

# Plan for Implementation of Recommendations

## Operation Jarek

Please complete this schedule with information about how your agency plans to implement each of the ICAC's corruption prevention recommendations arising from the investigation into Operation Jarek. The implementation plan should include details of the actions, timeframes and how your agency proposes to evaluate the effectiveness of the implementation of each recommendation. Please provide the name of a contact person in your agency from whom we can seek more detail if needed. This document should be returned to the ICAC in writing and electronically to [ckenny@icac.nsw.gov.au](mailto:ckenny@icac.nsw.gov.au) by no later than 29<sup>th</sup> February 2013.

### Recommendation 1.

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

#### Summary of response

The recommendation will be:

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

#### Action proposed

Our Business Ethics Statement outlines the expected standards of behaviour of Council officers and parties doing, or proposing to do business, with the Council. The consequences of non-compliance with these standards are outlined in the document

A copy of Council's Business Ethics has been provided to suppliers doing business with Council and is provided to new/potential suppliers of goods and services. The Statement of Business Ethics is published on Council's Website.

Council's Business Ethics Statement is reviewed on a periodic basis to ensure current industry and corruption prevention standards are reflected.

#### Supporting material

Statement of Business Ethics

#### Proposed evaluation methods

Internal Audit Plan  
Evaluation feedback from training programs  
Debrief, monitoring and evaluation  
Tender feedback protocols and procedures

Random monitoring  
Third party feedback protocols and procedures

## Plan for Implementation of Recommendations

Operation Jarek

### **Recommendation 2.**

**That councils develop a proactive and comprehensive supplier engagement framework.**

#### **Summary of response**

The recommendation will be:

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

#### **Action proposed**

Engagement protocols under existing procurement arrangements will be reviewed and expanded to include a stronger emphasis on controlling interactions between Council officials and suppliers. Council's Statement of Business Ethics and relevant policies and procedures will be updated to reflect and enhancements required. Amendments made will be incorporated into Council's training programs.

#### **Supporting material**

NA

#### **Proposed evaluation methods**

Internal Audit Plan  
External Audit  
Evaluation feedback from training programs  
Monitoring and evaluation  
Random monitoring  
Third party feedback protocols and procedures

## Plan for Implementation of Recommendations

<Insert report name>

### **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 response**

The recommendation will be:

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

#### **Action proposed**

Council will continue to: -

- Periodically review its Gifts and Benefits Policy and Procedures to ensure current industry and corruption prevention standards are reflected.
- Ensure documents are written in plain English, are clear and unambiguous
- Ensure policies such as Gifts and Benefits are included in staff Induction programs
- Include training on gifts and benefits in 'Code of Conduct' and 'Botany Way' training sessions. This external training is prepared and delivered with specific target groups in mind.

#### **Supporting material**

Gifts and Benefits Policy

#### **Proposed evaluation methods**

Internal Audit Plan

External Audit

Evaluation feedback from training programs

Monitoring and evaluation

Skills audits

Staff competency assessments

Third party feedback protocols and procedures

## Plan for Implementation of Recommendations

Operation Jarek

### **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 response**

The recommendation will be:

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

#### **Action proposed**

Council has developed a robust suite of policies and procedures and training programs relating to procurement and ethical standards of conduct.

These policies and procedures will continue to be periodically reviewed to ensure current industry and corruption prevention standards are reflected.

Monitoring and evaluation of compliance is central to Council's process.

Council officials are required to declare all gifts and benefits, including those of a nominated 'token' value. Those individuals who choose not to comply with policies and procedures are just as likely to accept a gift or benefit, despite a prohibition to do so.

Council considers education and creating and maintaining a culture where individuals are encouraged and motivated to comply with policies and procedures as being more appropriate. Confusion may also apply to individuals (without financial delegations) who act in positions (with financial delegations) for short period of staff absences.

#### **Supporting material**

Gifts and Benefits Policy

#### **Proposed evaluation methods**

Internal Audit Plan  
External Audit  
Evaluation feedback from training programs  
Debrief, monitoring and evaluation  
Tender feedback protocols and procedures

Public Interest Disclosure reviews  
Third party feedback  
Random monitoring  
Staff assessments  
Skills Audits

## Plan for Implementation of Recommendations

Operation Jarek

### **Recommendation 5.**

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

#### **Summary of response**

The recommendation will be:

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

#### **Action proposed**

Staff positions with a responsibility for procurement will include a documented competency specific to reinforce accountability.

Council's Code of Conduct, Gifts and Benefits Policy 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, the circumstances and weakness that may have allowed these breaches to occur and the consequences for those individuals.

Council will continue to review and refine training to educate employees on corruption prevention and the consequences of corrupt conduct.

#### **Supporting material**

Code of Conduct Training

#### **Proposed evaluation methods**

Internal Audit Plan  
Evaluation feedback from training programs  
Monitoring and evaluation  
Third party feedback

## Plan for Implementation of Recommendations

### Operation Jarek

#### **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 response**

The recommendation will be:

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

#### **Action proposed**

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, the circumstances and weakness that may have allowed these breaches to occur and the consequences for those individuals.

Council will continue to review and refine training to educate employees on corruption prevention, strategies for identifying techniques used to groom individuals to act corruptly, gifts that cannot be accepted under any circumstances, strategies for refusing gifts offered, reporting mechanisms and the consequences of corrupt conduct.

