NOTICE OF MEETING

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

DATE: **Tuesday 5 June 2012**

TIME: **From 3pm to 5pm**

PLACE: **The Cove Room, Manly Town Hall**

COMMITTEE MEMBERS:

Councillors

Cllr Jean Hay, AM, Mayor (ex officio)	Manly Council
Cllr Hugh Burns	Manly Council
Cllr Cathy Griffin	Manly Council
Cllr Adele Heasman	Manly Council

Community Representatives

John Gordon	Community Member - Chairperson
Brian Hrnjak	Community Member

COUNCIL STAFF AND INVITED ATTENDEES:

Ross Fleming	Deputy General Manager, PPI
Anthony Hewton	Executive Manager, Corporate Support Services
Michael Quirk	Head of Internal Audit, North Shore Councils
Kathy Fuller	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: 30/5/12.

AGENDA

AUDIT & RISK COMMITTEE

MEETING TO BE HELD ON TUESDAY 5th JUNE 2012

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 Meeting 20th March 2012**
- **Business arising**

ITEM 4 **Presentations – Council's Risk Manager**
Status Report on Council's Enterprise-wide Risk Profile

ITEM 5 **Latest Audits Update:**
Report – Internal Auditor's Report on Manly Council's Long Term Financial Plan

ITEM 6 **Report - Implementation Status on Actions Recommended from Previous Audits being:**

- **Cash Handling**
- **Tendering**
- **Records Management**
- **Payroll Data Integrity**
- **EFT Payments**
- **Commercial Leasing**
- **Parking Management and Revenue**

ITEM 7 **Report - Performance monitoring for legal compliance by Corporate Governance staff and General Counsel**

ITEM 8 **Report - Internal Auditor's Report on the Internal Audit Program 2012/13**

ITEM 9 **Report – Chairman's report on the Operation of the Committee 2010-2012**

ITEM 10 **General Business brought to the attention of the Chair prior to the Meeting, and approved for consideration, including:**

- **Arrangements for continuity of Committee 2012/13**

ITEM 11 **Date for Next Meeting – 21st August 2012**

MINUTES OF MEETING

AUDIT AND RISK COMMITTEE

HELD TUESDAY 20 MARCH 2012

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

PRESENT:

Councillors

Cllr Cathy Griffin	Manly Council
Cllr Adele Heasman	Manly Council

Other Representatives

John Gordon	Community Member (Chair)
Brian Hrnjak	Community Member

Council Staff

Ross Fleming	Deputy General Manager, PPI
Anthony Hewton	A/Executive Manager Corporate Services
Michael Quirk	Head of Internal Audit, North Shore Councils
Kathy Fuller	Minute taker

Invited Guests

Nil

TO THE MAYOR AND COUNCILLORS OF THE COUNCIL

The **Audit and Risk Committee (the Committee)** met on the 20th March 2012, to consider the matters referred to it and now provides the following advice to Council.

OPEN	The meeting commenced at 3.35pm.	**ACTION**
ITEM 1	**APOLOGIES AND LEAVE OF ABSENCE** Cllr Burns was absent from the meeting.	
ITEM 2	**DECLARATION OF INTEREST** There were no declarations of interest declared by those present.	**For notation**
ITEM 3A	**CONFIRMATION OF MINUTES** The minutes of the Committee meeting held 22nd November 2011 were confirmed. Moved: Cllr Cathy Griffin Seconded: Brian Hrnjak	

The Minutes of the Audit and Risk Committee held on the 22nd November 2011 were adopted at Council's Meeting held on 6th February 2012 as Resolution PS06/12.

ACTION

Recommendation:

The Committee resolved that the minutes of the Committee meeting held 22nd November 2011 be confirmed.

For notation

ITEM 3B BUSINESS ARISING

The Mayor Jean Hay attended the start of the meeting to formally resign from the Committee based on Recommendation 2 of the Division of Local Government's *Promoting Better Practice Report – Manly Council*, December 2011, that is:

> *"Council should review the constitution of its Audit Committee taking into account the Division's Internal Audit Guidelines under section 23A of the Act."*

The Mayor also informed the Committee that Cllr Heasman had agreed to replace her on the Committee for the remainder of the term of Council.

On behalf of the Committee, the Chair thanked the Mayor for her important contribution to the Committee and welcomed Cllr Heasman.

Recommendation:

The Committee resolved to:

IBM

i. accept the Mayor's resignation from the Committee;
ii. acknowledge the Mayor's participation on the Committee and thank her for her significant contribution in establishing and supporting the Committee;
iii. accept the nomination of Cllr Adele Heasman as a voting member of the Audit & Risk Committee.

ITEM 3C BUSINESS ARISING FROM PREVIOUS MINUTES

The Chair asked if there had been any follow up to his request from Item 4 in the previous minutes in terms of Council's Tender Review Panel and its role with regard to SHOROC Tenders.

DGM Ross Fleming reported that he had written to SHOROC suggesting that consideration be given to the establishment of a Regional Tender Review Panel.

DGM and Internal Audit to report back on any response from SHOROC

There was general agreement that the SHOROC Procurement Group should consider adopting the DLG Checklist. The Chair requested that Internal Audit follow up this matter with SHOROC.

The Chair also noted that Manly Council has a revised Procurement Policy on exhibition. This Policy replaces Council's Purchasing & Tendering Policy.

Recommendation:

The Committee resolved that:

i. The information be received and noted;
ii. Internal Audit follow up with SHOROC on the matter of adopting the DLG Checklist for Tendering and the establishment of a Regional Tender Review Panel.

ITEM 3D BUSINESS ARISING FROM PREVIOUS MINUTES

The Chair asked if there had been any follow up to his request from Item 8 in the previous minutes in regard to the Committee receiving a status report on Council's Enterprise-wide Risk profile.

The Executive Manager Corporate Services responded that this was listed for the next meeting. **ACTION**

The Chair requested that for future meetings a staff member be invited to attend the Committee and present a briefing (no more than 15 minutes and no more than 2 slides) on their area of work. This should have a twofold benefit of affording the Committee an insight into some of Council's areas of operation whilst allowing staff to interact with the Committee and ask questions of the Committee thus de-mystifying the role of Internal Audit to some extent.

Following general discussion the Chair requested that the Risk Manager be invited to attend the next Committee meeting, followed at a subsequent meeting by Mr Chris Barnett who would brief the Committee on car parks and parking meters.

Recommendation:

The Committee recommends to the General Manager that the Risk Manager be invited to attend the next Committee meeting, followed at a subsequent meeting by Mr Chris Barnett who would brief the Committee on car parks and parking meters. **Staff to action**

ITEM 4 Internal Auditor's Report – Implementation Status on Actions Recommended from Previous Audits

The Internal Auditor presented and spoke to his written report on the implementation status of the five completed audits.

The following points were made:

- Since the commencement of the Internal Audit Program in 2010, seven audits have been completed.
- Internal Audit informed the Committee that verification audits have been conducted on the two completed audits (Credit Cards and Legal Services);
- The Chair requested that for the next *Report on Implementation Status* an extra column be added to the summary table showing any "No Action Agreed" as per the Action Plan for Implementation of Recommendations Report on Cash Handling.
- The Chair requested that, where in instances of a realistic time frame for completion of actions not being met, this be included in the Internal Auditor's Report as overdue items.
- Cllr Griffin asked if a post-implementation review of the new TRIM Records Management system was planned. The Chair requested that Internal Audit and management discuss this matter with a view to including a post-implementation review of the new TRIM Records Management system in the Internal Auditor's Program for the 2013 financial year.

Recommendation:

The Committee recommends to Council that:

I. The Internal Auditor's Report on Implementation Status on Actions Recommended from Previous Audits be received and noted;
II. The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council;
III. The Internal Auditor and Manly Council management consider including a post-implementation review of the new TRIM Records Management system in a future Internal Audit Program; and
IV. The Committee acknowledges the significant amount of work done by Internal Audit on the review of internal controls and the responses provided by management.

ACTION

ITEM 5 Internal Auditor's Report – Commercial Leasing Report

The Internal Auditor spoke to his report and attached Executive Summary, and discussion followed.

He made the following comments:

- The scope of the audit was limited to leases on operational lands, none of which involved residential properties, and none of which are occupied by Council.
- Whilst the lease register is being well maintained, management of leases is a labour intensive process (typical of small councils).
- The audit provided three recommendations for improvement.

Recommendation:
The Committee recommends to Council that:

I. The Internal Auditor's Report on Commercial Leasing be received and noted; and
II. The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ITEM 6 Internal Auditor's Report on Parking Management and Revenue

The Internal Auditor spoke to his report and attached Executive Summary, and discussion followed.

He made the following comments:

- The scope of the audit was restricted to an examination of parking stations, parking meters and resident parking permits.
- The audit provided sixteen recommendations spread across the three areas of examination.
- Consideration should be given to a further review of the resident parking scheme in line with RTA Guidelines.

The Chair requested that the full Report be sent to each member of the Committee.

Recommendation:
The Committee recommends to Council that:

I. The Internal Auditor's Report on Parking Management and Revenue at Manly Council be received and noted; and

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

ITEM 7 Internal Auditor's Report on the Internal Audit Program 2011-2012 **ACTION**

The Internal Auditor spoke to his written report on the Internal Audit Program 2011-2012.

He made the following comments:

- Internal Audit will be conducting a compliance audit of Competitive Neutrality at Manly, at the request of the General Manager.
- Fieldwork has concluded on the audit of Long Term Financial Plan.
- The overall program is slightly behind schedule but is likely to be delivered on target by year-end.
- Initial planning for the 2012-2013 Internal Audit Plan has commenced.

Recommendation:
The Committee recommends to Council that the Internal Auditor's Report on the Internal Audit Program for 2011-2012 be received and noted.

ITEM 8 GENERAL BUSINESS

ITEM 8.1 Status of the Committee

As the term of the current Council ends in September the Chair had sought clarification on the status of the Committee post September 2012.

After discussion, the Committee resolved to produce a report summarising the activities and achievements of the Committee to date for consideration at the next Committee meeting. Following review and approval, the report could be presented to Council. Further, it was resolved that in order to ensure continuity for the Committee for the 6/2012 Financial Statements and during the September elections, the next meeting would consider recommending to Council to amend the Audit Committee Charter to extend the terms of the independent members until the end of the financial year following the elections (30/6/2013 for the current term). In this way, continuity of the Committee is assured and the new Council has more time to then re consider the Committee membership.

Recommendation:
The Committee recommends to Council that the Chair prepare a report for the next Committee meeting as outlined above.

ITEM 8.2 Review of the Performance of the Committee

At the November 2011 Committee meeting the Chair requested that a short self-assessment survey instrument be circulated to nominated staff in preparation for his report to Council as per the Charter.

The Chair provided a handout summary of results of the survey (refer to Attachment 1). Some of the general comments arising from the survey included:

- *The Committee should continue to address its broader responsibilities.*
- *The Committee is somewhat restrained by the shared audit framework.*
- *The Committee could be improved with greater interaction from the GM.*
- *Regular presentations to the Committee on pertinent topics from management and external parties would be welcomed.*

ACTION

Recommendation:
The Committee recommends to Council that the Chair's summary report on the survey be received and noted.

