



## Yorke Peninsula Council

### NOTICE OF MEETING

Notice is hereby given that the next ordinary meeting of Council's

#### **AUDIT COMMITTEE**

will be held on Tuesday 16<sup>th</sup> September 2014  
in the Minlaton Council Chamber,  
57 Main Street, Minlaton commencing at 3pm

David Harding  
DIRECTOR CORPORATE AND  
COMMUNITY SERVICES

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## A G E N D A

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#### ITEM 1      YORKE PENINSULA COUNCIL – AUDIT COMMITTEE

- 1.1      Welcome by Chairperson
- 1.2      Present
- 1.3      Apologies/Leave of Absence
- 1.4      Minutes of previous meeting – for confirmation:  
Audit Committee meeting held on Tuesday 23<sup>rd</sup> June 2014.
- 1.5      Questions without Notice

## 1.6 Conflict of Interest

### CONFLICT OF INTEREST

Members are reminded of the requirements for disclosure by Members of direct or indirect pecuniary benefit or detriment and non-pecuniary benefit or detriment in accordance with Section 73 of the Local Government Act in items listed for consideration on the Agenda. Section 74 of the Local Government Act 1999 requires that Members declare any interest and provide full and accurate details of the relevant interest to the Council prior to consideration of that item on the Agenda.

Each Member of a Committee has a duty to vote at all meetings unless excepted by legislation.

The major exception being where a Member has a conflict of interest.

## **ITEM 2      REPORTS**

- |  |                                      |
|--|--------------------------------------|
| 1. Audit Committee Work Program Update                 | Pages 3-6                            |
| 2. Internal Audit Framework                            | Pages 7-10                           |
| 3. Internal Audit Activity                             | Pages 11-76                          |
| 4. Regional Procurement Roadmap Program                | Pages 77-84                          |
| 5. Internal Controls Project Update Report             | Pages 85-96                          |
| 6. Finance Policies – Review Listing                   | Pages 97-99                          |
| 7. Draft Procurement Policy                            | Pages 100-115                        |
| 8. External Audit Management Letter and Draft Response | Pages 116-117                        |
| 9. EDRMS Project Update                                | (verbal update D Harding)            |
| 10. Asset Management Update                            | (verbal update M McCauley)           |
| 11. Risk Management Update                             | (verbal update B Wood)               |
| 12. Interim 2013/2014 Financial Statements             | (to be provided separately)          |
| 13. Interim External Audit Report                      | (to be provided verbally separately) |

## **ITEM 3      GENERAL BUSINESS**

## **ITEM 4      NEXT MEETING**

## **ITEM 5      CLOSURE**

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **1. AUDIT COMMITTEE WORK PLAN AMENDED 2014** (File Ref: 9.14.1.6)

#### **INTRODUCTION**

To consider the proposed amended 2014 Audit Committee Work Plan.

#### **RECOMMENDATION**

That the Audit Committee endorse the amended 2014 Audit Committee Work Plan.

#### **COMMENT**

The Audit Committee Work Plan Draft endorsed by the Audit Committee at its last meeting held 23<sup>rd</sup> June 2014 has been updated to reflect progress to date.

As the Manager Financial Services will be on leave on 21 October 2014 it is suggested the meeting planned for that date be moved to 28 October 2014 as the final Financial Statements are to be presented for endorsement at that meeting.

The Long Term Financial Plan (LTFP) update has been postponed until later in 2014 due to recent Federal funding cuts and uncertainty amongst lobbying regarding ongoing funding sources. It is also considered less than prudent to present a 10 year strategy to the current Council given elections will take place in November 2014. It is therefore likely that a draft LTFP will not be presented to Council until early 2015.

As stated in clause 2 of the Audit Committee Terms of Reference, 23 February 2010, the objective of the Audit Committee is to assist the Council in the conduct of its responsibilities for the management of risk, related to financial reporting and audit initiatives, the internal control system and the audit functions and to act as a source of advice to Council and Chief Executive Officer in relation to these matters.