#### **Supporting material**

NA

#### **Proposed evaluation methods**

Internal Audit Plan  
Evaluation feedback from training programs  
Monitoring and evaluation  
Third party feedback



## Plan for Implementation of Recommendations

Operation Jarek

### 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 response

The recommendation will be:

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

#### Action proposed

Council will continue to undertake reviews and refine procurement processes in order to ascertain any unidentified risks requiring additional control strategies.

These reviews will include end-to-end controls, determining need for procurement, value for money, segregation of duties, financial delegations, emergency processes, oversight and review by management, documentation and reporting.

#### Supporting material

NA

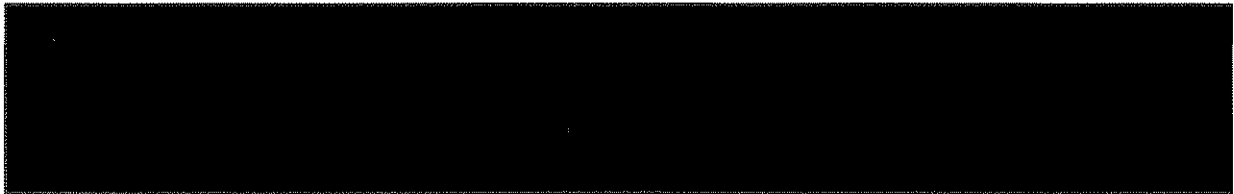
#### Proposed evaluation methods

Internal Audit Plan  
External audit  
Evaluation feedback from training programs  
Random checks  
Monitoring and evaluation  
Budget reviews  
Third party feedback  
Staff competency assessments

## Plan for Implementation of Recommendations

Operation Jarek

### Recommendation 8.



#### Summary of response

The recommendation will be:

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

#### Action proposed

Investigate and implement e-procurement.

#### Supporting material

NA

#### Proposed evaluation methods

Internal Audit Plan  
External audit  
Evaluation feedback from training programs  
Monitoring and evaluation  
Third party feedback

## Plan for Implementation of Recommendations

Operation Jarek

### 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 response

The recommendation will be:

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

#### Action proposed

To implement a reporting regime to track and monitor orders placed by an individual across all cost centres.

#### Supporting material

NA

#### Proposed evaluation methods

Internal Audit Plan  
External audit  
Evaluation feedback from training programs  
Monitoring and evaluation  
Third party feedback

## Plan for Implementation of Recommendations

Operation Jarek

### **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 response**

The recommendation will be:

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

#### **Action proposed**

Council will continue to undertake reviews and refine procurement and inventory management processes to ensure that current industry and corruption prevention standards are reflected and to ascertain if there are any unidentified risks requiring additional control strategies.

#### **Supporting material**

NA

#### **Proposed evaluation methods**

Internal Audit Plan  
External audit  
Evaluation feedback from training programs  
Monitoring and evaluation  
Third party feedback

## Plan for Implementation of Recommendations

Operation Jarek

### 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 response

The recommendation will be:

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

#### Action proposed

Review the needs of operations to determine the most appropriate strategy, or combination of strategies, for inventory management and ensure adequate and appropriate controls are in place.

#### Supporting material

NA

#### Proposed evaluation methods

Internal Audit Plan  
External audit  
Evaluation feedback from training programs  
Monitoring and evaluation  
Third party feedback

## Plan for Implementation of Recommendations

Operation Jarek

### **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 response**

The recommendation will be:

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

#### **Action proposed**

Review the managing of stores items and trading stock inventory across all operations to ensure Council's inventory management system reflects current industry standards for best practice and corruption prevention standards. Following the review, to implement adequate and appropriate control strategies required to address any identified risks.

#### **Supporting material**

NA

#### **Proposed evaluation methods**

Internal Audit Plan  
External audit  
Evaluation feedback from training programs  
Monitoring and evaluation  
Budgetary Review  
Feedback

## Plan for Implementation of Recommendations

Operation Jarek

### **Recommendation 13.**

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

#### **Summary of response**

The recommendation will be:

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

#### **Action proposed**

Stocktakes will continue to be undertaken independently of the Store by trained finance staff.

#### **Supporting material**

NA

#### **Proposed evaluation methods**

Internal Audit Plan  
External audit  
Monitoring and evaluation  
Staff assessments  
Financial reporting

## Plan for Implementation of Recommendations

Operation Jarek

### 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 response

The recommendation will be:

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

#### Action proposed

Council will continue to ensure the inventory management system reflects current industry standards for best practice and corruption prevention standards. Residual risks identified through the risk management processes will be assessed and, if appropriate, additional control strategies will be introduced.

#### Supporting material

NA

#### Proposed evaluation methods

Internal Audit Plan  
External audit  
Evaluation feedback from training programs  
Monitoring and evaluation  
Staff assessments





## Plan for Implementation of Recommendations

Operation Jarek

### 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 response

The recommendation will be:

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

### Action proposed

Council will continue to ensure that procurement processes, inventory management systems and policies and procedures relating to gifts and benefits reflect current industry standards for best practice and corruption prevention standards. Residual risks identified through the risk management processes will be assessed and, if appropriate, additional control strategies will be introduced.

The effectiveness of control strategies applying will be subject to Council internal audit program commensurate to level of risk identified.

### Supporting material

NA

### Proposed evaluation methods

Internal Audit Plan  
External audit  
Evaluation feedback from training programs  
Monitoring and evaluation  
Third party feedback  
Staff assessments  
Budgetary reviews  
Financial reporting  
Executive Committee Reporting