NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that of a meeting of the **AUDIT & RISK COMMITTEE** will be held:

DATE:	**5 March 2014**
TIME:	**From 3.00pm to 5.00pm**
PLACE:	**The Cove Room, Manly Town Hall, 1 Belgrave Street, Manly.**

COMMITTEE MEMBERS:

Councillors

Cllr Jean Hay, AM, Mayor (ex officio)	Manly Council
Cllr Hugh Burns	Manly Council
Cllr James Griffin	Manly Council
Cllr Candy Bingham	Manly Council

Community Representatives

John Gordon	Community Member - Chairperson
Brian Hrnjak	Community Member

COUNCIL STAFF AND INVITED ATTENDEES:

Anthony Hewton	Executive Manager, Corporate Support Services
Jenny Nascimento	Chief Financial Officer
Michael Quirk	Head of Internal Audit, North Shore Councils
Lynne Jess	Minute taker

All other Councillors are free to attend as observers and are invited to do so and to engage in discussions, but not in voting, on any matter before the Committee.

Anthony Hewton
Executive Manager
Corporate Support Services

Date: 26 February 2014

AGENDA

AUDIT AND RISK COMMITTEE

MEETING TO BE HELD ON WEDNESDAY 5 MARCH 2014 AT 3.00pm

The Cove Room, Manly Town Hall

ITEM 1	**Apologies and leave of absence**
ITEM 2	**Declarations of Interest – Pecuniary** **Non- Pecuniary**
ITEM 3	**Confirmation of minutes of previous meeting – 4 December 2013**
ITEM 4	**Overall Internal Audit Program** **(plus Internal Audit Calendar 2013)**
ITEM 5	**Audit of Contract Management** **(plus Executive Summary Audit of Contract Management)**
ITEM 6	**Audit of Terminations** **(plus Executive Summary of Audit of Terminations)**
ITEM 7	**Automated Audit of Accounts Payable Data** **(plus Executive Summary)**
ITME 8	**Implementation of Audit Recommendations** **(plus Action Plan for Implementation of Audit Recommendations.**
ITEM 9	**Date of next meeting:**
Date:	**Wednesday 4 June 2014**
Venue:	**The Cove Room**
Time:	**3.00pm to 5.00pm**

MINUTES OF MEETING

AUDIT & RISK ADVISORY COMMITTEE

HELD ON WEDNESDAY 4 DECEMBER 2013

NOTE: All minutes are subject to confirmation at a subsequent Council or Planning and Strategy Committee meeting.

PRESENT:

Councillors

Jean Hay, Mayor AM	Manly Council
Clr Hugh Burns	Manly Council
Clr Candy Bingham	Manly Council

Other Representatives

John Gordon	Community Member - Chair
Brian Hrnjak	Community Member

Council Staff

Michael Quirk	Head of Internal Audit, North Shore Councils
Anthony Hewton	Executive Manager, Corporate Services Support
Lynne Jess	Minute Taker

Invited Guests
Nil

TO THE MAYOR AND COUNCILLORS OF THE COUNCIL

The **Audit & Risk Committee (the Committee)** met on 4 December 2013, to consider the matters referred to it and now provides the following advice to Council.

OPEN	The meeting commenced at 9.40am.	**ACTION**
ITEM 1	**APOLOGIES AND LEAVE OF ABSENCE** Clr James Griffin	
ITEM 2	**DECLARATION OF INTEREST** There were no declarations of interest advised by those present.	

ITEM 3	**CONFIRMATION OF MINUTES**	**ACTION**

The Minutes of the Committee meeting held on 6 November 2013 were confirmed subject to a few changes recommended by Clr Bingham and Burns.

Moved: Cllr Hugh Burns Seconded: Cllr Candy Bingham

ITEM 3A Welcome from the Chair Mr Gordon

The Chair opened the meeting by welcoming the Mayor to the meeting.

ITEM 4 Report of the Internal Audit Program

The Internal Auditor spoke to his written report on the Internal Audit Program:

- Audit of Rates & Recruitment – Completed and finalised
- Audit of Terminations – Will be completed late December
- Audit of Contract Management – draft completed undergoing quality review.
- Audit of Purchasing – will commence in late December
- Audits of Accounts Payable and payroll data are also progressing.
- Audit of Compliance and Enforcement Policy now expected to be commenced in early 2014.

Recommendation:

The Committee recommends to Council that:

The Internal auditor's Report on the Internal Audit program be received and noted.

ITEM 5 Report on Implementation of Audit Recommendations

The Internal Auditor presented and spoke to his written report on the implementation Audit Recommendations. At the time of the report some 200 recommendations to Council Management for improvements had been made in 16 reports to the Internal Audit and Risk Committee and 17 were outstanding. These will continue to be reviewed each meeting.