ITEM 11 NEXT MEETING DATE:

Date: Tuesday 29 May 2012
Time: 3.30 pm
Venue: Councillors' Room

All to note revised date of next meeting

Meeting closed at 5.30pm

TO: Internal Audit & Risk Committee

MEETING DATE: 5 June 2012

AUTHOR: Mary Rawlings, Risk Manager

SUBJECT: **Report on Manly Council's Enterprise-wide Risk Profile**

1. INTRODUCTION

At the Internal Audit and Risk Committee meeting held on 22 November 2011 the Chair requested that the Committee be afforded a brief status report and presentation from management on Manly Council's enterprise-wide risk profile.

2. INFORMATION

In response to a matter arising from the minutes of the Internal Audit and Risk Committee meeting held on 22 November 2012, Council's Risk Manager will provide a short verbal report on the status of Manly Council's enterprise-wide risk profile and strategy.

3. RECOMMENDATION:

The Committee recommends to Council that:

1) The information presented on Manly Council's enterprise-wide risk management profile be received and noted.

ATTACHMENTS

Nil

Mary Rawlings

Risk Manager

May 2012

TO: Internal Audit & Risk Committee

MEETING DATE: 5 June 2012

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

SUBJECT: **Internal Auditor's Report on Long Term Financial Plan**

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 the Long Term Financial Plan at Manly Council.

2. INFORMATION

The Internal Audit Program for 2011/2012 was approved by this Committee on 31 May 2011 and required an audit of Council's Long Term Financial Plan 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 Long Term Financial Plan 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 Long Term Financial Plan

Michael Quirk

Head of Internal Audit North Shore Councils

May 2012

Head of Internal Audit

Internal Audit Executive Summary Report

Subject:	**Long Term Financial Plan -**Report Approved

Objective and Scope	The primary objectives of the audit were to provide a high level assurance that: • Preparation and reporting of Council's Long Term Financial Plan meets legislative requirements, including guidelines provided by the Division of Local Government; • Council's Long Term Financial Plan is informed by the Community Strategic Plan, and adequately integrates with the Workforce Management Plan, the Asset Management Plan and the Delivery Plan; and • Council's Long Term Financial Plan is founded on reasonable and reliable information. The scope of the audit was restricted to an examination of the progress made to date together with future action plans, in implementing the Long Term Financial Plan as part of Council's Integrated Planning and Reporting Framework. A risk based approach was adopted for this review which included an examination of: • Preparation and reporting of the currently adopted Plan; • Data flows from the different resourcing strategies and the Community Strategic Plan and Delivery Program; • Development and completeness of the Long Term Financial Plan assumptions and projections; • Development of sensitivity analyses in the Plan; and • Security and protection of Plan data entry and retention.

Major Findings	The *Manly Community Strategic Plan Beyond 2021* is about the future of the whole Manly community. It represents the aspirations of the people who live, visit and work in the Manly area. It is a 10 year strategy that has been developed as a collaborative effort between the community and Council. Consistent with the Integrated Planning and Reporting (IPR) Framework Council developed a Community Strategic Plan and a Resourcing Strategy consisting of three components: • Long Term Financial Planning (LTFP) adopted by Council on 20 June 2011 ; • Workforce Management Plan adopted by Council on 20 June 2011; and • Asset Management Policy and Strategy adopted by Council on 20 June 2011.

	A number of issues identified in this review have been raised by the *Division of Local Government, Department of Premier and Cabinet*, in the Better Practice Program, Review Report which was being finalised at the time of this audit. The major areas of improvement identified by the Division in their report dated December 2011 are the need to fully implement the *Community Engagement Strategy* and, to further develop the *Resourcing Strategy.* The Division commented that there was still significant work required to bring Manly's IPR framework into full compliance. Our review revealed areas for improvement requiring Council attention: • Our review revealed there is limited integration between the LTFP and the Asset Management Plan. • The assumptions in the LTFP's interest and investment revenue, and employee and material costs should be reviewed based on emerging industry trends and Council's specific operating environment.

Summary of Recommendations	The review provided 13 detailed recommendations for improvement which were rated as either Moderate, or Minor Risk. A summary of the significant recommendations include: 1. Council consider proposed expenditures on Manly Aquatic Centre and Manly 2015 in future Long Term Financial Plans 2. Council link projected revenues with infrastructure gaps in future years of the LTFP 3. Council integrate the LTFP with Asset Management Plans and include full life-cycle costs for individual assets. 4. Council consider cost movements in employee costs and past performance of interest and investment revenues and materials costs in future revisions of the LTFP. 5. Council consider implementing an Asset Management System, and set a program for completion of all asset condition assessments. 6. Council develop consistent costing between internal costing plans and Asset Management Plans.

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

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

TO: Internal Audit & Risk Committee

MEETING DATE: 5 June 2012

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

SUBJECT: **Report – Implementation Status on Actions Recommended from Previous Audits**

1. INTRODUCTION

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

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

Upon completion of each audit, an Action Plan for Implementation of Report Recommendations is provided to Council Management for comment and determination of accountabilities. Copies of the above audit reports will again be available for review at this meeting.

Implementation of Audit Recommendations

The following audits have been previously 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)

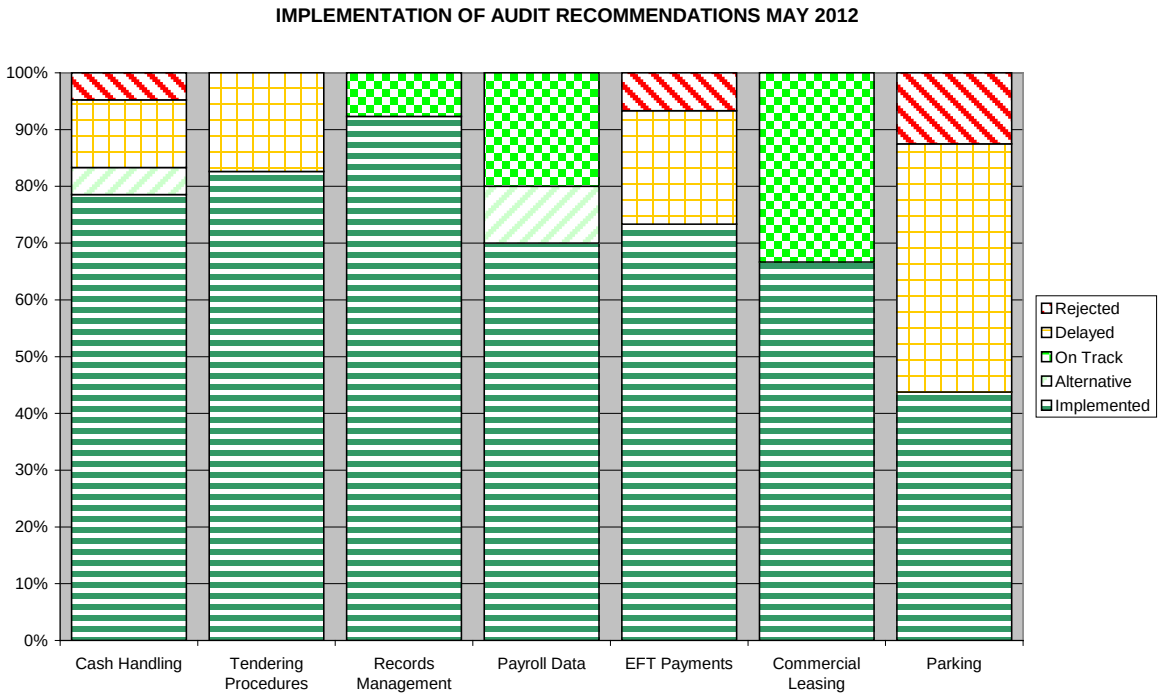
Legal Services Expenditure (Finalised November 2011)
Commercial Leasing (20 March 2012)
Parking Management & Revenue (20 March 2012)

Council Management have been working on the implementation of the agreed recommendations contained in the above Internal Audit Reports. Council Management have advised that implementation action relating to recommendations in the above reports has been completed to the extent shown in the following table.

Recommendations	SIGNIFICANT		MODERATE		MINOR		TOTAL
Audit	Agreed	Completed	Agreed	Completed	Agreed	Completed	
Cash Handling	0	0	26	23	15	12	42
Tendering	3	3	20	15	1	1	24
Records	0	0	0	12	0	0	13*
Payroll Data	0	0	8	6	2	1	10
EFT Payments	0	0	14	11	0	0	15
Commercial Leasing	0	0	1	0	2	2	3
Parking Management & Revenue	0	0	10	4	4	3	16

* Audit recommendations related to implementation of previous contract review report.

At its meeting of 20 March 2012 the Audit and Risk Committee requested further information to include the extent to which Audit recommendations are not agreed, and instances where implementation of recommendations are delayed. Copies of the Implementation Action Plans arising from the audits are attached. The following analysis addresses the status of total recommendations in percentage terms for each audit.



Verification of Implementation of Audit Recommendations

Internal Audit will be conducting a verification audit of the implementation actions in each audit and reporting the outcome back to the Audit and Risk Committee.

2. RECOMMENDATION:

The Committee recommends to Council that:

1) The Internal Auditor's Report on Implementation of Recommendations Internal Audit Reports 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

