

NSW ICAC EXHIBIT

From: Neil Fields
Sent: Mon, 8 Aug 2016 12:20:55 +1000
To: Tom Roche
Cc: Sue Matley;Daryl McCreddie;Tammy Iselt
Subject: Fwd: University of Sydney - KPMG audit of SNP contract.
Attachments: SNP Contract Compliance_260716.pdf

Hi Tom

Dennis from the university wanted me to forward to you

Neil Fields

Operations Manager

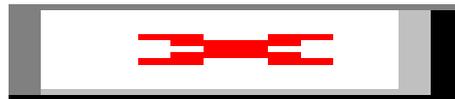
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----- Forwarded message -----

From: Dennis Smith <dennis.smith@sydney.edu.au>

Date: 8 August 2016 at 10:06

Subject: University of Sydney - KPMG audit of SNP contract.

To: Daryl McCreddie <daryl.mccreddie@sydney.edu.au>, "nfields@snpsecurity.com.au" <nfields@snpsecurity.com.au>

Dear Neil and Daryl, the University of Sydney recently engaged KPMG Audit group to conduct a number of audits within the Campus Infrastructure Services (CIS) Department. To this end, one of the contracts reviewed was an internal audit of contract compliance between Sydney Night Patrol (SNP) and The University.

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I have read the full report and extracted the relevant sections for SNP senior management to review and implement immediate corrective action. The key observations/findings are broken down into three broad categories;

- **Significant (1.1) a) b) c)**
- **Issues of concern (1.2)**
- **Minor Issue (1.3)**

There are a number findings from this audit that cut across these three categories. See attached PDF.

I now request that SNP senior managers review the findings/recommendations presented by KPMG Audit group and formally respond to the University in writing by COB Friday 19th August, 2016. The response should indicate how these practices came to be in the first place and remedial actions to be undertaken to prevent any further reoccurrence.

Regards

Dennis Smith

08 August, 2016.

DENNIS SMITH | Operations Manager
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Key observations

The following observations were noted in relation to the processes and controls reviewed at SNP which were validated through interviews, documentation review and on-site spot checks.

Finding	Rating
<p>1.1 Practices exist to circumvent payment of overtime allowance to SNP staff resulting in non-compliance to the EBA</p> <p>In accordance with Clause 2.2 (c) - Provision of Services, 'The Supplier must supply the Service in accordance with relevant Australian industry standards, best practice and guidelines or where none apply, relevant international industry standards.'</p> <p>On performing a reconciliation between the rosters, sign-in/sign-out books and payroll data (for January 2016 to March 2016) for a sample of ten SNP staff, internal audit identified practices that could potentially circumvent SNP's obligations relating to payment of overtime allowance to security guards. On discussions with SNP, it was noted that this was due to a few security guards working both as SNP staff (as per the core roster) and as SIG staff (for extra shifts over and above the roster at normal rates). It is also noted that beyond the issue with overtime allowances, this practice may pose an occupational hazard to staff who work on a continuous basis without adequate rest breaks between shifts.</p> <p>The above was supported by the following discrepancies as noted in our testing and site interviews:</p> <p>a) <u>Overtime not paid to staff:</u> As per Clause 12.1 of the SNP EBA, 'An employee may elect to work additional hours outside of rostered ordinary hours. Such hours as worked shall be paid for at the rate prescribed in Clause 8.1 for Voluntary Overtime'. It was noted that for four out of eight² staff, there were instances where the number of hours recorded in the sign-in/sign-out records was more than those specified in the SNP roster, however as per Payroll data this was not paid as overtime. This may be due to the fact that the same security guard is working for both as SIG and SNP; the same sign-in/sign-out sheet is used by SNP and SIG, therefore the total hours recorded there would mismatch with the SNP payroll data, with the balance being paid by SIG (which we were unable to validate as this related to SIG payroll data). However, our interviews with sample security guards confirmed that some guards are working as both SNP and SIG staff often on advice from SNP, as means to get additional work without getting overtime allowance.</p> <p>b) <u>Working beyond hours/days specified in the EBA:</u> As per Clause 12.1(c), 'no employee shall be required to work 12 hour shifts on more than five consecutive days.' However for three out of eight staff, we noted instances where staff were working more than five days a week consecutively on 12 hour shifts, resulting in non-compliance to the EBA. Additionally, there were instances where the same staff had worked for six days or more consecutively, however the hours worked on one of the days was less than 12 (often ten or eight) which may not actually result in non-compliance to the EBA, however the staff still ends up working more than five days in a row.</p>	<p>Significant Issue</p>

²For two staff, we were unable to validate the data as one guard was in the roster however had not worked during that period and for other staff the guard had worked in a location different to the sign-in/sign-out records that were shared with us.