Recommendation:

The Committee recommends to Council that:

The Internal Auditor's Report on the Implementation of Audit Recommendations be received and noted.

ITEM 6 Report on Audit of Rates **ACTION**

The Internal Auditor spoke to his written report on the Audit of Rates.

Recommendation:

The Committee recommends to Council that:

1) The Internal Auditor's Report on Rates at Manly Council be received and noted; and

2) The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ITEM 7 Report on Audit of Recruitment & Selection Processes

The Internal Auditor spoke to his report and attached Executive Summary Report.

Recommendation:

The Committee recommends to Council that:

1) The Internal Auditor's Report on Recruitment and Selection processes at Manly Council be received and noted; and

2) The Committee received feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ITEM 8 Internal Audit Performance Report

The Internal Auditor spoke to his report:

- Ten audits had been conducted over past twelve months
- Feedback from staff being audited has been regularly obtained.
- The shared learning between other participating Councils remained a strong and successful feature of the program.
- The Head of Internal Audit had maintained an involvement in a number of relevant professional networks
- The program had increasingly made use in Audits of advanced data management tools and various test routines developed.
- It is intended to undertake an internal review in relation to the Professional Practices Framework for Internal Audit in 2014.
- Manly Council had continued to make an equitable contribution to the overall Internal Audit Program and had received proportional resources in terms of internal audits undertaken and time spent on Manly Council audits (compared to the other participating Council's).

Recommendation:

The Committee recommends to Council that:

The Internal auditor's Performance Report be received and noted.

ITEM 9	**Report on Audit & Risk Committee Annual Agenda** The Internal Auditor spoke to his report Audit & Risk Committee Annual Agenda and made the following comments; **Risk Assessment** • Process – what are the key areas and are we hitting the right areas ? • Are we adding value ? • Gaps analysis – addresses strategies and objectives The committee requested if the Internal Auditor could look at the Public Interest Disclosure process and if staff could provide a report to a future meeting on complaints management and the process to report corruption or bullying at Council. The Chair thanked Michael Quirk for his work . **Recommendation:** The Committee recommends to Council that: The Internal auditor's Report on the audit & Risk Committee Annual Agenda be received and noted.	**ACTION** Staff to note
ITEM 10	**NEXT MEETING DATE** **Date:** Wednesday 5 March 2014 **Time:** 3.00pm – 5.00pm **Venue:** Councillors' Room	

The meeting closed at 11.20am

TO: Internal Audit & Risk Committee

MEETING DATE: 5 March 2014

AUTHOR: Michael Quirk, Head of Internal Audit North Shore Councils (including Manly Council)

SUBJECT: **Internal Auditor's Report on the Internal Audit Program**

1. INTRODUCTION

The draft Internal Audit Program for 2013/14 was approved at the meeting of the Audit and Risk Committee on 6 November 2013. This report provides information on the status of work on the approved 2013/14 Program.

2. INFORMATION

Internal Audit Resourcing

Manly has access to an Internal Audit staff resource equivalent of approximately 8.7 staff-days per month (0.44 FTE).

Status of Audits

During the current period the *Audit of Terminations,* the *Audit of Contract Management* and the *Automated Audit of Accounts Payable Data* have been finalised and are subject to separate reports on the agenda.

Fieldwork is in progress for the *Audit of Purchasing* with the audit report likely to be finalised in late March 2014. This report will be made available to the next meeting of the Audit & Risk Committee.

Planning is in progress on the *Audit of IT Projects* and the *Audit of Work Health & Safety* with fieldwork likely to commence in late March.

Current period payroll data has been received, with analysis to be undertaken over the coming weeks.

The overall 2013/14 program (see Calendar attached) is behind schedule with the *Audit of Compliance and Enforcement Policy* and the *Self Assessment Audit of DAs* now expected to be completed by Late April 2014.

3. RECOMMENDATION:

The Committee recommends to Council that:

1) The Internal Auditor’s Report on the Internal Audit Program be received and noted.