The Committee will:

- enhance the communication between the external auditor and the Council;
- assist the management of financial and other risks to ensure the protection of Council assets;
- monitor the effectiveness of audit and reviewing functions and;
- enhance the integrity of the financial reporting of the Council.

The Terms of Reference are to be read in conjunction with the Chapter 8 of the Local Government Act 1999.

The adoption, and constant review, of an Audit Committee Work Plan assists in ensuring the objectives of the Audit Committee are achieved.

## **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Audit Committee Terms of Reference

Local Government Act 1999, Chapter 8.

## **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

The orderly and timely review of Council's major financial timetable and reports, internal audit activities and financial reports by the Audit Committee strengthens the credibility of the completed work and reduces financial risk to Council.

**YORKE PENINSULA COUNCIL AUDIT COMMITTEE  
2014 WORK PLAN**

Meeting	Item	Comments
<p>Tuesday 11<sup>th</sup> March 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Approve new Audit Committee Work Plan.</li> <li>• Interim External Audit Date.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> <li>• Review Final Audit Letter.</li> <li>• Risk Management Update.</li> <li>• Endorse 2013/2014 – 2022/2023 Long Term Financial Plan.</li> <li>• 2014/2015 Budget Timetable.</li> <li>• 2014/2015 Capital Budget Update.</li> <li>• Second Quarter 13/14 Budget Review.</li> <li>• Asset Management Update.</li> <li>• EDRMS System Update.</li> </ul>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>
<p>Tuesday 13<sup>th</sup> May 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Review draft Annual Business Plan.</li> <li>• 2014/2015 Budget Update.</li> <li>• Recommendation to Council regarding 3<sup>rd</sup> Quarter Budget Review Update.</li> <li>• LTFP Update.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> <li>• Update from Independent Project Manager for Transport Infrastructure Condition Assessment Project</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> <li>• Review Rates Options 2013-2014</li> </ul>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>
<p>Tuesday 24<sup>th</sup> June 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Endorse Annual Business Plan &amp; 2014/2015 Budget.</li> <li>• Interim External Audit Visit Update</li> <li>• LTFP Update.</li> <li>• Review Data from Transport Infrastructure Condition Assessment Project</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> <li>• Update from Independent Project Manager for Transport Infrastructure Condition Assessment Project</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> </ul>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>

<p>Tuesday 16<sup>th</sup> September 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• LTFFP Update.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> <li>• <b>Approve FY15 Internal Audit Plan.</b></li> <li>• Review 2013-2014 Financial Statements</li> <li>• Review Transportation Infrastructure Revaluations.</li> <li>• EDRMS System Update.</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> </ul>	<p><b>Postponed</b></p> <p><b>Completed in June</b></p>
<p>Tuesday <b>28<sup>th</sup> October</b> 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Recommendation to Council regarding 2014/2015 Financial Statements.</li> <li>• Recommendation to Council regarding First Quarter 14/15 Budget Review.</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> </ul>	<p><b>Suggested Date Change as Manager Financial Services on Leave on 21<sup>st</sup> Oct.</b></p>
<p>Tuesday 2<sup>nd</sup> December 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Receive Final Financial Statements and Auditors Report to Council</li> <li>• Endorse June 2014 Budget Review</li> <li>• Review 2014 Audit Committee Work Plan</li> <li>• Consider 2015 Audit Committee Work Plan Draft</li> <li>• LTFFP Update.</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> </ul>	

**As required:**

Policy Reviews

Asset Management Plan Endorsements

## **BUSINESS IMPROVEMENT OFFICER**

### **2. INTERNAL AUDIT FRAMEWORK**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

To consider the updated Internal Audit Framework.

#### **RECOMMENDATION**

The Audit Committee endorses the Internal Audit Framework document to support the internal audit process.

#### **COMMENT**

The objective of the Yorke Peninsula's Council's ("Council") internal audit function is to enhance business performance by recommending improvements in process effectiveness, efficiency and economy.