Implementation Action Plans for Audits

Michael Quirk

Head of Internal Audit North Shore Councils

May 2012

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
1	Policy and Procedures					
1.1						COMPLETED
1.2						COMPLETED
1.3						COMPLETED
1.4						COMPLETED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
1.5	Training should be provided to all officers responsible for handling cash upon changes to policy and procedure.	Moderate	Cash Handling Training to be arranged through HR (External provider). Finance staff to work with each section for any changes to policy & procedures.	Mngr Org Dev./ MFS	2011 / 2012	Management Accountant has visited all Cash Handling sites / staff to outline recommendations of Audit. Preferred procedures have been advised to the Managers of each area in writing. This will be followed up by on-site training in February and March 2012 and an audit of outstanding actions. Audit has been conducted at VIC, Art Gallery, Library & Swim Centre. No formal cash handling training has been conducted.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
2	**Safeguard of Cash and Employee**					
2.1						COMPLETED
2.2						ALTERNATIVE PROPOSED
2.3						COMPLETED
2.4	Segregation of duties should be established at *Civic Centre, Art Gallery, Visitor Information Centre, The Roundhouse Child Care Centre and Library* to ensure the person having a key access to what should not have access to pass code or vice versa.	Moderate	Normally safes are either combination or keyed. May not be practical at all locations. Further investigation required.	MFS / DGM-PPI		As per response for 1.5 Art Gallery & VIC only have one staff member access the safe due to minimal staffing levels.
2.5						COMPLETED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
2.6	Keypad access password should be changed at regular intervals at "*Manly Andrew Boy Charlton Swim Centre*" and the record of changes should be kept in a logbook evidencing the changes by way of signature by two persons.	Minor	To be reviewed with swim centre co-ordinator. Password changes to be noted in Logbook.	Swim Centre Co-ordinator/ MFS/ DGM-PPI	30/06/2011	Divisional Manager notified of need to implement this and Management Accountant will follow up with on-Site Manager of Swim Centre to verify. Swim Centre Co-ordinator has advised that keypad password has been changed, however no documentation has been provided i.e. logbook, to support this advice.
2.7						COMPLETED
2.8						COMPLETED
2.9						ALTERNATIVE PROPOSED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
2.10	We recommend Council perform a regular review on "*Till Balance*" for the purpose of check and balance at "*Manly Andrew Boy Charlton Swim Centre*" and the Library.	Moderate	Clarify process / requirement. If finance staff will have to be time-tabled and resourced	MFS / DGM-PPI		Till reports to be added to end-of-day reports. Management Accountant to verify. Till balances verified at the time of cash count. A review of previous till balances was not conducted.
2.11	We recommend Council perform a regular review of Till "Z" reads, sign evidencing a review were undertaken and dated for the purpose of accountability at "*Manly Andrew Boy Charlton Swim Centre*" and the Library.	Moderate	See above	See above	See above	See 1.5. Management Accountant to verify. A review of 'Z' reads was undertaken at the Library during the audit & all batches were in sequential order. The Swim Centre 'Links' system does not produce a batch number on the till reading.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
2.12						COMPLETED
2.13						COMPLETED
2.14						COMPLETED
2.15						COMPLETED
3	**Surprise Count**					
3.1	We recommend council undertake a regular surprise cash count by finance department.	Moderate	Has been undertaken in the past. Needs to be timetabled and resourced.	MFS / Mngt Accnt.	30/06/2011	Random audits commencing February 2012 on a bi monthly basis by Management Accountant / finance staff member. Surprise cash counts were conducted at VIC, Art Gallery, Library & Swim Centre Feb/Mar 2012.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
3.2	Regular surprise cash count procedure be documented for an audit trail to ensure the control is actually working as intended.	Minor	See above Sample audit documentation	MFS/ Mngt Accountant	30/06/2011	Documentation to occur in February 2012. Report & matrix provided for each site. Cash count totals are included.
4	**Receipt**					
4.1	We recommend Council perform X-Reads whenever there is a changeover of shift at the Library.	Moderate	Procedure to be added into end-of-day process.	Library Manager	30/11/2010	Procedure to be added into daily process. Staff advised of requirement. Library has incorporated this recommendation into their daily procedures. An Overs/Unders Register is maintained with the amount and till location recorded.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
4.2	In Library and Swimming Pool where, large number of small cash transactions are conducted, we recommend Council to consider registers which have a visual display or provide purchasers with the means to witness sales recorded by the cashier without receipts being issued (Note: Swimming Pool registers have a visual display to provide purchasers with the means to witness sales recorded however, it is not being switched on).	Moderate	Further investigation required whether pole visual display can be connected to POS terminals. (The old visual display at Swim Centre is not connected to new POS terminal) Library may need to upgrade cash register to comply.	Library Manager / Swim Centre Manager. (MFS / DGM)		Further investigation required whether pole visual display can be connected to new POS terminals at Swim Centre. The Visual display was from the old POS, it is not compatible to the Links POS system currently in operation. Display terminals at Swim Centre have been re-positioned which should provide ability for customer to witness the sale recorded. Library registers have visual display terminal. Display terminals at Swim Centre are not always visible to customers. Confirmed that Library registers have a visual display.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
5	**Segregation of Duties**					
5.1						COMPLETED
5.2						COMPLETED
5.3						COMPLETED
5.4	We recommend that two staff clear cash from coin-operated machines (eg Telephones and Shower Coin Boxes), and that one of those positions is supervised by the finance staff on a surprise basis.	Moderate	Check requirement for pay phone. Check whether coin showers can be changed over to tokens, or remove coin boxes. Finance do not have resources.	MFS / DGM. Library Manager / Swim Centre co-ordinator	30/06/2011	Showers are now free at the Swim Centre – coin collection machine no longer in use. Management Accountant to audit in first quarter 2012. Unable to conduct audit of 'Blue Phone' at Swim Centre as staff in attendance could not provide any previous documentation & were not aware of the procedure for clearing the phone. An audit conducted on 25 May found that one centre staff collects coins from the blue phone once a month. Considering the amount is immaterial (generally $10 per month), it is not practical to adopt this recommendation.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
6	**Manual Receipts**					
6.1						COMPLETED
7	**Others**					
7.1	We recommend Council print a pre-numbered ticket in a sequential order for "*Programs & Events*" ticket sales and the tickets running numbers are acquitted at end of the ticket sales with total collections	Moderate	Agree. More information required. What "programs & events" is this for? Internal Audit Response: "program & events" are from Manly Art Gallery & Museum Sales Collection e.g. Kid's Art Adventures.	Gallery Director DM-HSF	30/09/2011	Advice being obtained on cost effective ticketing system to meet requirement. No ticketing system has been instigated at the Art Gallery or VIC.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
7.2	We also recommend "*Buskers Licence*" and "*Programs & Events*" tickets to be purchased at Council Civic Centre cashiers a means of reducing cash handling at the *Visitor Information Centre*	Minor	Not practical. VIC open 7 days a week? <u>Internal Audit Response:</u> Recommendation aimed at reducing cash at remote sites wherever possible.		1/09/2012	A service review was undertaken of the customer service area, as well as bookings and events at VIC. The Executive has approved the recommendation to move towards a centralisation of these functions reporting to the customer service centre located at Town Hall. Stage 1 completed (the Bookings Officer is now located in the customer service centre); the next stage will look at the transfer of some of the cash handling from the VIC to Town Hall.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
7.3	We also recommend staff recruited to cash handling positions have training and/or experience which equips them for cash handling at the Library	Minor	Cash receipting/ cash handling training to be provided.	Manager OD / Finance		Cash receipting/ cash handling training to be provided for Library staff. Program will be looked at for first quarter 2012. Management Accountant has met key Library Services staff and issued cash handling procedures. Library has produced a cash register/cash handling training manual however no formal cash handling training has been conducted.
7.4						COMPLETED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
7.5	We recommend that staff who reconcile the amount of cash collected with stock count records, which indicate the movement of stock at Library and Swimming Pool	Minor	Check stock at swim centre? Inventory control/ Stock take to be implemented at Art Gallery. Library has no stock.	Gallery Director/ Branch Managers/ Swim Centre Co-ordinator/ MFS/DGM/	1/09/2012	Arrangements to be discussed with new Art Gallery Director for Inventory Control/ Stocktake to be implemented at Art Gallery, and copy to be provided to Finance. Swim Centre does not sell Stock items. Art Gallery is yet to implement inventory control. An Inventory Register will be formatted by Finance. New procedure to record inventory sales will be introduced in the new financial year.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
7.6	With a large number of cash collection points Council should consider whether Council objectives could be better met by providing cash services from fewer locations and promoting EFT or credit transactions at locations which have less staff capable of the increased administration and security of cash transactions	Minor	EFT is already promoted, however minimum sales amounts apply. Credit card / Eftpos payment facilities have been made available to remote sites. <u>Internal Audit Response:</u> Recommendation aimed at reducing cash at remote sites wherever possible.	MFS/DGM		Credit card / EFTPOS payment facilities have been made available to remote sites and will be promoted.
7.7						COMPLETED
7.8						COMPLETED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
7.9	We recommend Council perform a regular stocktake of the Art Gallery inventory items and reconcile the movement with collection / sales reports.	Minor	See 7.5	Gallery Director	1/09/2012	See 7.5 Stock inventory to be established. An Inventory Register will be formatted by Finance. New procedure to record inventory sales will be introduced in the new financial year.
7.10						COMPLETED
7.11	On a regular basis (say monthly) a member of the finance team should obtain details of the running balances from the till tapes and reconciled an extended period of the cash received per the till tapes and the cash banked and enquire into any unusual variances.	Moderate	Finance does not have resources to undertake monthly balancing. Reliance on trained/competent staff at remote sites. Daily banking reports are checked by Finance.	MFS / DGM		Spot checks to be undertaken on a monthly basis February 2012. Running balances from till tapes were not reconciled to cash banked during these visits due to time constraints.
7.12						COMPLETED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – CASH HANDLING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at June 2012
7.13						COMPLETED

TRIM REF: MC/12/8858

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1	Policy and Procedures					
1.1	The Policy and Guidelines should be updated to include procedures issued in 2009 and to ensure consistency and compliance with the Regulations and the Tendering Guidelines for NSW Local Government (October 2009).	Moderate	Policy updated with reference to DLG Tendering Guidelines Oct 2009. (Cl 7 , page 8)	DGM-PPI	16/11/2010	A new Procurement Policy was adopted by Council on the 5th March 2012. Guidelines drafted ready for staff feedback. Action complete
1.2	Procedures should be developed requiring all staff and others involved in the preparation and evaluation of tenders to make formal conflict of interest and confidentiality disclosures at the commencement of each tender.	Moderate	Cl 7.1 requires staff to declare a pecuniary/conflict of interest. DLG guidelines only requires staff to declare if they have a conflict. Cl 7.1 to be amended to include requirement for ALL staff & others to complete confidentiality/pecuniary interest form. See template attached.	DGM-PPI		Clause included in new Procurement Policy requiring all staff (administering tenders) to complete the formal conflict of interest and confidentiality disclosures at the commencement of each tender. (Clause 8.5) Action complete

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1.3	Further guidance should be provided in the Policy and Guidelines for the appointment of external experts in the tendering processes and the particular probity and accountability required in Council tendering.	Moderate	Further examples of guidance samples required. Partly covered in cl 6.1 & 7.4 See probity template above.			Clause included in new Procurement Policy relating to appointment of external panel members and probity requirements. (Clause 8.5) Action complete
1.4	Checklists should be developed within the Policy and Guidelines to assist staff to easily verify that all requirements have been met at each stage of the tendering process.	Minor	Procedure developed for electronic tenders. Checklist to be developed. Refer to LGMA Best Practice – Tendering toolkit.	DGM-PPI		The use of the DLG Tendering Checklist is now utilised for the administration of all Council Tenders from June 2011. Council's Tender Review Panel checks this before each Tender goes to Council. Action complete
1.5	Council should consider using probity advisers and/or auditors for large or sensitive projects, and the criteria and use of probity advisers be included into the Policy and Guidelines.	Moderate	Policy does not preclude use of probity advisers or external consultants. Policy & Guidelines to be amended to include reference to external probity advisers. Eg. Corporate Scorecard or Kingsway.			Clause included in draft Procurement Guidelines regarding engagement of Probity Advisers / Auditors (draft Clause 4.2)