ATTACHMENTS

Internal Audit Calendar 2013 Manly

Michael Quirk

Head of Internal Audit North Shore Councils

February 2014

INTERNAL AUDIT INITIAL CALENDAR 2013/14
COUNCIL: MANLY

MONTH	DATE	ACTIVITY	ID
July '13	Delayed	Compliance & Enforcement Policy	AUD05/12
	NEW	Probity Planning/Advice Manly 2015	AUD17/12
	Completed	Contract Management	AUD01/12
August '13	In Progress	Post Implementation Reviews	AUD14/12
	Deferred	*Audit & Risk Committee Meeting*	
September '13			
October '13	Completed	Rates	AUD03/12
	Completed	Recruitment Processes	AUD06/12
November '13	Completed	Terminations	AUD01/13
	6/11/13	*Audit & Risk Committee Meeting*	CONFIRMED
	In Progress	Purchasing	AUD04/13
December '13	4/12/13	*Audit & Risk Committee Meeting*	CONFIRMED
	In Progress	Automated Audits - Payroll	AUD09/13
	Completed	Automated Audits – Accounts Payable	AUD10/13
January '14			
February '14	Commenced	IT Projects	AUD05/13
	Delayed	DA Self-Assessment	AUD08/13
March '14	5/3/14	*Audit & Risk Committee Meeting*	CONFIRMED
	10/03/14	Work Health & Safety	AUD02/13
	19/03/14	Automated Audit - Rates	AUD11/13
April '14	29/04/14	Community Properties	AUD03/13
May '14			
June '14	4/06/14	*Audit & Risk Committee Meeting*	CONFIRMED

NOTES:
Dates shown are estimated commencement dates and may be varied with consultation
Duration of audits is dependent upon the scope of the Council activity and the audit scope. Indicative durations are included in the Audit Plan approved by General Managers on 30 May 2013.

TO:	Internal Audit & Risk Committee
MEETING DATE:	5 March 2014
AUTHOR:	Michael Quirk, Head of Internal Audit North Shore Councils (including Manly Council)
SUBJECT:	**Internal Auditor's Report on Contract Management**

1. INTRODUCTION

The Internal Auditor has, as part of the Audit Program confirmed by the participating North Shore Councils and this Committee, conducted an Audit of Contract Management at Manly Council.

2. INFORMATION

The Internal Audit Program for 2012/2013 was approved by this Committee on 5 June 2012 and required an audit of Contract Management to be conducted. The audit has been completed and the Audit Report has being reviewed by Council Management. A copy of the Executive Summary of the report is attached, and a copy of the full report will be available at the meeting.

The Report and its findings will be presented to the Committee by the Internal Auditor, Michael Quirk.

3. RECOMMENDATION:

The Committee recommends to Council that:

1) The Internal Auditor's Report on Contract Management at Manly Council be received and noted; and

2) The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ATTACHMENTS

Manly Audit Executive Summary Contract Management

Michael Quirk

Head of Internal Audit North Shore Councils

February 2014

Head of Internal Audit

Internal Audit Executive Summary Report

Subject:	**Contract Management -**Report Approved

Objective and Scope	The main objective of the audit was to assess the effectiveness of Council's contract management processes by determining if there are sound practices and systematic approaches to address the risk of unauthorised payment to suppliers/contract providers. The audit examined whether: • There are sound supporting organisational structures for contract management; • Contract risks are effectively identified and managed; • Services are delivered and payments made in accordance with contract terms and conditions; • There are appropriate arrangements in place to manage contractor performance; • Strategies appropriately assess and allocate risk between Council and contractors; • Contracts deliver the desired outcomes and are concluded in accordance with contract terms and Council policy. The scope of this audit covered an assessment of the current control environment and examination of a sample of past/current contracts for evidence of controls and procedures over the following: • Contract Framework; • Financial Management; • Roles and responsibilities; • Contract administration; • Risk Management; • Contract Reporting; • Contractor Performance; • Contract Variations, Disputes and Extensions; • Contract Completion; and • Records Management

Major Findings	Our review of Council's contract management processes show that the contracts are well developed to enable proper management of the contracts. Key job scopes and responsibilities between contractors and Council staff are well understood and well documented in the contract documentation. We were advised that there is regular contract progress reports submitted to the General Manager in relation to contract administration. There is evidence in Council files showing that staff are performing regular site visits to ensure contractors are delivering on agreed outcomes. While we acknowledge the good work, the following observations have come to our attention:

	• There is no corporate level policy or procedures in relation to Contract Management. • Operational risk assessments are well understood, however there was no formal documentation of those risks. Accordingly, there is no formal documentation to assess, review and implement risk mitigation controls for each contract. • There has been no contract management training provided to staff administrating contracts for the last three years. • In one instance, contract variations (CPI increases) were approved by staff where there is no provision for such a variation in the contract documentation. • While there is evidence of regular site visits, in one instance there was little evidence of close monitoring of all contract deliverables and KPIs as required by the contract.

Summary of Recommendations	The review provided 6 detailed recommendations for improvement (5 Moderate, 1 Minor) which are summarised as: • Development of corporate contract management policy which complements the Procurement Policy and provides comprehensive guidance on a number of contract management dimensions; • Improved documentation of contracts risks assessments and mitigation approaches; and • Development of improved checklists for managing contract deliverables and KPIs.

