to legislation or identified shortcomings in policy operation

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Recommendation 3.

That councils review their codes and policies on gifts and benefits to ensure they effectively communicated expected behaviour in a way that the intended audience can easily grasp.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Council officials are required to declare all gifts and benefits, including those with nominated 'token' value.

The Gifts and Benefits Policy is written in plain English and is available to all staff via Council's intranet.

Reminders issued to staff regarding their obligations under the Gifts and Benefits Policy. Training in the application of the Gifts and Benefits Policy remains a focus in staff training programs

The Gifts and Benefits Policy is included as part of the Council's Induction Program.

Supporting material

Gifts and Benefits Policy.

Evaluation of implementation (Progress update)

Monitoring of gifts and benefits register by General Manager's Directorate to assess compliance with policy requirements and to review the need to amend or update the policy in line with best practice standards or legislative requirements.

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Recommendation 4.

That councils ensure their policy provides that all staff who hold financial delegations are prohibited from receiving gifts of any kind.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Council officials are required to declare all gifts and benefits , including those of a nominated 'token' value.

Supporting material

Gifts and Benefits Policy

Evaluation of implementation (Progress update)

Monitoring of gifts and benefits register by General Manager's Directorate to assess compliance with policy requirements and to review the need to amend or update the policy in line with best practice standards or legislative requirements.

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Recommendation 5.

That councils ensure that staff training on gifts has a focus on the disciplinary consequences of accepting gifts.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Organisation-wide Code of Conduct training of all staff has been undertaken.

Council's Code of Conduct, Gifts and Benefits and Statement of Business Ethics articulate the disciplinary consequences of breaching the policies in relation to gifts and benefits.

Council's training program covers all major elements of its Gifts and Benefits Policy. It provides examples and discussions on the types and details of breaches investigated by ICAC and the consequences for those individuals.

Supporting material

Code of Conduct
Gifts and Benefits Policy
Statement of Business Ethics

Evaluation of implementation (Progress update)

Governance and Human Resources Manager to evaluate effectiveness of training by staff survey to be undertaken in 2014.

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Recommendation 6.

That councils assess which of their staff members operate in an environment where relational selling is commonplace, and equip these staff to recognise and respond to these sales tactics, including the offer of gifts.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Council's training program covers all elements of the Gifts and Benefits Policy and provides examples and discussions on the types and details of breaches investigated by ICAC.

Procurement policy assists in preventing the opportunity for relational selling.

Gifts and Benefits Policy and the requirement to declare all gifts reinforce staff's obligations to be aware of sales tactics when purchasing goods.

Supporting material

Procurement Policy
Gifts and Benefits Policy.

Evaluation of implementation (Progress update)

Governance and Human Resources Manager to evaluate effectiveness of training by staff survey to be undertaken in 2014.

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Recommendation 7.

That councils, if they have not already done so, analyse their procurement processes to identify points of corruption risk and take steps to improve the design of their procurement processes.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Council has the following procurement policies and procedures :

- Procurement Policy
- Procurement Procedures and Guidelines for Officers
- Procurement Manual

These documents outline the process and procedure to be used when purchasing goods and contain expenditure limits and guidelines for internal control.

Supporting material

Procurement Policy
Procurement Procedure and Guidelines for Officers
Procurement Manual

Evaluation of implementation (Progress update)

Included in 2014 internal audit plan to ensure policy and procedures are complied with.

Included in annual general audit by external auditors.

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Recommendation 8.

That councils if they have not already done so, consider introducing e-procurement as an efficient method of controlling possibly vulnerabilities in their system.

Summary of progress

The recommendation is being: <check one>

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

E- procurement is available for purchase of stationery.

Further investigation is currently being undertaken to assess the expanding this facility.

Supporting material

N/A

Evaluation of implementation (Progress update)

Investigation of the extension of e-procurement practices is being undertaken by Finance Department, in conjunction with procurement staff during 2014.

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Recommendation 9.

That councils, if they have not already done so, review which reports are available to the managers of stores and ensure they (councils) can generate a report showing the orders placed by any individual across all cost centres.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Reports providing information on all orders placed by an individual across all cost centres is available to Council.

Supporting material

N/A

Evaluation of implementation (Progress update)

Report is available for Managers and internal audit.