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1.6	All Council staff involved in tendering should be trained in the updated Policy and Guidelines.	Moderate	Training in purchasing/ procurement has been carried out previous. Refer to HR			Formal tender training is being planned for later in 2012 following adoption of Procurement Policy and Procurement Guidelines **Status - Pending**
2	Specification and Advertisement					
2.1	Council determine standard templates for Conditions of Tendering and General Conditions of Contract, including the above findings, and these templates be included in revised Policy and Guidelines.	Moderate	The SHOROC group of Councils have been working with Warringah for a standard set of templates for Tendering & General Conditions of Contract, etc. In the interim Council has purchased the LGSA Tender Documents templates – these will be compared to current standard tender documentation & general conditions of contract for consistency / compliance with legislation, Australian standards, etc. Once review is completed and agreed, the Standard Templates to be annexed to the Policy.			Standard templates have been devised and are routinely provided by Council's Legal Services team to staff involved in tendering. They will be referenced in the new Guidelines. Shoroc Council Templates are being updated by Warringah. **Status – Partly Completed**

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2.2	Council determine agreed Standards for General Contract Conditions to cover the majority of likely projects and provide templates for their use in revised Policy and Guidelines.	Moderate	See 2.1 above			Standard templates are being devised and are routinely provided by Council's Legal Services team. Standards for General Conditions of Contract based on relevant Australian Standards. These will be referenced in the new Guidelines. **Status – Partly Completed**
2.3	A framework for complaints about tendering be developed and included into the revised Policy and Guidelines.	Moderate	Refer to complaints management policy. Cross reference in Policy.			Council's Complaints Management Policy is referenced in the Procurement Policy and Guidelines. **Action Complete**

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2.4	The Policy and Guidelines reinforce and provide further guidance in the shortening or extending of the statutory tender period.	High	See DLG guidelines (Cl 3.7 & 3.8) – include in policy under section 7.2.			A clause regarding shortening or extending the statutory tender period is included in the Procurement Policy and Guidelines – also reference to DLG Guidelines in draft Procurement Guidelines. **Action Complete**
2.5	A pro-forma record to identify all staff (and others) involved in the preparation of the tender documents be included in the revised Policy and Guidelines for completion and filing in the EDMS.	Moderate	Checklist / version control document to be prepared.			Section added to Tender Checklist to list all staff involved in tender preparation and assessment etc. All staff also required to complete pecuniary interest declaration which is kept on file. **Action Complete**

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2.6	The electronic tendering portal (Tenderlink) be used to record and report into the EDMS all requests for tender specifications.	Moderate	Procedure to record all requests for tender specifications (including manually provided documents) to be maintained & updated into Tenderlink to be added to Policy.			Tenderlink records all requests for tender specifications downloaded. Form also developed to record all tender documents collected from customer service. Manually provided submissions recorded in Tenderlink. Listing from Tenderlink profiled to TRIM. **Action Complete**
3	Tender Opening and Recording					
3.1	The Policy and Guidelines should be enhanced to provide specific principles and guidance on the overall management of both electronic and paper-based tenders, including opening and secure retention of all documents.	Moderate	Refer to record keeping checklist regarding tenders (attached) See also Records Management Policy & Procedures			This requirement is specified in revised Policy and Guidelines. Procedures require that all documentation be profiled into TRIM records management system. **Action Complete**

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
4	Tender Assessment					
4.1	Tender Evaluation Plans should be prepared, signed and dated by all members of the Tender Panel in advance of the tender opening.	High	Tender evaluation/assessment plans and matrix including weightings should be prepared in advance as part of tender specifications.			Weighting criteria / basis of assessment of tenders is specified in Procurement Policy & Guideline. Criteria is included as part of tender documentation. **Action Complete**
4.2	Tender Evaluation Plans should provide comprehensive instruction in the individual review of submissions, scoring of submissions and the capacity for minority reports.	Moderate	Template to be drafted.			Assessment criteria specified in draft Procurement Guidelines. (draft Clause 4.23) **Action Complete**
4.3	Each member of the Tender Panel should independently review the tender submissions and such reviews recorded on file in accordance with the Policy and Guidelines.	High	Agree. Evaluation panel recommendation report to be signed by all tender panel members.			Each panel member completes individual assessment matrix. This is kept on file and will be profiled in TRIM. **Action Complete**

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
5	Communication With Tenderers					
5.1	A communications protocol should be developed and included into the Policy and Guidelines which establishes a preferred communication channel and framework for all tenderer communications in accordance with Section 3.13 of the DLG Guidelines.	Moderate	Procedure/protocol to be developed.			Tenderlink nominated as preferred communication channel. (Clause 4.14 draft Guidelines.) **Action Complete**
5.2	Consideration should be given to ensuring that all tender communications, including meeting documents and emails are channelled through the Tenderlink portal.	Moderate	Tenderlink portal provides for for channelling of communications, and tenderers are advised to contact Council via this link.			Tenderlink nominated as preferred communication channel. (Clause 4.14 draft guidelines.) **Action Complete**
6	Awarding of Contracts					
6.1	The Policy and Guidelines be revised and a checklist developed to ensure that reports to Council arising from tendering provide more details, consistent with Section 3.16 of the DLG Tendering Guidelines, to provide for informed decision-making by Councillors.	Moderate	Checklist/ report template to be included as Annexure to Policy.			Report template developed which includes assessment against criteria. **Review whether further action required**

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
6.2	A framework for independent post-tender reviews, which includes periodic reporting to Council, should be further developed and included in the Policy and Guidelines.	Moderate	Annual reporting of all contracts. Currently reported as part of annual report. Process will need to be developed.			Service contracts are already monitored and reviewed by responsible manager. Tender Review Panel established to independently review tenders and consideration could be given to extending Charter to review effectiveness of tenders over time. **STATUS - PENDING**

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
7	Security of Documents					
7.1	The Policy and Guidelines be enhanced to re-inforce the requirement for security and retention of tender-related documents into Council's EDMS.	Moderate	All tender related documents should be held in either EDMS or Tenderlink for tenders issued by Council. Checklist for Record Keeping to be added to policy. Separate protocol may be needed for joint tenders by Shoroc or Regional Procurement.			The Procurement Policy and Guidelines reinforce the safe storage and retention of tender related documents into TRIM records management system. Secure TRIM folders have been established with access restricted to staff directly involved with Tender, other relevant managers and tender review panel. **Action Complete**
7.2	Consideration be given to restricting access to tender documents in the EDMS to only those officers associated with the tender.	Moderate	To be further discussed, as senior administration and finance staff will require access.			See above **Action Complete**

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – TENDERING

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
7.3	Relevant Managers are to be responsible for ensuring that engagement documents for contractors undertaking tender-related activities include standard provision for the return of all Council documents, and that these provisions are enacted.	Moderate				A Formal Instrument of Agreement has been drafted for Contractors to sign and return to Council for each contract. **Action Complete**
7.4	Council consider centralised control of the electronic tender box keys to aid in probity and compliance with Clause 175 of the *Local Government (General) Regulation, 2005.*	Moderate	Will be considered. May have to set up as a secure group to ensure that access is available in event that individual staff member is away when tender closes.			Electronic tender key is now forwarded through records@manly.nsw.gov. au **Action Complete**

TRIM REF: MC/12/8861

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1					ONGOING
2	A project for the replacement of the EDMS be commissioned as soon as possible with the appointment of a project manager and development of an appropriate project management structure and methodology.	An initial business case has been prepared to look at the options to commission a new electronic records management system. At this point in time the Executive of Council requires more work to be undertaken to evaluate this proposal specifically with the following considerations: • Transfer data from current system to new • Risk management • Cost benefit analysis • Change management issues, including training program • Financial implications for the system, and • Consultation across all divisions on their needs and requirements to meet Council's and individual legislative requirements.	Chief Information Officer under guidance of the Executive	30/06/2012	New HP Trim records Management System has been implemented including migration of former EDMS Data into new system. Action Complete

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
3	A strategy be developed and implemented for the migration of records held on corporate drives, and the simplification and integration of the CRM system into the new EDM system.	Council has an issue that a specific technology has been specified as there may be other systems commercially available. Council would prefer to focus on the desired outcome of capturing corporate records currently stored within network drives. The migration / storage of records from corporate drives will be incorporated into the new system project covered in point SR4.	Chief Information Officer under guidance of the Executive	30/06/2012	Extraction of legacy data from EDMS (Council's previous records platform) has now been completed. Data on corporate drives has been changed to Read Only with effect 07 May 12, Councils IT contractor is being asked to quote on the data migration from these drives to TRIM.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
4	Once Manly Council implement a new Records Management System, it is essential that all staff are provided with adequate initial and ongoing training to effectively use the system and ultimately ensure compliance with the State Records Act 1998 (SR6).	Training and awareness programs supporting records management requirements will continue to be provided to all Staff on a regular basis regardless of the records management system used by the organisation. There is ongoing training in Records for all staff and a Records Induction and Records Refresher Training will be implemented also for all new and current staff. Training will be a key element for any new system and will be covered by the project plan in SR4	Records Manager	01/01/2012	The training program was developed and augmented by the Records Manager. Training has been conducted for all of Council staff. Office Managers are monitoring training requirements for future training sessions. Action complete ongoing training is part of Core business activities.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
5	The Records Key User Group be re-established and the Charter enhanced to include change management responsibilities in implementing the new EDM systems.	Council will re-convene the RKUG group and will include the change management responsibilities as part of the group's charter. This group will also be used to assist with the documentation review of the policies, procedures and business rules in mid-2011.	DGM-PPI	July 2011	Records User group (RUG) hascontinued to meet and had input into implementation of new TRIM records Management System. Group will continue to meet as core business activity to deal with records policy and procedural matters. Action Complete.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
6	The current records reviews conducted by the Records Manager be expanded to include the capture of the information in the above SincSolution recommendation.	In 2009 Divisional Manager's completed Critical Risk Analysis of Business Transactions (CRAB) worksheets and this information has previously been provided to Council's records manager as a starting point. Council agrees with the recommendation and will continue to refine the information obtained in the CRAB worksheets to obtain a full and detailed map of our records management process. Council will recommence its capture audit program. Additionally the results of these audits will be provided to management and staff to reinforce Council's records program messages and encourage a dialogue process.	Records Manager	Ongoing	Senior Managers receive both daily & weekly reports on outstanding correspondence, ageing of correspondence, percentage of correspondence answered. Also random audits of correspondence from each Division occur weekly, for compliance. This is now a standard weekly procedure. Action Complete.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
7	The workflow for allocation of incoming correspondence be considered in the development/implementation of the new EDMS to allow for staff absences, resignations and workloads.	The current system is capable and Council is currently prototyping this technology as part of the HRIS system. This issue would will also be considered as part the scope for any new system	Chief Information Officer	December 2011	TRIM has been tailored to enable escalation to the Division's Office Manager who will be tasked with reallocating the correspondence and tracking its finalisation. Action complete.
8					COMPLETED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
9	Council should consider consolidating the various "cheat sheets" into an online knowledge-based organisation structure to aid in the correct and consistent direction of records and service requests.	This consolidation will be handed over to the reconvened RKUG group for completion and dissemination to staff upon completion	RKUG Records Manager to report	October 2011	Cheat sheets have been developed by Council's Records Manager as part of the TRIM training program. Training planned for new employees, as well as ongoing refresher training courses for existing staff. This information is available within TRIM itself and staff are made aware of this at traing. Action Complete.
10					COMPLETED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
11	Appropriate security must be applied to confidential documents, including the document profile information so as no part of the confidential information is available to staff who are not authorised to view the subject material (SR14).	Confidential documents are placed in Confidential binders. Council will review the naming conventions currently used for these documents.	Records Manager	30/09/2011	An Information Security Model has been developed & implemented into TRIM to ensure that Confidential Information is secured to prevent access, viewing or notice in a search result. Action Complete.
12					COMPLETED

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS - RECORDS

No	Summary of Recommendation(s)	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
13	There is a general reliance by staff upon Office Managers to run the CRM and EDM systems and ensure all matters are up to date and finalised/allocated appropriately. It is recommended that the focus for the Office Managers change to an auditing focus rather than actually doing the records management work for all the staff (SR25).	This current process is satisfactory for the organisation's requirements for meeting its organisational obligations.		NFA	Adoption of the new TRIM Records Management System has been well received by all staff. Office Managers are monitoring the use of the system by staff in their branches. Office Managers have moved away from conducting profiling of records into a Super User, monitoring role. Action complete.