Overall Opinion and Rating	In conclusion, the concerns identified in this report indicate that the **Control Environment Requires Improvement** (ie Several issues of concern noted, mainly of a moderate nature). **Control Environment Rating** 3

Current Status	Details of implementation of the review recommendation will be included in future reports to the Audit and Risk Committee.

TO: Internal Audit & Risk Committee

MEETING DATE: 5 March 2014

AUTHOR: Michael Quirk, Head of Internal Audit North Shore Councils (including Manly Council)

SUBJECT: **Internal Auditor’s Report on Staff Separations (Terminations)**

1. INTRODUCTION

The Internal Auditor has, as part of the Audit Program confirmed by the participating North Shore Councils and this Committee, conducted an Audit of Termination processes at Manly Council.

2. INFORMATION

The Internal Audit Program for 2013/2014 was approved by this Committee on 6 November 2013 and required an audit of Council’s Recruitment and Terminations processes to be conducted. The Audit of staff Recruitment was completed and reported to the Audit and Risk Committee on 4 December 2013. The audit of staff separation processes (Terminations) has been completed and the Audit Report has being reviewed by Council Management. A copy of the Executive Summary of the report is attached, and a copy of the full report will be available at the meeting.

The Report and its findings will be presented to the Committee by the Internal Auditor, Michael Quirk.

3. RECOMMENDATION:

The Committee recommends to Council that:

1) The Internal Auditor’s Report on Terminations at Manly Council be received and noted; and

2) The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ATTACHMENTS

Manly Audit Executive Summary Terminations

Michael Quirk
Head of Internal Audit North Shore Councils
February 2014

Head of Internal Audit

Internal Audit Executive Summary Report

Subject:	**Staff Separations (Terminations) -**Report Approved

Objective and Scope	The objective of the audit was to provide an assurance that: • Adequate controls are in place over the cessation of employment by employees, in order to minimise the risks to Manly; • Cessation of employment practices are in accordance with Council's policies and procedures; • Employees who cease employment with Manly are appropriately remunerated, and their access to Council's assets and equipment is effectively managed. To achieve the above stated objective, the scope of our review included examination of the controls over the termination of staff over the 12 months dated 30 June 2013. We randomly selected a sample of staff terminations for testing.

Major Findings	Cessation of employment by staff requires the involvement of Human Resources (HR) and the Payroll staff. The area Manager, IT and HR complete a termination checklist to ensure that all relevant actions have been completed prior to the final payments to staff. The two Payroll staff have numerous years of experience in this role, and at Manly Council. Payroll staff are responsible for calculating and processing the final (termination) payments. The reporting line of the Payroll staff has recently changed from HR Manager to the Chief Financial Officer (CFO). We noted the following areas for improvement: • Termination payments are calculated using an Excel spreadsheet template. The accuracy and integrity of this spreadsheet should be reviewed by Management on a regular basis. • The instances in which the termination calculations are to be reviewed by the CFO should be clarified and formalised. • Due to the numerous years of experience of the payroll staff, high level guidelines on the processes and checks involved in calculating the termination payment have not been developed. Business continuity and process consistency would be improved with the development of processing guidelines. • The termination checklist used to ensure access and system security and return of equipment can be revised to clarify the date that actions are completed.

Summary of Recommendations	The review provided 7 detailed recommendations for improvement (3 Moderate, 4 Minor) which are summarised as: • Improved review of termination calculation templates and calculations; • Development of process guidelines; and • Improvements to the processing of the terminations checklists.

Overall Opinion and Rating	In conclusion, the concerns identified in this report indicate that the **Control Environment Requires Improvement** (ie Several issues of concern noted, mainly of a moderate nature). **Control Environment Rating** 3

Current Status	Details of implementation of the review recommendation will be included in future reports to the Audit and Risk Committee.

TO:	Internal Audit & Risk Committee
MEETING DATE:	5 March 2014
AUTHOR:	Michael Quirk, Head of Internal Audit North Shore Councils (including Manly Council)
SUBJECT:	**Internal Auditor's Report on Automated Audit of Accounts Payable Data**

1. INTRODUCTION

The Internal Auditor has, as part of the Audit Program confirmed by the participating North Shore Councils and this Committee, developed and conducted an Audit of Accounts Payable Data at Manly Council.

2. INFORMATION

Internal Audit has recently completed the second if its automated data audit routines (CAATs) for the examination and analysis of accounts payable data. A report of the audit analysis has been provided to Council management for review. The audit was included in the Internal Audit Program 2013/2014 previously approved by the Audit Committee.

A copy of the Executive Summary of the Audit is attached. A copy of the full report is available for review by the Committee.

The Report and its findings will be presented to the Committee by the Internal Auditor, Michael Quirk.

3. RECOMMENDATION:

The Committee recommends to Council that:

1) The Internal Auditor's Report on the Automated Audit of Accounts Payable Data at Manly Council be received and noted.