Objectives of the Internal Audit Framework are:

- a) Describe the process for the planning, conducting and follow up of Internal Audits performed at the Council
- b) Define the key standards and principles for Internal Auditing within the Council.

The Framework has been updated to include Council's new logo, name and define the regular reporting standards to Audit Committee.

#### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Local Government Act 1999 – Section 125 – Internal control policies

#### **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Internal audits will assist in the management of Council's financial risks.

## Internal Audit Activity – Framework

<b>Responsible Officer:</b>	Business Improvement Officer
<b>Last Reviewed:</b>	December 2012
<b>Next Review Date:</b>	December 2019

### 1. FRAMEWORK OBJECTIVES

Objectives of this framework are:

- Describe the process for the planning, conducting and follow up of Internal Audits performed at the Yorke Peninsula Council (the “Council”)
- Define the key standards and principles for Internal Auditing within the Council.

### 2. SCOPE

This framework applies to any internal audit or consulting engagement performed throughout Council operations.

### 3. DEFINITIONS

Add Value	Value is provided by improving opportunities to achieve Council's objectives or reducing risk exposures identified through internal audit engagements
Client	An individual (Director / Manager) from a Council Department or Business Unit to represent and participate in the audit engagement
Internal Audit / Engagement / Consulting Project	A specific internal audit assignment, task or review activity of a Council function, process or system, designed to achieve a set of objectives
Internal Auditor	Personnel selected by management, suitably trained to conduct audit(s) on functions / processes / systems and who are independent of the work being audited

### 4. FRAMEWORK STATEMENTS

#### 4.1 Internal Audit Function

The internal audit function is an independent, objective, assurance and consulting function which, examines and evaluate the processes of the Council. The function aims to enhance business performance by recommending improvements in process effectiveness, efficiency and economy.

#### 4.2 Independence, Objectivity and Authority

The internal auditor must be independent from operations audited. They must have an impartial, unbiased approach and avoid conflict of interest situations.

Internal audit has full, free and unrestricted access to activities, records, property & personnel (relevant to the function under review) which is considers necessary to fulfil their responsibilities.



#### **4.3 Due Professional Care**

The internal auditor has a responsibility to perform their work in a highly ethical and professional manner and to comply with the Institute of Internal Auditor's Code of Ethics and the Standards for the Professional Practice of Internal Auditing. The internal auditor should continue to enhance their knowledge and skills through continued professional development.

#### **4.4 Managing the Internal Audit Activity (including reporting to Audit Committee)**

The internal auditor must effectively manage the internal audit activity, key responsibilities include:

- Develop an annual Internal Audit Plan ("Plan"), which is submitted to the Audit Committee for approval. The Plan should be developed using the following inputs:
  - Review of Council's risk register
  - Review of the Council's Strategic Plan
  - Review of Council's Long Term Financial Plan and annual budgets
  - Discussions with Management, Directors, CEO, External auditors and the Audit Committee
  - Various other inputs (e.g. previous audits and reviews, professional judgement of internal audit)
- Undertake internal audits, adhering to this Internal Audit Framework and the Institute of Internal Auditors 'Code of Ethics & International Standards for the Professional Practice of Internal Auditing'
- Where necessary, engage and manage external consultants to undertake internal audits
- Report the following to the Chief Executive Officer and Audit Committee:
  - Ongoing status of the Plan
  - Outcomes and reports of individual engagements, significant risk, control, fraud, governance issues
  - Status of implementation of agreed actions resulting from internal and external audits, internal controls project and other external bodies
  - Any other matters identified

#### **4.5 Internal Audit Process**

The internal audit process to ensure consistency in the performance of work is described below:

##### **1. Engagement Planning**

The internal auditor must develop and document a plan for each engagement as agreed with the client, including the engagements objectives, scope, timing and appropriate resources.

##### **2. Performing the Engagement**

- Develop and document a work plan that achieves the engagements objectives, illustrates the work performed, including work paper references, supporting documentation and summation notes made during the engagement
- The internal auditor must identify, analyse, evaluate and document sufficient information to achieve the engagements objectives and to support the conclusions and engagement results.