TRIM REF: MC/12/8855

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PAYROLL

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1	Payroll System Access					
1.1	We recommend Council implement an appropriate user access control that requires: • Segregation of access to the person processing weekly pay run from the person having access to update/modify/ delete of employees' master data; • Access to the application and to underlying data (such as the database) is assigned based on user need and/or roles; and • Employees should be limited in their ability to modify reference data items (salary, vacation hours, and hire date) for their own records.	Moderate	Current staff will have to train and oversee staff assigned to these duties or assign other staff to processing. (see also 2.1) Agreed Agreed – amendments to department records to be checked by third party	Manager, Organisational Development	Immediate	Information to update/modify/delete masterfiles generated by HR actioned by Payroll staff. OD or HR Manager validate all masterfile changes weekly. This process provides segregation required. Completed. All masterfile changes validated by OD or HR Manager weekly against documentation provided by HR.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PAYROLL

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1.2	Access to view, establish and update master data should be restricted to appropriately authorised users. Users with the ability to view master data should also be appropriately restricted to reduce the likelihood of inappropriate viewing or distribution of data.	Moderate	Agreed	Manager, Organisational Development	Immediately	Completed
1.3	We recommend that the *Master File Audit Reports* should be reviewed by the Manager Organisation Development, or an officer independent of the payroll function, who should evidence the review by way of signature and date.	Moderate	Agreed	Manager, Organisational Development	Immediately	Completed

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PAYROLL

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2	Control Environment					
2.1	We recommend Council consider restricting the Payroll Officers' ability to add an employee and segregate the task to the Human Resources Officer.	Moderate	Current staff will have to train and oversee HR staff. Not necessary if all new staff added are supported by authorised documentation. As they are currently. Audit Comment: This should be supported by third-party verification of additions and terminations as discussed in Finding ix).	Manager, Organisational Development	System changes made immediately to ensure third-party verification	Addition of new employee requires a position code. This position code is on the letter of appointment provided by HR. This position code cross indexes with the HRIS system and populates the employee masterfile with the employment status, rate of pay, term of employment etc. The HRIS system is maintained by the HR staff. This provides the segregation required.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PAYROLL

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2.2	We recommend Council establish an overpayment register which records the details of overpayments such as date, amount, action taken, agreed repayment arrangement and lesson learned report if there is a control break down.	Moderate	Agreed	Manager, Organisational Development	March 31st 2012	Completed
2.3	We recommend Council generate a spreadsheet identifying timesheets without a supervisor's signature, and follow up with the employees' functional manager immediately after the timesheet reporting deadline to confirm payments for hours worked.	Moderate	Agreed HR will work with Office Managers.	Manager, Organisational Development	Listing of unsigned timesheets held in each payroll 30/3/2012	Completed
2.4	We recommend the payroll office match receipts issued for "*Long Service Leave Reserve Account" with* individual employees' leave balances in the payroll database on a pre determined interval.	Minor	Agreed – add receipt number to manual leave adjustment	Manager, Organisational Development	Immediately	In-progress. Process to be amended to accommodate recently introduced TRIM requirements.

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2.5	We recommend Council actively endeavour to reduce annual leave balances through a leave balance reduction program reviewed by senior management on a monthly basis.	Minor	Agreed	Manager, Organisational Development	30/3/2012	Completed. Produced quarterly
2.6	We recommend Council determine a policy position in relation to the allowing and recording of negative leave balances.	Moderate	Agreed	Manager, Organisational Development	30/6/2012	Under review
3	Control Activities					
3.1	We recommend Council investigate an automated process to monitor and report non compliance or breaches to these procedures in the monthly senior management report.	Moderate	Agreed	Manager, Organisational Development	30/6/2012	Under review

TRIM REF: MC/12/21020

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – EFT AUDIT

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1	Validity of EFT Payments					
1.1	We recommend Council reinforce a policy direction to ensure Purchase Orders are raised before Goods are being delivered based on Council's Purchasing Policy.	Moderate	(1) Currently both manual purchase orders and official printed purchase orders are raised. Manual purchase orders are reviewed by 2 independent officers before being forwarded to Finance to raise the official purchase orders. (2) Council Purchasing Procedure will be reviewed and ensure manual purchase orders must be raised before invoice received in certain circumstances.	CFO	January 2012	It is standard business practise for Purchase Orders to be raised before goods are acquired. This has been reinforced in all staff emails and will continue to be on a regular basis into the future by "all staff" emails. Council has also adopted a new Procurement Policy on 5th March 2012 and section 6.5 and 6.6 deal with Purchase Orders. This is being circulated to all staff to view as part of our I Policy Platform where they need to accept they have read the policy.

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1.2	We recommend Council design an exception report in "Authority" system to enable the Chief Financial Officer to perform an independent review of authorisation of EFT payments without Purchase Orders on a monthly basis.	Moderate	(1) Currently EFT authorisers ensure all supporting documents including purchase orders are in place when they sign off the payments. (2) The possibility of running an exception report for EFT payments without purchase orders will be investigated. (3) Utility bills and non creditors (one off payments less than $500) do not go through the PO system	CFO		Exception report being investigated. This is also monitored at the point of signing cheque and EFT voucher payments. A copy of the purchase order forms part of the paperwork attached to these payments.
1.3	We recommend Council design and implement a *Master File Amendments* form to be approved by the Management Accountant, for creation and change to the Creditor's data such as bank account details, before changes are being made.	Moderate	Agree to the recommendation. Proper action will be taken in place as soon as practical.	CFO	January 2012	Implemented. Action complete

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1.4	We recommend that the Management Accountant perform a verification audit of the *Master File Amendments* form each month to ensure all changes to the Creditor's Master File are approved by her.	Moderate	Agree to the recommendation. Master file Amendments Report will be investigated in Authority and recommended action will be taken as soon as practical.	CFO	January 2012	Management Accountant reviews the *Master File Audit Report* fortnightly and checks the relevant supporting documents provided by AP. Implemented. Action Complete
1.5	We recommend Council review the appropriateness of access for an unidentifiable person (Test), and remove the access if it is no longer required.	Moderate	Agree to the recommendation. Action will be taken to remove the Test access.	CFO	28/10/11	Implemented. Action Complete

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2	Creditor's Statement Reconciliation					
2.1	We recommend Council require the Accounts Payable Officer undertake a Suppliers' Statement Reconciliation on a monthly basis, and formally document the review by the way of signature and date in the instances of a statement provided by the supplier. The Suppliers' Statement Reconciliation should be retained in Council filling system as a Council business document.	Moderate	Agree to the recommendation. (1) Accounts Payable will perform the monthly statement reconciliation for any outstanding statement total over $5,000 and with any outstanding invoice over 90 days. Time permitting other overdues will be investigated also. (2) Reconciliation will be signed and dated by the processing officer, and filed properly.	CFO	January 2012	New procedures for suppliers' statement reconciliation are in place. Implemented. Action Complete
2.2	In reviewing Suppliers' Statements we recommend Council formally document the reason for reconciling or not reconciling a particular outstanding balance in the Suppliers' Statement.	Moderate	Agree to the recommendation. Any unreconciled statements will be filed separately from the reconciled statements. The unreconciled reason will be entered as a memo in Authority.	CFO	January 2012	New procedures for suppliers' statement reconciliation are in place. Implemented. Action Complete

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2.3	We recommend Council follow-up with suppliers any outstanding items in the Supplier's Statement in a timely basis, in particular long over due items. This should be documented in the formal Suppliers' Statement Reconciliation document.	Moderate	Agree to the recommendation. Refer action to point 2.1 and 2.2.	CFO	January 2012	New procedures for suppliers' statement reconciliation are in place. Implemented. Action Complete
2.4	If there is an outstanding balance for an account which as been fully paid, the Creditor's Statement should be resolved with supplier to ensure no dispute at a later date. This may be due to payment transfer errors, e.g. wrong bank account details, and transmission error at Council or possibility of duplicate payment by Council staff at a later date.	Moderate	Agree to the recommendation. Refer action to point 2.1 and 2.2, part of the statement reconciliation procedures.	CFO	January 2012	New procedures for suppliers' statement reconciliation are in place. Implemented. Action Complete.

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
2.5	We recommend Council investigate / consult the product supplier-Civica, to ensure the system has been properly designed to prevent duplicate invoices being keyed-in to the accounts payable module by end user. Our experience with other Councils revealed the similar system shortcoming has been identified as an improper system set-up.	Moderate	Specific software enhancement costs out weigh the benifits. Manual controls will be put in place where a second person has to review the duplicate entry against the history data.	CFO	January 2012	A system report listing suppliers' invoice history is generated fortnightly and reviewed by the Senior Management Accountant to prevent the duplicate invoices entry. Implemented. Action Complete.

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
3	Segregation of Duties					
3.1	We recommend Council review the appropriateness of CommBiz payable cap per day base on Council's risk appetite.	Moderate	Disagree as the staff that are "authorisers" are not permitted by the system to create/generate the files. Also the staff that create/generate the payments file are not permitted by the system to authorise any payments.	CFO		Not practical due to limited resources and their availability on any one day. All payment requests (weekly or one offs) must first be approved by the CFO or Senior Management Accountant. This step together with the CommBiz controls in place both act to minimise Council's risk factor. This item will be discussed with Internal Auditor.
3.2	We recommend Council assign CommBiz online banking access only to an identifiable person and remove the access for the Test ID immediately.	Moderate	Agree to the recommendation. Action will be taken to remove the Test access.	CFO	28/10/11	Implemented Action Complete.