ATTACHMENTS

Manly Audit Executive Summary Automated Audit of Accounts Payable Data

Michael Quirk

Head of Internal Audit North Shore Councils

February 2014

Head of Internal Audit

Internal Audit Executive Summary Report

Subject:	**Automated Data Audit – Accounts Payable (Initial)**

Objective, Scope and Approach

The objective of the review was to identify potential erroneous data within the Accounts Payable (AP) system and/or ineffective processes in place which has or could ultimately result in financial leakages.

Details of Council's Vendor Master File and a period sample of Invoice Transactions was analysed using specific audit software (ACL). The AP data was reviewed for:

a. Accuracy (calculations are correct)
b. Consistency (across all historical data)
c. Completeness (data fields are completed correctly)
d. Compliance (with policies enforced on the data)

It is important to note that the audit included analytical review of data representing payment transactions. The audit did not include substantive testing of payment transactions.

The data was extracted and provided by Council's Management Accountant. Data was analysed by Internal Audit and initial results discussed with relevant Council officers. Following enhancement to analysis parameters, final results were provided to Council officers for review and action.
Data examined included:

Type of Data	Number of Records	Period of extract
Invoice payment data	14,852	Jan 2013 - Sep 2013
Vendor master file data	7,173	Sep 2013

Summary of Findings

This review was the second in a series of data reviews to be conducted Manly Council. Data extraction and analysis has been further refined resulting in improved results.

<u>Invoice data</u>

We reviewed the possible duplicate transactions with the Council staff. We noted that the majority of these duplicates were valid transactions or were cancelled by a credit note and require no further action.

<u>Vendor data</u>

We reviewed the exceptions with the Council staff. We noted that there were some duplicate vendors (by ABN and name) which require Management review and action.

Current Status

The detailed data report is currently being reviewed and improvements actioned by Finance staff.

TO:	Internal Audit & Risk Committee
MEETING DATE:	5 March 2014
AUTHOR:	Michael Quirk, Head of Internal Audit North Shore Councils (including Manly Council)
SUBJECT:	**Internal Auditor's Report on the Implementation of Internal Audit Recommendations**

1. INTRODUCTION

Since the commencement of the Internal Audit Program in 2010 eighteen audits have been completed and reported to the Audit and Risk Committee. This report provides updated information on the implementation of recommendations arising out of the audits.

2. REPORT

The Audit reports presented to the Audit and Risk Committee provide an Executive Summary of the audit which is included in the meeting Agenda papers, and the full audit report which is available at each meeting. Each Audit report provides recommendations for management action, with a rating system for each recommendation based on the risk related to the Audit finding:

- Significant – High risk requiring urgent management action
- Moderate – Moderate risk requiring management action to be specified
- Minor – Low risk enabling resolution by routine procedures

At the completion of each audit, an Action Plan for Implementation of Report Recommendations is provided to Council management for comment and determination of accountabilities. Prior to each Audit and Risk Committee Meeting Council management provide the Head of Internal Audit with updated Action Plans. Copies of the above audit reports will again be available for review at this meeting.

Audit Implementation in Progress

The following audits have previously been reported to the Audit and Risk Committee:

Cash Handling (24 November 2010)
Tendering Procedures (24 November 2010)
Credit Cards (Finalised November 2011)
Records Management (24 March 2011)
Payroll Data Integrity (22 November 2011)
EFT Payments (22 November 2011)

Legal Services Expenditure (Finalised November 2011)
Commercial Leasing (20 March 2012)
Parking Management & Revenue (20 March 2012)
Long Term Financial Plan (5 June 2012)
Asset Acquisitions & Disposals (6 February 2013)
Fraud & Corruption Prevention (6 February 2013)
Capital Projects (6 February 2013)
Competitive Neutrality (6 February 2013)
Investments (6 June 2013)
ICT Service Continuity (6 June 2013)
Recruitment (5 December 2013)
Rates (5 December 2013)

Internal Audit has previously verified and reported to the Audit and Risk Committee on the completion of implementation of recommendations for two audits. Internal Audit will continue to conduct verification audits of the implementation actions in each of the above audits.

At the time of this report, Internal Audit had provided over 200 recommendations to Council management for improvement in 18 reports provided to the Audit and Risk Committee.

SUMMARY OF STATUS OF RECOMMENDATIONS

The following schedule provides updated information on the status of implementation of internal audit recommendations. This report enables comparison with the previous period report and shows a consistent level of management activity in addressing open recommendations.