**3. Audit Reporting**

- An internal audit report detailing the findings, recommendations and agreed actions documented for each project
- The findings and actions arising from internal audit engagements must be discussed and agreed with the client and documented in a final report to be issued to the CEO and Audit Committee
- Any extreme or high risks, fraud/corruption or major accounting findings identified during the audit engagement must be reported immediately to the CEO and Audit Committee Chair concurrently.

**4. Monitoring Progress**

The internal auditor must establish and maintain a system to monitor and report the status of agreed actions resulting from engagements to the Audit Committee (as detailed in Managing the Internal Audit Activity).

## **BUSINESS IMPROVEMENT OFFICER**

### **3. INTERNAL AUDIT ACTIVITY REPORT**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

The Business Improvement Officer presents an update on recent Internal Audit Activity.

#### **RECOMMENDATION**

That the report be received.

#### **COMMENT**

The objective of the Yorke Peninsula Council's ("Council") internal audit function is to enhance business performance by recommending improvements in process effectiveness, efficiency and economy.

This report provides a status update on the Internal Audit Activity performed from May – August 2014, key points are:

- Attractive Assets Review has been completed;
- Bush Camping Review has been completed;
- Caravan Park Review has been completed;
- Financial Management Payroll has been completed;
- Petty Cash and Till Floats have been completed.

Furthermore, the report provides an update on the implementation of proposed actions resulting from:

- Internal audit activities;
- Internal controls project; and
- External audit activities.

The latest status information has been provided by the officers responsible for the implementation.

#### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Local Government Act 1999 – Section 125 – Internal Control Policies  
Council's Internal Audit Activity – Framework

#### **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Internal audits will assist in the management of Council's financial and operational risks.

# Internal Audit Activity Report (May 14 – Aug 14)

## 1. INTERNAL AUDIT PLAN

The following table highlights the status of audit projects:

No.	Project	Scope Overview	Project Status
1	<b>Attractive Asset Review</b>	Attractive assets to the Council include items such as mobile phones, laptops and artwork. This audit will focus on the processes to manage and secure attractive assets (particularly artworks) acquired by the Council.	<b>Project Completed</b> Final report included in Attachment A
2	<b>Financial Management – Account Receivable</b>	A review of key accounts receivable controls including receipting, banking, debtor follow up processes and general ledger reconciliations.	<b>Scope Document Completed</b>
3	<b>Post Implementation Review - Asset System</b>	A new asset management system is budgeted for the 2014 financial year; this review will be an assessment of the effectiveness of the implementation of the new system against the outlined objectives of the project.	Not started
4	<b>CSR Operational Review</b>	A review to assess the processes relating to the customer service request (“CSR”) system, including allocation of jobs, follow up, completion / service levels and reporting to Council.	Not started
5	<b>WHS Legislation</b>	To meet requirements of the Work, Health and Safety (WHS) Act 2012, a WHS project will be undertaken each year.	Not started
6	<b>Petty Cash and Till Floats</b>	Regular spot check of petty cash and till floats. The objective is to ensure that staff with custodian of till floats and petty cash floats are aware of their responsibilities and are discharging those responsibilities efficiently and effectively.	<b>Project Completed</b> Final report included in Attachment B
7	<b>Council Direct Managed Caravan Park Spot Audits</b>	Unannounced visit to Caravan Parks to confirm that utilised sites were correctly recorded in the online Reservation Management System (“RMS”), general maintenance and cleanliness of the parks and all WHS matters were addressed.	<b>Project Completed</b> Final report included in Attachment C

No.	Project	Scope Overview	Project Status
8	<b>Independent verification of control self-assessment</b>	Undertake annual random verification of staff's self-assessment ratings against the identified controls. (Controltrack)	Not started

## 2. MANAGEMENT REQUESTS

Internal Audit function has attended to the following Management requests:

Request	Requestor	Audit Scope / Objective	Project Status
<b>Bush Camping Review</b>	Director Development Services	Audit of the key bush camping permit controls to determine areas for improvement. The review was limited to reviewing the current processes for Council staff and the local businesses that issue permits and collect fees on behalf of Council.	<b>Project Completed</b> Final report included in Attachment D
<b>Financial Management – Payroll (carry forward from 13/14)</b>		Audit of the procedures and internal controls relating to the fortnightly processing of the payroll. Processes include new payroll additions, terminations, pay rate changes, payroll changes and deductions.	<b>Project Completed</b> Final report included in Attachment E

## 3. IMPLEMENTATION OF AGREED ACTIONS (INTERNAL CONTROLS PROJECT, INTERNAL AUDIT AND EXTERNAL AUDIT)

An update on the implementation of proposed actions resulting from the following activities is provided in Attachment F:

- Internal controls project;
- Internal audits; and
- External audit.

The latest status information has been provided by the officers responsible for the implementation.



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## **Internal Audit Report – Attractive Assets (August 2014)**

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### **For Distribution:**

David Harding – Director Corporate and Community Services  
Karen Schulz – Manager Financial Services  
Kylie Gray – Executive Assistant to the Director Corporate and Community Services  
Ben Cowley – Manager Information Services  
Brianna Wyatt – Risk Administrator  
Malcom Errington – WHS Depot Coordinator

### **For Information:**

Andrew Cameron – Chief Executive Officer  
Corporate Management Team (CMT)

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## Executive Summary

### Background

The Australian Accounting Standard 11.6 defines an 'attractive asset' with a book value between \$200 and \$1000 and described as highly portable and attractive items. There is no Accounting Standard that requires an entity to maintain an attractive asset register, however it is good practice.

A portable and attractive asset register contains information about non-consumable items that have a value below a company's capitalization threshold; and are susceptible to theft or loss due to their portable nature and attractiveness for personal use or resale.

Yorke Peninsula Council's ('Council') Asset Management and Accounting Policy (PO128) define materiality levels for capitalising assets as per the following, all other assets are expensed:

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings – New Constructions / Extensions	\$5,000
Park & Playground Furniture & Equipment	\$2,000
Road Construction & Reconstruction	\$10,000
Paving & Footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000

All attractive assets under these thresholds are recorded into the 'Furniture & Fittings' (F&F) asset register, maintained by the Manager Financial Services. Other separate registers are also maintained for artworks, minor plant and equipment and IT equipment.

Examples of attractive type assets within Council include:

- Artworks and paintings
- Information technology items (e.g. computer screens, mobile phones, laptops, ipads, cameras)
- Small tools and equipment (e.g. chainsaws, ladders)

The approved 2015 Council Internal Audit Plan includes a review of attractive assets within Council.

This review is timely considering Council's recent acquisition of the Conquest Asset Management software. Initially, the focus for the Asset Management software will be on material capital items, such as road and building infrastructure. However, it is planned that all minor fixed assets registers, including attractive assets, will be maintained within this system.

### Objectives & Scope

This review focused on the processes to manage attractive assets acquired by the Council, including controls relating to with:

1. Acquisition and disposal processes of attractive assets
2. Recording of attractive assets
3. Methodologies for tagging and monitoring the location of attractive assets
4. Safeguarding and security of attractive assets.

The review was limited to evaluating the controls over acquiring, tagging, monitoring and disposing of attractive assets with individual purchases prices between \$100 and \$1,000 (maybe higher for artworks).



*Although the initial scope was limited to attractive assets (i.e. those individual items below \$1,000) it became apparent that all artwork minor plant and IT equipment asset registers require attention and findings relate to these categories also.*

## Key Findings

Details of *all* findings and recommendations identified during the review are included in Appendix 1; however a summary of the high risk issues is provided below:

1. Acquisition and disposal of attractive assets

Audit testing identified that currently there is no process in place to notify the Manager Financial Services when new assets are acquired or existing assets are disposed of, increasing the risk that assets registers are not maintained accurately.