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
3.3	We recommend Council remove CommBiz online banking access (both access privilege and token) to a person on an extended leave.	Moderate	Agree to the recommendation. An employee who has an extended leave of 3 months or more will return their token to Council till return work.	CFO	January 2012	Implemented. Action Complete
3.4	We recommend Council initiate a discussion with Commonwealth Bank to encrypt and secure the data transfer between "Authority" and CommBiz.	Moderate	Agree to the recommendation. A solution from Commonwealth Bank will be considered. We are currently in talks with CBA.	CFO	January 2012	Ongoing investigation. Currently liaising with North Sydney Council who are in talks with Civica regarding this development.
4	Performance Monitoring					
4.1	We recommend Council should consider monitoring and reporting to the Chief Financial Officer upon performance indicators. These indicators should be collected on a quarterly basis, and have critical variance points that trigger follow-up action to be undertaken by the Chief Financial Officer.	Moderate	Agree to the recommendation.	CFO	Sept 2011	Will discuss draft reporting format with Internal Auditor before next meeting.

TRIM REF: MC/12/21045

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1	Lease Management					
1.1	We recommend that Management consider the reliability and usability of the Lease module in the Authority system as an alternative to maintaining various separate documents for lease management.	Moderate	Management have chosen to continue to use the TRIM/excel based asset register based on the following: • The Authority register is address based with limited search functions (unlike excel) • The TRIM/excel asset register is available to all staff and is easier to redesign • The asset register is easier to print from excel with the hardcopy being easier to view than printout from the Authority system.	Manager Administration	n/a	This matter is still under review and will be finalised when the vacant Administration Manager Position is finalised.
1.2	Management consider rationalising use of two different property agents for lease management as a means to achieve cost efficiencies.	Minor	Management has decided to award the management of the two properties to McGrath (previously managed by R&W). Management indicated that McGrath and Hardys specialise in management of different types of property.	Manager Administration	n/a	Management is happy with the current arrangement as per Management response.

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status at May 2012
1.3	Management continue with their effort to obtain the revised rent and recover the rental difference between the original rent and revised rent from the lessee of 22 Central Av, Manly.	Minor	There have been ongoing meetings with the legal team with further meetings scheduled for mid March with the representatives from the Owners Corporation to resolve the issues.	Manager Administration & Legal Counsel	30 June 2012	This matter is being actively pursued by Council's legal Counsel.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
1	Parking Meters					
1.1	We recommend that the Administrative Officer-Parking Operations ensures that cash collections are being transferred into Council's nominated bank account within the 72 hours after the collection run as per the contract.	Minor	Recommendation accepted	Administration Officer-Parking	1 March 2012	Cash collection has been given this instruction. Senior Accountant has been asked to audit that this is in fact happening before we complete action.
1.2	We recommend that the Administrative Officer-Parking Operations activate a reminder system with the Accounts Receivable Officer, to confirm and banking deposits after each collection cycle.	Minor	Agreed, discussed with Chief Financial Officer	Administration Officer-Parking/Accounts receivable Officer	1 March 2012	Completed. Collection takes place every Thursday for car parks, Friday and Monday for Meters

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
1.3	We recommend that Council review and formally document any variances uncovered during the reconciliation between the Actual Amount collected and the Said to Contain Amount as per a pull ticket from the parking meter. Actions taken to address any short coming identified during the reconciliation should be clearly documented for independent review by management.	Moderate	System will be evolved. Will implement.	Administration Officer-Parking	1 March	Parking meter upgrade is being implemented, to be completed June 2012, any discrepancies' will be documented for review by management.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
1.4	We recommend that Council review its current parking meter preventive maintenance schedule frequency in light of the reported malfunction of machines. This review should be considered in line with the environmental risk exposure to Council electronic equipment which is unique to Council's operations when compared to others.	Moderate	We check the performance of all meters daily. Performance will be greatly enhanced with planned upgrade of all meters in April 2012.	Administration Officer-Parking	April 2012	Upgrade of meters is being implemented. Finalisation expected by June 2012. Current maintenance schedule will be maintained.
2	Parking Stations					

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
2.1	We recommend that Council set a policy direction in relation to removal of large amount of cash from Auto pay station and consider Occupational Health and Safety risks to authorised officers.	Moderate	This incidence is very rare, we will try and resolve issue of OH&S element.	Administration Officer-Parking	April 2012	Current procedure to remain, due the rarity of this incidence. No further action is intended by Management.
2.2	We recommend that removal of cash from Auto pay station should be performed by more than one person or the function outsourced to the Contractor.	Moderate	Current operation ensures two people always in attendance.	Administration Officer - Parking	March 2012	Current operation ensures three people always in attendance. Action Complete.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
2.3	We recommend that the Administrative Officer-Parking arrange for an ad-hoc clearance by the Currency Logistic Services Pty Ltd other than a schedule clearance based on the vault balances.	Moderate	Very difficult as 72 hours notice is needed to arrange for top up cash requirements.	Administration Officer-parking	N/A	Adhoc clearances are not an option as 72 hour notice is needed for top up cash. The instance is extremely rare. This recommendation not viable in the view of Management will discuss with Internal Auditor.
2.4	We recommend that an independent person who collecting and resetting the float balances reviews the reconciliation between collection clearances (Autopay Receipt Report) to collection actually deposited to Council bank account (Car Park Revenue Report-Payment).	Moderate	Report goes to finance every week and should be reconciled on receipt.	Accounts Receivable Officer	1 March 2012	Operational in finance. Action Complete.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
2.5	We recommend that reconciliation prepared by the Car Park Operator or Administrative Officer-Parking Operations subject to review by the Finance Officer and the corresponding reconciling items in the reconciliation statements verified by the Finance Officer to ensure the cash balances are reconciled correctly to banking details.	Moderate	Report goes to finance every week and should be reconciled on receipt.	Accounts Receivable Officer	1 March 2012	Operational in finance.
2.6	We recommend that Council set a policy direction in relation to retention periods for Ski Data Computer System raw data.	Minor	Six months is the maximum memory.	N/A	N/A	Six months is maximum retention.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
2.7	We recommend that Council consider implementing an online credit card approval process for Autopay stations credit card transactions.	Moderate	This is with Chief Financial Officer, to contact North Sydney to investigate their new updated system.	Chief Financial Officer	April 2012	Being investigated.
3	Parking Permits					
3.1	We recommend Council determine the status of the Designated Parking Permit Scheme in relation to compliance with clause 124 of the Road Transport (Safety and Traffic management) Regulation 1999.	Moderate				Pending further detailed investigation of viable options by Responsible Officer and Management.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
3.2	We recommend Council review the existing Resident Parking Permit Schemes with a view to ensuring that they all comply with the RTA Guidelines, particularly in relation to the maximum number of permits to be issued.	Moderate				Pending further detailed investigation of viable options by Responsible Officer and Management.
3.3	We recommend Council investigate the development of management reporting of parking permit issues from the Properties database to provide for reconciliation of stocks, and issue quantities by area.	Minor				Pending further detailed investigation of viable options by Responsible Officer and Management.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

No	Summary of Recommendation(s)	Risk Rating	Management Response(s)	Responsible Manager(s)	Target Implementation Date(s)	Status as at May 2012
3.4	We recommend that issue of Resident Parking Permits require the marking of vehicle registration numbers on all permits, and the production of vehicle registration papers on application in accordance with the RTA Guidelines.	Moderate				Pending further detailed investigation of viable options by Responsible Officer and Management.
3.5	We recommend that Council expedite the completion of trials of electronic parking permits in conjunction with the Roads & Maritime Services, with the aim of increasing administrative efficiency in the issue and management of permits.	Moderate				Pending further detailed investigation of viable options by Responsible Officer and Management.

ACTION PLAN FOR IMPLEMENTATION OF REPORT RECOMMENDATIONS – PARKING MANAGEMENT & REVENUE

TRIM REF: MC/12/

TO: Internal Audit & Risk Committee

MEETING DATE: 5 June 2012

AUTHOR: Melinda Aitkenhead, Manager Governance

SUBJECT: **Report on Manly Council's Management of Legislative and Regulatory Compliance**

1. INTRODUCTION

Recommendation 7 of the Promoting Better Proactive Review conducted by the Division of Local Government in 2011 stated that *'Council should develop a system to ensure that all statutory and regulatory obligations are met on an on-going basis'*. This report provides an update on the progress of implementing this recommendation.

2. INFORMATION

There are over a hundred pieces of legislation which affect Manly Council. Management of legislative and regulatory compliance is an important issue in the management of Council's internal controls framework.

Any Compliance system must ensure that it identifies all relevant legislation which Manly Council is required to act under, administer, or comply with. After identification this legislation must be linked back to Council's relevant policies and /or guidance documents and these documents must be updated in a timely manner. As well, changes in processes must be made to ensure compliance by the commencement date of the relevant Act / Regulation.

Council already has an established Policy Register which was last updated in 2011; Policies are added to this register after adoption by the Council, generally following an exhibition period and consideration of any submissions received. This Register is managed by Council's Corporate Support Services Division.

Additionally, in the past year Council has established a 'Guidance Documents Register'. The purpose of this Register is to have a centrally managed system for all guidance documents which include but is not limited to staff policies, protocols, procedures, standard operating procedures etc. This register is managed by Council's Corporate Governance Unit and contains documents gathered from all Divisions within the organization.

To ensure that these documents are maintained and current, it is important that there is a link between them and the legislation which supports them. This step is currently not covered in Council's Compliance Framework. To provide this link the following process has been developed:

a) A central register of all legislation which Council is required to act under, administer or comply with *(currently in draft, sample attached)*;
b) Legislative changes will be monitored and reported on by Council's Legal Services section;
c) Information on changes to legislation will be provided to Divisional and Branch Managers, along with a list of policies and guidelines which it is considered will be effected by the changes;
d) All legislative changes will be entered into an action plan maintained by the Manager Legal Services. These action plans will identify the person responsible for considering and implementing the changes to Policies / Guidelines as well as to processes and timeframes for implementation. These action plans will be updated and reported to Senior Management on a regular basis to ensure that progress towards implementation is monitored;
e) Council's legislative framework be formally documented via procedures to provide guidance to management on the process surrounding legislative changes;
f) For all identified legislation, Council will ensure legal compliance by ensuring sufficient levels of delegations and staff training in respect of the relevant legislation and the process steps / action taken to achieve compliance will be documented.

Additionally, legislative compliance will be further monitored via the requirement for Divisional Managers to sign to attest compliance with relevant legislation on an annual basis; ongoing audit checks will continue to be conducted by Council's Corporate Governance Unit and the outcomes of both of these tasks will be reported to the Executive team on a regular basis.

To assist Council in managing the above system there are a number of options which Council can use to manage its legislative and regulatory compliance. These systems range from software solutions to databases which can be created and managed by staff. Quotations for software solutions are currently in the process of being obtained; however these solutions can be costly both in establishment costs and also in ongoing fees, charges and licensing. A recommendation will be forwarded to the General Manager for consideration by September 2012.

3. RECOMMENDATION:

The Committee recommends to Council that:

1) The Report on Manly Council's management of legislative and regulatory compliance be received and noted.