	LAST PERIOD			THIS PERIOD			
	SIGNIFICANT	**MODERATE**	**MINOR**	**SIGNIFICANT**	**MODERATE**	**MINOR**	**TOTAL**
ON TRACK	0	0	0	0	3	1	4
DELAYED	0	15	2	0	19	3	22
COMPLETED	0	8	2	0	10	3	13
NOT AGREED	0	0	0	0	1	0	1
NEW	0	0	0	0	18	5	23
CLOSED	0	0	0	0	0	0	0

On Track recommendations include those recommendations which are currently open and within stated due date.

Delayed recommendations include those recommendations which are open and implementation is progressing beyond the due date or an updated response has not been provided by the relevant manager.
Completed recommendations include those recommendations which Council management have advised have been implemented.
Not Agreed recommendations include those recommendations which Council management have not agreed to and have not implemented.
New recommendations include all recommendations raised in reports for the current period.
Closed recommendations include all recommendations where internal audit has verified implementation by Council management.

Details of current open recommendations is shown in the attached spreadsheet.

3. RECOMMENDATION:

The Committee recommends to Council that:

1) The Internal Auditor's Report on the Implementation of Audit Recommendations be received and noted.

ATTACHMENTS

Action Plan for Implementation of Audit Recommendations

Michael Quirk

Head of Internal Audit North Shore Councils

February 2014

ACTION PLAN SHOWING IMPLEMENTATION OF AUDIT RECOMMENDATIONS - MANLY COUNCIL

AUDIT NUMBER	FINAL REPORT DATE	AUDIT CTTEE. DATE	AUDIT TITLE	REC. NUM.	RECOMMENDATION	RISK RATING	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	DUE DATE	COMMENT	DATE	REVISED DATE
AUD1103	9/10/12	6/02/2013	Asset Acquisitions and Disposals	1.7	We recommend Council set a policy direction to record portable and attractive items. The following should be addressed by the policy direction: * definition of portable and attractive items; * recognition of portable and attractive items; * responsibility for monitoring and control; * portable and attractive registers; and * stocktakes	Moderate	Agree to combination of stocktake or the completion of a certificate by the employee stating they still hold the asset and it is in good working condition.	Chief Financial Officer (CFO) / DM Civic & Urban Services	30/06/13	Recently commissioned Assets Management software provided by CIVICA is the mechaniam by which all asstes big and small are captured, recorded, maintenance intervals recorded and cost for the purchase and subsequent disposal are recorded.	**25/02/2014**	
AUD1103	9/10/12	6/02/2013	Asset Acquisitions and Disposals	1.9	We recommend Council ensure that stocktakes of portable and attractive items are performed at least once a year, in order to safeguard identified portable and attractive items.	Minor	Agree	Chief Financial Officer (CFO) / DM Civic & Urban Services	30/06/13	Each divison / department is responsible for their assets as the syetem is de-centralised. Agree stocktakes should be a min of once per year.	**25/02/2014**	**Feb-14**
AUD1103	9/10/12	6/02/2013	Asset Acquisitions and Disposals	1.10	We recommend Council establish an incident reporting protocol which should include the engineering department as a contact point for lost or missing assets.	Minor	Agree.	Chief Financial Officer (CFO) / DM Civic & Urban Services	1/03/13	agree a policy of recording lost or stolen assets to be reviewed and kept up to date. Each department / unit is responsible for their assets and not the Engineering unit. Will be actioned once asset management is implemented	**1/02/2014**	**Ongoing**
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	1.1	We recommend that Management consider updating the Fraud Prevention policy and the supporting control plan to include key actions/controls in place that address key risks and achieves the 10 critical success factors.	Moderate	Policy and accompanying documents being amended and will be put to council after the comprehensive policy review is completed.	Manager Governance	31/03/14	Information on Fraud Prevention is proposed to be included in Council's Code of Conduct. Amendment has been drafted and will be sent to Council for consideration soon	25/02/2014	01.05.14
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	1.2	Submit the updated Fraud Prevention policy to the GM and Council for approval. Management should also ensure that this policy/plan is integrated and consistent with Council's other relevant policies. Management also make this policy available on its website along with its other policies.	Moderate	Policy and accompanying documents being amended and will be put to council after the comprehensive policy review is completed.	Manager Governance		See point above. Inclusion in the Code of Conduct document will ensure integration occurs	25/02/2014	Complete
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	2.3	Management ensure that there the findings/actions arising out the Governance Health Check have clear accountabilities and timeframes.	Moderate	Actions will be allocated to specific officers with timeframes once final recommendations are put to GM for adoption	Manager Governance	31/01/14	On-hold until Comprehensive Policy Review considered and adopted by Council. Actions will be allocated to specific officers with timeframes once final recommendations are put to GM for adoption	25/02/2014	1/06/2014