The currently process to identify and record new assets is completed by the Manager Financial Services at the end of each financial year, after all transactions postings have been completed. The Manager Financial Services reviews all transactions entered into the General Ledger – Capital and manually identifies assets to be recorded in the F&F asset register. However, if an item has been incorrectly costed, this will not be identified and therefore not included in the register accordingly.

Furthermore, there is no process to ensure that the disposal of assets is recorded. Audit testing confirmed that in a recent IT stocktake, a large majority of IT equipment previously captured within the F&F Asset register had already been disposed of.

These issues pose a risk that minor assets are not being recorded and accounted for accurately.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

## Internal Audit Opinion

Based on the work and testing performed, internal audit is of the opinion that significant improvements should be made in relating to the acquisition, disposal and recording of assets; recommendations within Appendix 1 should be considered.

We would like to take the opportunity to thank Karen Schulz, Ben Cowley, Kylie Gray and Malcolm Errington for their assistance and co-operation during the review.

### Amanda Pitt

Business Improvement Officer

Email: [amanda.pitt@yorke.sa.gov.au](mailto:amanda.pitt@yorke.sa.gov.au)

Phone: 8832 0000

## Appendix 1 - Detailed Findings

### 1.1 Acquisition and Disposal of Assets

Audit testing identified that currently there is no process in place to notify the Manager Financial Services when new assets are acquired or existing assets are disposed of, increasing the risk that assets registers are not maintained accurately.

There is a number of staff with the authority to acquire new assets via Council's online requisition process (OLR) and with corporate credit cards.

When an item is purchased via OLR the staff's Manager is required to 'approve' the requisition within the Authority system. Whilst controls are in place to ensure purchases are within delegated limits, it does not confirm that relevant purchases are being appropriately recorded as assets.

The Accounts Payable Officer reviews invoices before payment, however this review is limited to ensuring that the invoice matches the purchase order and reasonableness of the invoice. The review does not include a check to ensure that items are included on a relevant asset register.

The currently process to identify and record new assets is completed by the Manager Financial Services at the end of each financial year, after all transactions postings have been completed. The Manager Financial Services reviews all transactions entered into the General Ledger – Capital and manually identifies assets to be recorded in the F&F asset register. However, if an item has been incorrectly costed, this will not be identified or included in the register accordingly.

This issue was evidenced when a recent stocktake of minor plant and equipment was performed and a number of new assets were identified that were not included on the register initially.

Furthermore, there is no process to ensure that the disposal of assets is recorded. Audit testing confirmed that in a recent IT stocktake, a large majority of IT equipment previously captured within the F&F Asset register had already been disposed of.

These issues pose a risk that minor assets are not being recorded and accounted for accurately.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

### 1.2 Recommendation

It is recommended that:

1. A process is implemented to advise Finance of the acquisition and disposal of assets. This could include a new standard form or simply an email to advise of movements in assets, however a process should be agreed upon and staff training undertaken to advise of the new process.
2. In conjunction with a new process, the Accounts Payable Officer should review invoices on a monthly basis to identify any *potential* newly acquired assets these should be communicated to the Manager Financial Services for inclusion in the appropriate asset register.

### 1.3 Management Response

#### Management Response and Agreed Action:

1. Agreed, a central process must be developed and implemented across the organisation in order to maintain accurate financial records.
2. Agreed, as a checking mechanism this additional responsibility will be incorporated into the Accounts Payable role.

#### Responsibility:

1. Manager Financial Services – Karen Schulz

## 2. Manager Financial Services – Karen Schulz

### Due Date:

1. 30 June 2015
2. 30 June 2015

## 2.1 Current Asset Registers

In recent months, several stocktakes have been performed to verify the minor plant and equipment, IT equipment and artworks.

Audit testing found that the stocktakes were performed based on separate registers for minor plant, IT equipment and artworks. These are maintained by staff independent from the Finance department.

These separate registers have been updated with information from regular stocktakes, however the information and data has not incorporated into a central asset register that is maintained and reported on by the Finance team.