ATTACHMENTS

Attachment 1 – Sample of Legislative Register, 1 page
Attachment 2 – Diagrammatic Representation of Compliance Framework, 1 page

Melinda Aitkenhead, Manager Governance

May 2012

Attachment 1

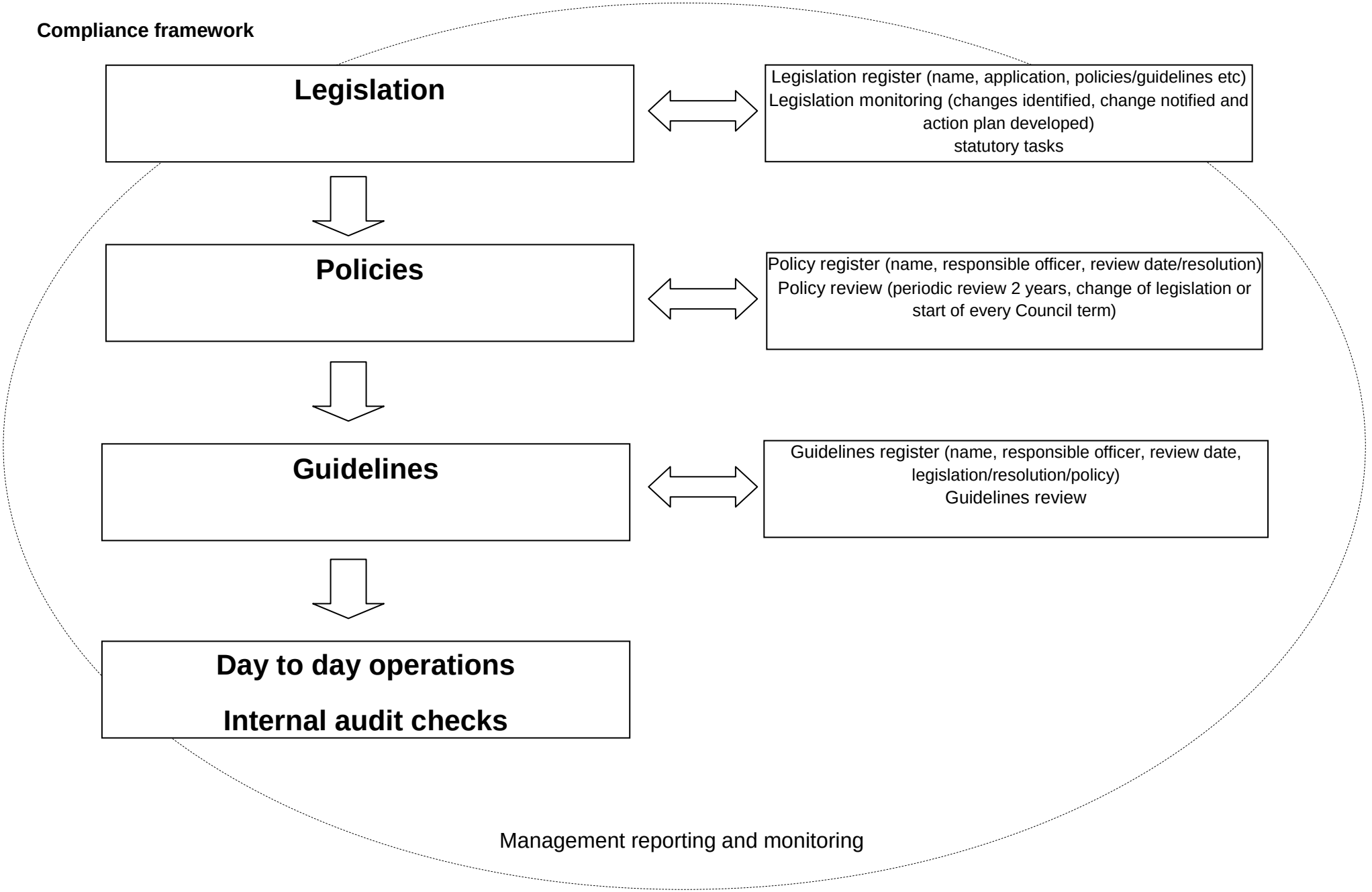
LEGISLATIVE COMPLIANCE REGISTER

NB: Pursuant to section 109 of the Commonwealth of Australia Constitution Act, when a law of the State is inconsistent with a law of the Commonwealth, the latter shall prevail, and the former shall, to the extent of inconsistency, be invalid.

NAME OF ACT	CORRESPONDING REGULATION	PURPOSE	RELEVANCE TO COUNCIL	COUNCIL PLANS, POLICIES & GUIDELINES	DEPT/ BRANCH	MANAGER/ S	POSSIBLE PENALTY
Local Government Act 1993	Local Government (General) Regulation 2005	An Act to make provision relating to the levy, assessment and collection of a contribution in relation to the development of certain land within the Sydney region; to amend the Local Government Act 1919 and certain other Acts; and for purposes connected therewith.	s248 - 254A Provisions relating to fees, expenses and facilities to be provided to Councillors.	Policy on Payment of Expenses & Provision of Facilities to Mayor & Councillors	Corporate Services	Manager Administration	
Local Government (Financial Assistance) Act 1995 (Cth)		An Act to provide for financial assistance for local government purposes by means of grants to the States, the Australian Capital Territory and the Northern Territory, and for related purposes	Provisions which enable the Grants Commission to make recommendations to the Minister on the allocation among Council of the total amount proposed to be paid to the State for each financial year. The Minister then decides on the allocation among Councils of the Commonwealth fund for the financial year concerned.				

Attachment 2

Compliance framework



TO: Internal Audit & Risk Committee

MEETING DATE: 5 June 2012

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

SUBJECT: **Proposed Internal Audit Program for 2012-2013**

1. INTRODUCTION

Internal Audit was established as a shared service across six Councils with the appointment of the Head of Internal Audit in early 2010. One of the aims of the shared service agreement was to attempt to gain efficiencies and shared learning by conducting a similar or identical audit program across all six member Councils. The Internal Audit Unit, comprising two full-time staff and one part-time staff, has delivered over forty-five audit reports to the different Councils' Audit Committees.

2. INFORMATION

In 2011 Internal Audit developed a draft long-term audit plan aimed at addressing the significant risks of the six member Councils over a five to seven year period. In the past twelve months each Council has undertaken considerable work in assessing and documenting corporate risk. Internal Audit has also gained a greater depth of corporate knowledge from each Council.

The Draft Internal Audit Program for 2012-2013 has considered the latest corporate risk and other information from each of the six member Councils, and has aimed to include consistent high risk areas from each Council. The Draft Internal Audit Program also aims to address specific recommendations for audit arising from the recent Division of Local Government Better Practice Review Report. The Draft Internal Audit Program for 2012-2013 is attached for consideration.

The Draft Internal Audit Program has been approved in principle by the General Managers of the six member Councils, and is now being proposed to the Audit Committee of each Council.

3. RECOMMENDATION:

The Committee recommends to Council that:

1) The North Shore Council's Internal Audit Program proposed for 2012-2013 be adopted by Manly Council as presented in the report.

ATTACHMENTS

Draft North Shore Councils Internal Audit Program – 2012-2013

Michael Quirk

Head of Internal Audit North Shore Councils

May 2012

DRAFT NORTH SHORE COUNCILS AUDIT PROGRAM – 2012-2013

ID	Audit	Description	Benefit	Prop Coverage	Council	Est. Length
01/12	Contract Management	Controls over procurement, evaluation, monitoring, reporting and accounting.	Consistent approach highlighting better practice standards	All by individual testing of service contracts.	All	90 (15 X 6)
02/12	Investments	Controls over movement of funds and reporting	Compliance with better practice	All by individual testing of Council policy, capacity, delegations, monitoring and reporting.	All	36 (6 X 6)
03/12	Rates	Controls over rates data and its use in budget preparations	Compliance and maximise available revenue source.	All by individual testing of updates, variations, concessions and budget preparation.	All	90 (15 X 6)
04/12	ICT Service Continuity	Controls over the coverage and effectiveness of ICT continuity programs	Site hardening to better practice standards	All Councils' ICT operations (including Shorelink) by individual testing	All	90 (15 X 6)
05/12	Compliance & Enforcement Policy	Compliance audit of policy implementation as recommended by DLG	Lower complaints management issues, fraud and corruption prevention, reputation risk mitigation	Processing of unauthorised development identified by staff or from complaints	Manly	15
06/12	Recruitment & Selection Practices	Compliance audit of policy and procedure implementation as recommended by DLG	Lower IR issues, fraud and corruption prevention, reputation risk mitigation	All recruitment , selection and verification processes including background and qualification checking	Manly	15
12/12	Automated Audits – Payroll	Completion of test modules and analysis of annual data	Higher reliance on payroll data integrity	Identification of payroll "red flags"	All	6
13/12	Automated Audits – Accounts Payable	Development of test modules and analysis of current data	Higher reliance on payments control	Identification of duplicates and validation of vendor data	All	12
14/12	Post Implementation Reviews	Validation of implementation of agreed audit recommendations	Improved value and control arising from audit activity	Audit implementations completed and notified by Council Management.	All	15

TO: Audit & Risk Committee

MEETING DATE: 5 June 2012

AUTHOR: John Gordon, Chairperson

SUBJECT: **Chairperson's Report on the Operations of the Audit &Risk Committee for the Period 28/4/2010 to 30/5/2012 – First Report**

1. INTRODUCTION

The purpose of this report is to provide Manly Council with a summary of the operations of the Audit & Risk Committee (the Committee) in accordance with the Committee Charter.

This is the first Report for the Committee.

2. EXECUTIVE SUMMARY

The Committee met ten times during the review period. Consistent with the Charter, its activities included:

- review of the Charters for the Audit & Risk Committee and the Internal Audit function;
- review and approval of the Internal Audit programme for 2010/2011/2012;
- consideration of the findings and implementation of Internal Audit reviews;
- examination of Council's developing risk management framework;
- review of the Annual Financial Statements and Auditors report;
- undertaking a self assessment of the Committee's performance.

The Committee membership changed from March 2012 with Councillor Hay retiring and Councillor Heasman appointed in her place.

In summary, the Committee had a successful term of operations and met its objectives. We are pleased with the engagement of Council and Management in improved internal control and sound governance. We acknowledge the progress made in developing the Internal Audit Function and an additional two members being appointed since the function was introduced. Future developments will include expanding the Internal Audit programme, following up initiatives suggested in the feedback review and in implementing Council's enterprise-wide risk management (ERM) program.

3. BACKGROUND

In 2009, Council resolved to enhance the governance framework by forming an Audit Committee and an Internal Audit Function. The principles adopted were based upon guidelines issued by the Department of Premier & Cabinet Division of Local Government in October 2008 - *Internal Audit Guidelines*.

Following an advertising and assessment programme, Council appointed two suitably qualified, independent members for the Committee in late November 2009.

The Committee has adopted an appropriate Charter to govern its operations and which is based on the guidelines referred to above. Included in the Charter is a requirement for the Committee to report to Council outlining details of its activities.