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Recommendation 10.

That councils, if they have not already done so, analyse inventory management systems with a view to improving controls and reducing waste.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Bi- annual stock takes and reconciliations are undertaken.

Stock records are reviewed by Finance Department staff with report of discrepancies arising from the stocktake reviewed by Chief Financial Officer and submitted to Council.

Supporting material

N/A

Evaluation of implementation (Progress update)

Stock records are reviewed by Finance Department staff and Chief Financial Officer in conjunction with bi- annual stock take.

External audit of bi- annual stocktake results is undertaken.

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Recommendation 11.

That councils examine options for control of their pull-based inventory and implement an option that is suitable for their operations.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Bi- annual stock takes and reconciliations are undertaken. Council maintains a relatively small Store. The value of these items is significantly less than a number of larger councils and consequently from a risk management perspective, the value/opportunity for financial loss is somewhat reduced.

To support a stronger governance approach, Council will re-introduce the bi-annual stock-take of small tools (shovels, brooms etc) allocated directly to plant i.e. trucks. A system of recording the issue and return of barricade, signs and other non-stock items will also be developed and introduced.

Supporting material

N/A

Evaluation of implementation (Progress update)

Stock records are reviewed by Finance department staff in conjunction with bi- annual stocktake.

External audit of bi-annual stocktake results is undertaken.

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Recommendation 12.

That councils, if they have not already done so, organise their stores so that all items are labelled clearly, stock is securely stored and movement of all goods in or out of the store is recorded on an integrated inventory management system.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

The physical restriction to access stores is managed through door keys that are only available to authorised staff.

Cyber locks record access and identify key holder. A register of keys and their use is available.

Movement of stores items is recorded on Council's corporate computer system which contains security and access log records.

Where practical, stock is labelled.

Supporting material

N/A

Evaluation of implementation (Progress update)

Review of access to store can be undertaken by authorised Finance department staff as required.

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Recommendation 13.

That councils ensure stocktakes are conducted independently of store officers and by staff knowledgeable about the principles of stocktaking.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Bi- annual stocktakes are undertaken and overseen by independent officer with knowledge of stores and stocktaking.

Supporting material

N/A

Evaluation of implementation (Progress update)

Stocktakes are undertaken and overseen by an independent finance officer with knowledge of stores and stocktaking.

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Recommendation 14.

That council management assesses the residual risk in its store and, if appropriate for the organisation, conducts random spot checks or cycle counts on select aspects of inventory management.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Where considered appropriate, Council conducts spot inventory checks. As an example, the manual readings of quantities of petrol and diesel are taken twice weekly and reconciled to computerised fuel management system and also to a separate stores issue record.

Supporting material

N/A

Evaluation of implementation (Progress update)

Where considered appropriate Council has instigated additional checks on the movement of stores items and inventory control.

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Recommendation 15.

That councils, if they have not already done so, consider the risks highlighted by this report, namely,

- relational selling and gift giving
- procurement processes
- inventory management

and, where they consider the council is at risk, add these topics to their internal audit programs.

Summary of progress

The recommendation is being: *<check one>*

- Implemented as described in the report
- Implemented in an alternative way
- Partially implemented
- Not implemented

Action taken to implement recommendation

Council continues to monitor the areas of risk outlined in the report and to update and enhance its practices and procedures in line with legislative requirements and best practices. This is reflective of our ongoing commitment to good governance and to the implementation corruption prevention strategies.

Council has the following policies in place to assist in achieving these outcomes:

Code of Conduct

Procurement policy

Gifts and Benefits policy

Business Ethics policy

Supporting material

Code of Conduct

Procurement policy

Gifts and Benefits policy

Statement of Business Ethics

Evaluation of implementation (Progress update)

Council is subject to external audit and has an internal auditor to monitor progress on the compliance with Council policies and legislation.

Training has been undertaken to ensure staff are aware of the requirements relating to the matters raised in the ICAC report and the disciplinary procedures that result from a breach of these requirements.

During 2014 Council intends to undertake the following initiatives :

Manager of Governance and Human Resources to evaluate effectiveness of staff training

Procurement process included in 2014 internal audit plan

Investigation of extension of e-procurement by Finance department and procurement staff