Without a central control of asset information, there is a risk that:

- Stocktakes are not performed timely
- Information relating to assets is not accurately reported and accounted for.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

## 2.2 Recommendation

1. It is recommended that Finance consider a project to incorporate the separate registers in to a centrally managed register or spreadsheet, with plans to move this into the new Asset Management Software in the future. This will be a significant project to undertake and update the current register in place.
2. All assets meeting the threshold requirements should be immediately transferred into the Attractive Asset register, thereby bringing this register up to date.
3. As a priority, all artworks should be recorded into the F&F asset register and also transferred into the Attractive Asset Register if they meet the threshold requirements.
4. Once an accurate central register is established, Finance should maintain control over the register directing other departments and staff to perform regular stocktakes and notify of asset or disposal (see finding 1.1) hold one central register of asset information
5. Standard forms should be developed to assist with the stocktakes.

## 2.3 Management Response

### Management Response and Agreed Action:

1. Agreed, until all assets are entered into Conquest a central register will be created as an interim measure. This register will only focus on the asset classes that are not already (or soon to be) loaded into Conquest.
2. Agreed.
3. Agreed.
4. Agreed, thorough stocktakes of all assets are required on a regular basis.
5. Agreed, a standard form will be developed.

**Responsibility:**

1. Manager Financial Services – Karen Schulz
2. Manager Financial Services – Karen Schulz
3. Manager Financial Services – Karen Schulz
4. Manager Financial Services – Karen Schulz
5. Manager Financial Services – Karen Schulz

**Due Date:**

1. 30 June 2015
2. 30 June 2015
3. 30 June 2015
4. 31 December 2015
5. 30 September 2015

**3.1 Asset Management & Accounting Policy**

An Asset Management and Accounting Policy (PO128) is currently in place; however it was last reviewed in 2010. The policy contains a section specifically relating to attractive assets, which stipulates that a stocktake is conducted “at least every two years”, which has been undertaken separately for minor plant and IT equipment.

The policy does not specify the procedures or guidelines to record acquisition or disposals of attractive assets.

In addition, the policy should specify a clear definition for IT equipment in regards to what items should be recorded as an asset versus consumable goods (e.g. portable printers, headsets, mouse, USB drive readers) are defined by IT staff as ‘consumable’ given their short life span and therefore have not been captured on an asset register.

Without a current policy to manage the minor type assets, there is a risk that assets are not accounted for appropriately and are subject to misappropriation.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

**3.2 Recommendation**

It is recommended that Council’s current Asset Management and Accounting Policy is reviewed and updated taking into account the findings of this review.

**3.3 Management Response**

**Management Response and Agreed Action:** Agreed, policy has been identified as requiring review.

**Responsibility:** Manager Financial Services – Karen Schulz

**Due Date:** 30 June 2015

#### 4.1 Methodologies for tagging and monitoring the location of attractive assets

It was found that adhoc stock takes are completed on the various categories of assets (i.e. IT equipment and minor plant) however they are not planned or scheduled to be completed on a regular basis (refer finding 2.1).

In both the recent stocktakes of minor plant and IT equipment, additional information such as model and serial numbers were captured on their respective registers, which strengthens the identification of assets. However a similar practice of marking artworks as Council property was not performed.

Although work has been performed to increase the information recorded against assets, there is no consistent methodology to tag items (i.e. by using barcoding or electronic tagging), increasing the risk of misappropriation of assets.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

#### 4.2 Recommendation

1. It is recommended that Council consider some marking or stamp to identify Council artworks.
2. Furthermore, it is suggested that Council consider an electronic barcoding system (in particular for minor equipment and IT assets) to easily identify and locate assets. This could be reviewed as part of the new Conquest system implementation; however it is acknowledged that this is not a high priority task for the project.

#### 4.2 Management Response

##### Management Response and Agreed Action:

1. Agreed, dependent upon the outcome of the next recommendation this will either be a separate action or part of the barcoding rollout.
2. Agreed, IT has commenced investigations into barcoding systems. Completion of this action will be dependent on cost and resource requirements.