4. COMMITTEE MEMBERS

The Committee is comprised of the following members:

Independents

- Mr. John Gordon (Chairperson)
- Mr. Brian Hrnjak

Councillors

- Mayor Jean Hay AM (ex officio) (until March 2012)
- Councillor Cathy Griffin
- Councillor Hugh Burns
- Councillor Adele Heasman (from March 2012)

5. ADVISORS TO THE COMMITTEE

All meetings

- Ross Fleming, Deputy General Manager
- Anthony Hewton, Executive Manager Corporate Support Services
- Michael Quirk, Head of Internal Audit North Shore Councils
- Kathy Fuller, Officer Manager / minute taker

By Invitation

- Council's External Auditors Hill Rogers Spencer Steer

6. MEETINGS OF THE COMMITTEE

The table below sets out the meetings of the Committee held since formation.

Summary of Committee Meetings:

Meeting Date	**John Gordon**	**Brian Hrnjak**	Clr Burns	Clr Griffin	Clr Hay/ Clr Adele Heasman
28/04/2010	√	√	√	√	**Apology**
31/08/2010	√	√	√	√	√
13/09/2010	√	√	√	√	**Apology**
23/11/2010	√	√	√	√	√
24/03/2011	√	√	**Apology**	√	√
31/05/2011	√	√	√	√	√
23/08/2011	√	√	√	√	√
11/10/2011	√	√	√	√	**Apology**
22/11/2011	√	√	√	√	√
20/03/2012	√	√	**Apology**	√	√

7. BACKGROUND TO THE INTERNAL AUDIT FUNCTION

Following consideration of its requirements for suitably qualified internal resources, Council resolved to join with five other North Shore councils to develop a Joint Internal Audit function. The Joint Internal Audit Function is an initiative shared between the following councils:

(i) Manly Council
(ii) Hunters Hill Council
(iii) Lane Cove Council
(iv) Mosman Council
(v) North Sydney Council
(vi) Willoughby Council

The benefits of a joint service were that more resources could be acquired by the group and that the role of Internal Audit Manager would attract candidates of high calibre. Learnings from the audit of one council can be used to focus areas of risk in other member councils.

The Internal Audit function is headed by Mr. Michael Quirk, now supported by a team of two audit specialists.

The Internal Audit function is governed by a Charter prepared by Mr. Quirk and approved by the member Councils. The Charter is again based on best practice recommendations made by the Department of Premier & Cabinet Division of Local Government.

Following a high level risk review, and discussions with the Group of Councils' General Managers, the Head of Internal Audit Mr. Quirk, drafted an inaugural program of work for the first year of operations. The areas of focus chosen were those considered to provide the most useful coverage for the member Councils.

The programme of work was reviewed and revised by the member councils and the Manly Council Committee in 2011 based on results to date and taking into consideration the current findings of the enterprise-wide risk management (ERM) review underway at Manly Council.

8. COMMITTEE MEMBERSHIP

During the reporting period, the following change occurred in the Committee's membership. Consistent with revised best practice recommendations issued by the NSW Division of Local Government on September 3 2010, the Mayor retired from her ex officio position on the Committee effective from March 2012. We wish to acknowledge the drive and commitment that the Mayor, Councillor Jean Hay AM brought to the Committee. Councillor Adele Heasman was appointed to the position effective from 20 March 2012.

9. ACHIEVEMENTS FOR THE REVIEW PERIOD

The following milestones were achieved:

(i) The Committee reviewed and endorsed the revised Audit Committee Charter and the Internal Audit Charter drafted by the Head of Internal Audit, Mr. Quirk.

(ii) The Committee received two briefings on Council's internal risk management practices and progress with implementation of the enterprise-wide risk management (ERM) programme.

(iii) The Committee reviewed and approved the interim Internal Audit programme for the 2010/2011/2012 years submitted by the Head of Internal Audit.

(iv) The Committee reviewed the reports prepared by the Head of Internal Audit & his team during the period, including follow-up on progress re the implementation of prior recommendations. For the period, the following reports were tabled:

(a) Audit of Tendering Procedures 2010

(b) Legal Services

(c) Credit cards

(d) Cash Handling

(e) Records Management

(f) Payroll Data Integrity

(g) Parking Management & Revenue

(h) Commercial Leasing

(i) Implementation Status on Actions from 1st 7 reports)

(v) The Committee considered the implications of the *Government Information (Access to Information) Act 2009* (GIPA) for the Committee and Council.

(vi) The Committee reviewed the Financial Statements for the years ended 30 June 2010, and 30 June 2011, and received a briefing from Council's Finance management and the independent External Auditors. The Committee recommended that the financial statements be referred to audit.

(vii) In March, 2012, a self-assessment of the Committee's performance since formation was undertaken.

10. SELF ASSESSMENT

As required by the Committee's Charter, a self assessment review has been performed on the Committee's activities to date. A report of findings was presented to the Committee meeting of 20 March 2012. This was served by an industry standard self assessment questionnaire sent to present and past members of the Committee, the General Manager, Henry Wong and The Head of Internal Audit, Michael Quirk. In summary, respondents were positive about the contribution made by the Committee to Council's corporate governance objectives. A number of recommendations for improvement were also made and will be considered as part of the ongoing growth and development of the Committee.

A copy of the Survey Questionnaire and the summarised findings are included in Attachment 1.

11. FUTURE PROJECTS

(i) Finalisation of ERP to identify key risks and develop a suitable control framework. The Internal Audit programme can then be more effectively focussed to articulate the key strategies for risk management.

(ii) Bring into full effect the additional internal audit resources needed to address the demanding IA schedule and catch up on any assignments that have slipped.

(iii) Conduct in-camera interviews separately with the External and the Internal Auditor for feedback on the Council's control environment without the presence of management.

(iv) Undertake review of the Internal Audit function.

12. CONCLUSION

In late 2009, Council took the important initiative to further strengthen its corporate governance practices and form an Audit Committee and Internal Audit function. Since then the Committee and Internal Audit Function have developed considerably. Members of the Committee have worked together productively and harmoniously and have largely met the objectives set out in the Charter. Feedback in the self assessment process also confirms that members and other relevant users believe the Committee has performed well, and is on track. The Committee also acknowledgement that there remains room for refinement and improvement in the effectiveness of the Committee's and the Internal Audit Function's operations going forward.

We wish to take this opportunity to thank the other Committee members both present and past, and the Internal Audit team for their important contribution to the Committee's success.

We would also like to acknowledge the support from the General Manager Henry Wong and his management team for the Committee and the Internal Audit function.

John Gordon	Brian Hrnjak
Audit & Risk Committee	Audit & Risk Committee
Independent Chairperson	Independent Member

29.05.2012

ATTACHMENTS

Copy of the Survey Questionnaire and the summarised findings. 3 pages

Manly Council Audit & Risk Committee Self Assessment Questionnaire -

The Charter for Manly Council's Audit & Risk Committee requires an assessment of the Committee's performance every 2 years.

This Questionnaire is designed for:

1. Members of the Audit & Risk Committee to conduct a self assessment; and
2. Manly Council's General Manager and the Internal Auditor to provide their assessment of the performance of the Committee.
3. **This summarises the results from 6 respondents.**

Performance Rating Scale 1=strongly disagree 2= disagree 3=agree 4=strongly agree

	Performance
Independent Assurance I have confidence that the Audit & Risk Committee provides independent assurance and assistance to Manly Council in the effective discharge of its responsibilities in relation to: 1. Risk Management 2. Internal control 3. Governance 4. External Accounting Responsibilities 5. Financial Reporting 6. Compliance with Laws and Regulations Comment:	1 2 3 4 **Av. 3.5**
Promotion of Governance The Audit & Risk Committee facilitates and promotes sound governance procedures throughout Manly Council The roles/responsibilities of the Audit & Risk Committee are clear and in accordance with recognised corporate governance principles. Comment:	1 2 3 4 **Av. 3.5** 1 2 3 4 **Av. 3.8**
Communication The Audit & Risk Committee is an effective forum for communication between stakeholders (i.e. the Council, the General Manager, Senior Management, and Internal and External Audit) Comment:	1 2 3 4 **Av. 3.3**

Meetings Audit & Risk Committee agendas are consistent with the Audit & Risk Committee's Charter	1 2 3 4 **Av. 3.5**
Audit & Risk Committee meetings are well structured	1 2 3 4 **Av. 3.5**
Audit & Risk Committee decisions are made after appropriate discussion/consideration	1 2 3 4 **Av. 3.7**
Audit & Risk Committee papers are generally sufficiently informative, succinct and timely	1 2 3 4 **Av. 3.5**
An appropriate amount of time is spent at meetings on the Council's financial management risks	1 2 3 4 **Av. 3.7**
An appropriate amount of time is spent at meetings on the Council's non-financial risks	1 2 3 4 **Av. 3.5**
The current frequency of meetings is appropriate Comment:	1 2 3 4 **Av. 3.7**
Overall Contribution Overall, the Audit & Risk Committee has made a positive contribution to the achievement of Council's objectives and greater assurance and/or improvements in governance	1 2 3 4 **Av. 3.5**

Please use this space below to explain any specific ratings, to provide additional comments or to offer suggestions for improvement. Please complete, insert your name, and **return this document by the morning of 15 November 2011** to:

John Gordon, Chair of the Audit & Risk Committee
Email: jgor9364@bigpond.net.au

All responses will be collated by the Chair, and communicated to the next Audit & Risk Committee meeting.

Comments:

Respondent 1: Both the General Manager and myself are extremely happy in the manner the Audit & Risk Committee is conducted.

Respondent 2: The initial period for the Committee has been formative but the Committee should continue to address its broader responsibilities.

Respondent 3: I think you have done an excellent job as Chair of the Committee. I believe the Committee has worked very well and the outcomes of all the work completed thus far have been very positive.

Respondent 4: (i) Whilst the structure and operation of the Committee are adequate in this regards, scope & resources could be allocated for ad-hoc concerns arising from operations to improve the level of independent assurance offered by the Committee. The Committee is somewhat constrained by the shared audit framework.

(ii) The Committee operates effectively in providing governance and has defined responsibilities.

(iii) Committee could be improved with greater interaction from the GM. The 2011 year was the first where the Financial Statements were presented to the Committee for vetting before sign off.

(iv) There could be improved scope for inclusion of "Manly specific" risks and ad-hoc items. As mentioned previously, the shared resource of the Internal Audit Function constrains our ability to deal with some matters.

Respondent 5: I consider the Audit & Risk Committee (ARC) has made sound progress since its inception. The Charter is appropriate, agendas are well structured and the meetings are effective in considering and resolving decisions and recommendations. The Committee has worked well together with management and the Internal Audit function to engage with and improve corporate governance at Manly Council. My recommendations for improvement reflect a maturing of the Committee and industry "best practice" ideas. Regular presentations to the Committee on pertinent topics from management and external parties would be welcome. This will ensure we remain appraised of operations/ issues and provides opportunity for other management team members to engage with the Committee. Having the additional Internal Resource available to address Manly specific matters is a good initiative. Attendance by the GM at some ARC meetings would be useful for insights into top management's views and to reinforce the importance of the Committee in the corporate governance framework. Development of a well structured risk management framework based on a sound enterprise wide risk review, will be essential to the ongoing effectiveness of the ARC.

Name: .....24/11/2011.....