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Finding	Rating
<p>On review of sign-in/sign-out records, we also noted that one security guard (SIG) had worked for 15 days in a row without any breaks (the number of hours worked per shift varied from four to 13). As per the Modern Award, separate long breaks of continuous time off work in each roster cycle, depending on the length of the roster cycle should be given to staff. For instance, as per Clause 21.4 (b) of the Award, <i>'regardless of the roster cycle, an employee on a roster cycle must not be required to work more than a total of 48 hours of ordinary time without a long break of at least 48 continuous hours.'</i></p> <p>c) <u>Inaccurate/out-of-date rosters</u>: It was noted that rosters were not up to date and did not reflect the actual number of days that staff were working on site. It was noted that for six out of ten staff, there were instances where the number of hours/days worked mismatched with the roster.</p> <p>Further, there were instances where staff on the roster did not actually work on that site/campus for a certain period, however the roster was not updated with the changes/replacement staff. For instance, the March 2016 core roster had eight instances where the security guard on the roster did not actually work on site and was replaced by another guard. SNP advised this was due to the fact that it is difficult for to re-include someone in the core roster after they have been removed from the roster. It is acknowledged that the core roster is static and is updated on a monthly basis.</p>	
<p>1.2 Instances were noted where Contract (between the University and SNP) terms and conditions have not been adequately implemented</p> <p>On review of the contract terms and conditions between SNP and the University of Sydney, the following instances were identified where requirements have yet to be implemented at the date of fieldwork:</p> <ul style="list-style-type: none"> • As per Clause #8 on 'University Materials' under 'Work Order 1- Guarding services', <i>'all Security officers will be required to sign an individual confidentiality agreement with the University'</i>. Additionally, as per Clause #6 on 'University Materials' under 'Work Order 4- Electronic Maintenance', <i>'all technicians will be required to sign an individual confidentiality agreement with the University'</i>. <ul style="list-style-type: none"> - However, on discussions with University Security Management, we were advised that the confidentiality agreements had not been signed and management advised that they had initiated this process when this was highlighted by internal audit. It must be noted that security guards and technicians are privy to sensitive information or incidents that take place on the campus, therefore having signed confidentiality agreements in place is important. • As per Clause #5 on 'Supplier Personnel' under 'Work Order 1- Guarding services', a General Duties Training module is required to be completed by all potential contracted security officers proposed to be working at the University. <ul style="list-style-type: none"> - However, on review of training completion records for a sample of 15 staff, we were unable to validate completion of this training for six staff. SNP advised that since some staff had commenced employment with SNP before the General Duties training was formally introduced, their training records were unavailable. However considering this to be essential to staff's daily duties, there is a need for a refresher training to be conducted on a regular basis. Additionally, the presence of untrained staff was also highlighted as a concern by one security guard interviewed on site by internal audit. - In addition the above, we also noted 30 staff who had signed-in/out in the attendance book for a period of January to March 2016, however were not in the staff listing. It was noted that all of the 30 staff did have a valid security license. SNP advised that 	Issue of Concern

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Finding	Rating
<p>a majority of these staff were on lock-up duty only (guarding an area/room/door) and are not required to undertake the general duties training for security guards. However, this has not been specifically excluded in the contract with the University. For a sample of five out of the 30 staff noted above, we were unable to obtain their General Duties Training completion records even though they had performed security guarding duties for a few days.</p> <ul style="list-style-type: none"> • As per Clause #5 on 'Supplier Personnel' under 'Work Order 1- Guarding services', 'all officers who will be working in the Control Room are required to complete a specific module on using the systems within the control room and the requirements of reporting and managing officers in the field before commencing work in the control room'. <ul style="list-style-type: none"> - As per the staff listing shared with us by the University, there are four trained control officers, however, on review of the sign-in/sign-out records it was noted that in five instances other security guards had performed duties as control room officers. It must be noted that control room is central to monitoring systems and communication across locations and having untrained officers may result in systems not being managed adequately. Allocation of duties by control room officers was also highlighted as a concern by one of the security guards during site interviews. 	
<p>1.3 SNP should consider renegotiating the conditions of employment as stated in the EBA</p> <p>On review of the SNP EBA and the Security Award, it was noted that opportunities exist to update the employment conditions in the EBA in line with Security Industry Award (2010). It is noted that the EBA was signed in 1995 where as the current version of the Security Award was released in 2010. The University Management have advised that the SNP EBA is currently under review. As part of this review process, SNP should consider defining the following aspects:</p> <ul style="list-style-type: none"> • Applicable allowances; • Rosters/Display of roster and notice of change of roster; • Break between successive shifts, As per Clause 21.3 of the Award, <i>each ordinary time shift must be separated from any subsequent ordinary time shift by a minimum break of not less than eight hours; and</i> • Long breaks: Separate long breaks of continuous time off work in each roster cycle, depending on the length of the roster cycle. As per Clause 21.4 (b) of the Award, <i>regardless of the roster cycle, an employee on a roster cycle must not be required to work more than a total of 48 hours of ordinary time without a long break of at least 48 continuous hours.</i> 	Minor issue

Recommendations

The below recommendations have been developed to support University of Sydney management in further enhancing the governance processes in relation to contracting with SNP. These recommendations will support University of Sydney management in effectively managing their contractors, and promoting fair and equitable treatment of security staff.

#	Recommendation
1	<p>Working with SNP to address findings and strengthen significant control weaknesses identified during this review</p> <p>The University of Sydney should discuss and agree actions required by SNP to address the issues identified during this review and ensure adequate controls are put in place by SNP to manage key risks and ongoing compliance with contract and the EBA requirements going forward. For example, controls would need to be strengthened, and actions implemented relating to the following:</p> <ul style="list-style-type: none"> • Implementing and complying with the Contract terms and conditions; • Compliance with the Enterprise Agreement in relation to recording hours worked accurately and providing overtime allowance where applicable; • Providing adequate rest breaks to staff in line with best practice; and • Improving integrity of rosters such that they are an accurate reflection of the hours worked by the security guards.
2	<p>SNP should review the employment conditions under the current EBA</p> <p>The University of Sydney should work with SNP in reviewing the conditions of the current EBA (1995) to ensure it is in line with key employment conditions as listed in the 2010 Security Award as outlined in finding 1.3.</p>