ACTION PLAN SHOWING IMPLEMENTATION OF AUDIT RECOMMENDATIONS - MANLY COUNCIL

AUDIT NUMBER	FINAL REPORT DATE	AUDIT CTTEE. DATE	AUDIT TITLE	REC. NUM.	RECOMMENDATION	RISK RATING	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	DUE DATE	COMMENT	DATE	REVISED DATE
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	4.1	We recommend that Management consider adopting strategies to improve their customer awareness. These may include: *Including a statement in its Annual report regarding its stance on fraud and corruption prevention and the related policy/strategy * Introducing some visible information in its Customer Service area on the Councilpolicy on Fraud and Corruption prevention. * Publishing the Fraud and Corruption Prevention policy on the Council website once approved.	Moderate	Policy will be placed on website after adoption and exhition. Other awareness raising activities will be evaluated over time	Manager Governance		All policies are placed on Council's website for public access. Awareness raising activities will commence in 2014.	25/02/2014	Complete
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	4.2	We recommend that Management review the purchasing process and assess whether external parties (whether on contract or not) from which purchases are to be made or services received can be provided with a reference to the Councils relevant policies (being statement of ethics, Code of Conduct and Internal Reporting Policy) where feasible. This will ensure that all external parties have a clear and good understanding of the Councils stance on unacceptable behaviour and the reporting mechanisms available.	Moderate	Will be progressed after Policies adoption.	Manager Governance	28/11/13	A Statement of Business Ethics has been drafted. Once approved this Statement will be provided to all business partners, as well as to all staff to raise their awareness of Council's key principles and policies.	25/02/2014	1/04/2014
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	6.1	Management assess what detection controls/systems are in place to manage high risk areas. A record should be coordinated and maintained by the Fraud and Corruption Coordinator of any such systems/reports etc relating to Fraud and Corruption risks.	Moderate	system to be developed late 2013	Manager Governance		All issues reported as they arise	25/02/2014	Complete
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	6.2	Management should consider whether additional detection systems are required for systems/processes identified with high residual risks (eg data mining, purchasing pattern recognition software, exception reports, regular and random audits).	Moderate	ongoing will be reviewed after detection system established.	Manager Governance	28/11/13	This is a continuous activity conducted by the organisation.	25/02/2014	Ongoing
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	8.1	Management submit the investigation guidelines to the GM for approval. These guidelines should be applied across all types of investigations including PID's. All investigation plans/documents completed by Managers should also be forwarded to the Governance Manager for central review and record.	Moderate	to be progressed after the comprehensive policy review is completed.	Manager Governance	28/11/13	to be progressed after the comprehensive policy review is completed in late 2013.	25/02/2014	31/03/2014

ACTION PLAN SHOWING IMPLEMENTATION OF AUDIT RECOMMENDATIONS - MANLY COUNCIL

AUDIT NUMBER	FINAL REPORT DATE	AUDIT CTTEE. DATE	AUDIT TITLE	REC. NUM.	RECOMMENDATION	RISK RATING	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	DUE DATE	COMMENT	DATE	REVISED DATE
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	8.2	Once the Investigation guidelines are adopted, it should be communicated to all staff to ensure awareness of the basis investigation process.	Moderate	will be completed after guidelines adopted.	Manager Governance	28/11/13	This document will be sent to staff via the iPolicy system, be available in the guidance document register and via the intranet	25/02/2014	30/06/2014
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	8.3	Management should also ensure that all Managers that can conduct investigations are appropriately trained in Investigation techniques. This will ensure consistency in the investigations.	Moderate	taining to be held once guidelines are adopted.	Manager Governance	28/11/13	On-hold . Training will be provided to all Managers on any new guidelines implmented	25/02/2014	30/06/2014
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	8.4	The HR dismissal policy, Councils Code of Conduct and the Fraud Prevention policy contain a reference to the Councils Investigation guidelines to be followed in the instance of a breach. This will ensure consistency and transparency in each investigation process.	Moderate	will be completed after guidelines adopted.	Manager Governance	28/11/13	The document will be listed in relevant policies and other documents where appropriate.	25/02/2014	Complete
AUD1104	11/01/13	6/02/2013	Fraud & Corruption Prevention	9.2	We recommend that the HR policy on disciplinary action/dismissal include a link to the relevant ICAC/Police reporting requirements for instances of suspected corrupt conduct.	Moderate	being reviewed.	Manager Governance	28/11/13	This is included in the Internal Reporting Policy	25/02/2014	Complete
AUD1203	29/11/13	4/12/2013	Rates	R2	We recommend that IT investigate whether an audit trail report can be generated from the Authority system for the rates module, The audit trail should ideally include any changes made to the following areas/fields: * Special rebate * Interest flag * Category change * Postponements * Cancellations * Percentage of unit entitlements	Moderate		CIO/CFO	1/01/14	This has been requested from vendor via ticket number 345488 and Council is waiting information on when this will be completed.	25/02/2014	Ongoing
AUD1203	29/11/13	4/12/2013	Rates	R3	We recommend that the Financial Controller review audit trail generated by IT and assess if it is appropriate on a regular basis.	Moderate		CFO	1/01/14	Subject to the outcome of AUD1203-R2	25/02/2014	Ongoing

