

# Walgett Shire Council 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 **28<sup>th</sup> 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 response

The recommendation will be:

<check one>

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

#### Action proposed

The appointment of a Stores Finance Officer provides the basis for sustainable improvement in governance over purchasing and stores functions. The review of purchasing contracts, purchase order approvals and a higher level of operational oversight are key components. The development of documentation regarding Council's expectations for supplier standards of behaviour will be given further consideration.

#### Supporting material

Nil >

#### Proposed evaluation methods

Will form part of the consideration of supplier standards documentation.

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### Recommendation 2.

That councils develop a proactive and comprehensive supplier engagement framework.

#### Summary of response

The recommendation will be:

<check one>

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

#### Action proposed

A review of purchasing arrangements and contracts is being undertaken by the Stores Finance Officer. The position was established in 2013 and this aspect is being addressed as part of the wider review of purchasing and stores operations.

#### Supporting material

nil

#### Proposed evaluation methods

Improved contract arrangements and pricing of goods and services. Continuing improvement in stocktakes and allocation of issued stores.

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*<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:

*<check one>*

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

#### Action proposed

Councils Code Of Conduct has been reviewed and adopted by the Council. It specifically addresses the offering of gifts to staff and the behaviour expected of staff if that occurs.

#### Supporting material

*<Council Code of Conduct.>*

#### Proposed evaluation methods

Monitoring of gift register and emphasis given to this aspect as part of staff induction.

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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 response

The recommendation will be:

<check one>

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

### Action proposed

*Councils Code of Conduct does not specifically prohibit staff who hold financial delegations from receiving gifts of any kind. There is a significant number of staff who have modest delegations for operational effectiveness and council is of the view that the current Code of Conduct covers the receipt of gifts by staff adequately.*

### Supporting material

<Council Code of Conduct

### Proposed evaluation methods

Code of Conduct to be reviewed from time to time.

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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 response

The recommendation will be:

<check one>

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

#### Action proposed

The Code of Conduct addresses the area of gifts to staff and clearly articulates to staff that there are disciplinary consequences for breaches of this and other personal conduct standards to which the code refers.

#### Supporting material

*Code of Conduct*

#### Proposed evaluation methods

Review of Code of Conduct and staff induction procedures from time to time.

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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 response

The recommendation will be:

<check one>

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

### Action proposed

The particular staff, one of whom was directly involved in the commission proceedings are well aware of their responsibilities. This was reinforced by the General Manager's disciplinary action which included addressing the specifics of inducement sales behaviour.

### Supporting material

### Proposed evaluation methods

Continuing closer oversight of purchasing and stores operations by the Stores Finance Officer.

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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 response

The recommendation will be:

<check one>

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

#### Action proposed

Procurement processes along with stores operations are being reviewed by the Stores Finance Officer which will achieve enhanced governance and accountability.

#### Supporting material

Nil

#### Proposed evaluation methods

Continuing closer oversight of purchasing and stores operations by the Stores Finance Officer.

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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 response

The recommendation will be:

<check one>

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

### Action proposed

Council purchase orders are generated electronically through the authority accounting system. Staff have a specific level of delegation which increases with seniority. Purchase orders are also reviewed by creditors and the senior finance officer before invoices are forwarded for approval by authorised signatories.

### Supporting material

Nil

### Proposed evaluation methods

Absence of negative comment from internal and external auditors on this area of councils operations.



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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 response

The recommendation will be:

<check one>

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

#### Action proposed

The Stores Finance Officer has access to all relevant reports including purchasing and fuel usage .

#### Supporting material

<nil

#### Proposed evaluation methods

Ongoing oversight by internal and external auditors.

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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 response

The recommendation will be:

<check one>

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

#### Action proposed

*<The Stores Finance Officer has made improvements to both the layout of the store and stores operations. This has included substantial 'in store' time to observe and direct the implementation of improvements. Stocktakes are now undertaken quarterly and more detailed analysis is undertaken of the stocktake report.>*

#### Supporting material

<nil

#### Proposed evaluation methods

Improved stocktake results and performance reviews of relevant staff.

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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 response

The recommendation will be:

<check one>

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

#### Action proposed

This recommendation forms part of the overall stores operations improvement process being undertaken by the Stores Finance Officer. Operational effectiveness and the need to ensure that costs are allocated to jobs in a timely manner require that some materials are directly costed to jobs. Increased oversight and accountability by supervisory staff is a key component of improving this area.

#### Supporting material

nil

#### Proposed evaluation methods

Staff performance appraisals relating to the effectiveness of staff and job supervision.

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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 response

The recommendation will be:

<check one>

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

### Action proposed

The layout and display of stock within the store has been addressed. This area will be further improved when the new works depot and store is completed in 2015.

### Supporting material

<nil

### Proposed evaluation methods

Improved efficiency and identification of stores items during quarterly stocktakes.

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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 response

The recommendation will be:

<check one>

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

#### Action proposed

Quarterly stocktakes are conducted independently of stores operational staff by the stores finance officer with direct oversight by the senior finance officer.

#### Supporting material

nil

#### Proposed evaluation methods

Improved stocktake results and analysis of stocktake reports.>

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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 response

The recommendation will be:

<check one>

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

#### Action proposed

Quarterly stocktakes have increased the level of direct oversight. The Stores Finance Officer regularly visits the store and undertakes checks and investigations as required.

#### Supporting material

nil

#### Proposed evaluation methods

Improved stocktake results and analysis of stocktake reports.>

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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 response

The recommendation will be:

<check one>

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

### Action proposed

Stores operations and associated governance aspects were one of the first areas addressed by council's internal audit committee. The appointment of the Stores Finance officer was fundamental to implementing the committee recommendations.

### Supporting material

nil

### Proposed evaluation methods

Ongoing improvement in stores operations and stocktakes.