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AUDIT NUMBER	FINAL REPORT DATE	AUDIT CTTEE. DATE	AUDIT TITLE	REC. NUM.	RECOMMENDATION	RISK RATING	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	DUE DATE	COMMENT	DATE	REVISED DATE
AUD1203	29/11/13	4/12/2013	Rates	R7	We recommend that high level operational guidelines be developed for the key non system related EOY rates processes. These should include but not be limited to the processes involved in the: * yearly calculation of the rates; * upload of the new land values when advised by the VG every 3 years; * update of the information on the supplementary list; * processing of new pensioners; * processing of the special rebate for the pensioners; and * ownership changes and the pension verification work performed. The procedures should also detail the various checks and independent reviews involved at any stage. These procedures should be saved on TRIM.	Moderate		Revenue Manager	1/03/14	In progress. Civica manuals give detailed instructions on uploading a GVal every 3 years.	25/02/2014	Ongoing
AUD1203	29/11/13	4/12/2013	Rates	R8	We recommend that the final version of any key decision-making documents, review and reconciliations be defined and formally signed off. Evidence of the review should be retained on Trim. These key documents/processes may include the following: * The Spreadsheet of the final rate in the dollar on a yearly basis is saved in TRIM. However, evidence of review of this spreadsheet by the CFO should also be noted. * Update of any land value changes as advised by the VG during the year on a spreadsheet; * Download and reconciliation of the new land values from the Land and Property Information (LPI) website and importing this into the Rates system approximately every three years. * Any internal review of the listing of the non-rateable properties Review of the listing of the assessments where the interest rate flag has been turned off.	Moderate		Revenue Mgr/CFO	1/12/13	Already implemented. Yearly rates calculation s/sheet is saved in TRIM. Non-rateable review to be done as part of month end reconciliation	25/02/2014	30.06.14
AUD1203	29/11/13	4/12/2013	Rates	R10	We recommend that all spreadsheets with key data should be password protected to prevent unauthorised access.	Moderate		CFO – DISAGREE as TRIM caters for the level of Authorisation Access	N/A		25/02/2014	

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AUD1203	29/11/13	4/12/2013	Rates	R13	We recommend that any follow up action and notes on the Centrelink report be made on the electronic version of the Centrelink report. This ensures that the current working document is accessible and can be viewed at any time by the Revenue Manager. It also enables easier storage and retrieval of older documents	Minor		Revenue Mgr/CFO	Immediately / November 2013	Next verification/claim to be processed mid 2014. Rate staff advised to implement once process begins.	25/02/2014	01.08.14
AUD1206	25/11/13	4/12/2013	Recruitment Practices	R1	We recommend that the recruitment training program be formalised and provided to any Managers that have not received such training and are involved in recruitment of staff	Moderate		Ray Banister / Lara Kerridge	1/03/14	in progress	21/02/2014	30.06.14
AUD1206	25/11/13	4/12/2013	Recruitment Practices	R2	A record of recruitment training provided should be maintained in Council's records system.	Moderate		Lara Kerridge	1/04/14	will be done once training is complete (see above Recruitment R1)	21/02/2014	30.06.14
AUD1206	25/11/13	4/12/2013	Recruitment Practices	R3	HR regularly updates the members of the 'Joint Consultative Committee' to ensure that and new positions are appropriately authorised.	Moderate		Lara Kerridge	1/02/14	In progress. Nominations called for and received. JCC requested new committee structure at meeting held 12/2/14. Structure review to be done and approved. Recruitment items will contine to go to JCC as normal during this time.	21/02/2014	31/03/2014
AUD1206	25/11/13	4/12/2013	Recruitment Practices	R5	We recommend that HR or the Area Line Manager develop and maintain a spreadsheet on the license expiry dates for bus drivers.	Moderate		Lara Kerridge	1/01/14	in progress	21/02/2014	31/03/2014
AUD1206	25/11/13	4/12/2013	Recruitment Practices	R7	We recommend that HR include confirmation of the applicant's employment history in the last 5 years as part of their screening process.	Moderate		Lara Kerridge	1/01/14	in progress	21/02/2014	31/03/2014
AUD1206	25/11/13	4/12/2013	Recruitment Practices	R10	We recommend that HR review and update the current procedures to reflect any changes in the current practice since 2011 (eg the training to be provided to the Interviewers, the on-line application and screening process)	Minor		Lara Kerridge	1/06/14	in progress	21/02/2014	