##### Responsibility:

1. Executive Assistant Director Corporate & Community Services – Kylie Gray
2. IT Manager – Ben Cowley

##### Due Date:

1. 30 June 2015
2. 31 December 2015

## Appendix 2 – Responsibility Statement

This report was prepared in accordance with the scope document as agreed to by management and Australian auditing standards subject to the following limitations:

- Procedures were designed to provide limited assurance as defined by the Australian auditing standards, which recognizes that absolute assurance is rarely attainable due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions, and the use of selective testing, and because much of the evidence available to the auditor is persuasive rather than conclusive in nature.
- Because of the inherent limitation of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Procedures were not designed to detect all weaknesses in control procedures and they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the controls procedures to future periods is subject to the risk that the systems may become inadequate because of changes in condition, or that the degree of compliance with them may deteriorate.
- The matters raised in the report are only those which came to the attention of the internal auditor during the course of performing procedures and are not necessarily a comprehensive statement of the weaknesses that exist or improvement that might be made. The internal auditor cannot, in practice, examine every activity and procedure, nor can they be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on the report to identify all weaknesses that exist in the systems and procedures under examination or potential instances of non-compliance that may exist.
- Any reliance placed on internal audit reports and associated working papers, by a third party, are that party's sole responsibility.



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# **Internal Audit Report – Petty Cash and Till Floats August 2014**

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## **For Distribution:**

David Harding – Director, Corporate & Community Services  
Karen Schulz – Manager Financial Services

## **For Information:**

Andrew Cameron – Chief Executive Officer  
Corporate Management Team (CMT)

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## Executive Summary

### Background

The Yorke Peninsula Council ("Council") collects the majority of cash receipts through the four administration offices. The approved 2014 Council Internal Audit Plan includes an ongoing project to regularly audit the petty cash and till floats throughout the year.

### Objectives & Scope

The objective of the petty cash and till float audits is to ensure:

- Cash on hand reconciles to the financial records
- Petty cash receipts appeared reasonable and in accordance with policy
- Appropriate approvals
- Security controls for counting

### Key Findings

Petty cash and cash float audits were performed on the following dates and locations:

Date	Location
18 August 2014	Minlaton
19 August 2014	Maitland
19 August 2014	Warooka
19 August 2014	Yorketown

Internal audit noted the following:

- There were no reconciliation discrepancies identified
- All petty cash receipts were appropriately approved and in accordance with policy
- Money was stored in a locked draw
- The security control that ensures receptionists count cash away from the public counter was not always followed. New receptionists have been reminded of the correct process, therefore action completed.

### Internal Audit Opinion

Based on the work and testing performed, internal audit is of the opinion that the controls relating to petty cash and till float management are operating effectively.

### Anne Hammond

Acting Business Improvement Officer

Email: [anne.hammond@yorke.sa.gov.au](mailto:anne.hammond@yorke.sa.gov.au)

Phone: 8832 0000

## Appendix 1 – Responsibility Statement

This report was prepared in accordance with the scope document as agreed to by management and Australian auditing standards subject to the following limitations:

- Procedures were designed to provide limited assurance as defined by the Australian auditing standards, which recognizes that absolute assurance is rarely attainable due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions, and the use of selective testing, and because much of the evidence available to the auditor is persuasive rather than conclusive in nature.
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# Internal Audit Report

## Council Owned Caravan Park - Ongoing Reviews

### July 2014

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#### **For Distribution:**

David Harding – Director, Corporate & Community Services  
Bronwyn Scholes – Corporate Services Officer  
Karen Schultz – Manager Financial Services  
Brianna Wood – Risk Administrator

#### **For Information:**

Andrew Cameron – Chief Executive Officer

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## **Executive Summary**

### **Background**

There are 19 caravan parks located in the Yorke Peninsula Council ("Council") area. Of these there are five Council owned and managed parks:

- Port Vincent Foreshore
- Point Turton
- Marion Bay
- Yorketown and
- Black Point

The approved 2015 Council Internal Audit Plan includes an allowance for an ongoing review of the Council owned caravan parks. During FY15, internal audit are planning to conduct at least two unannounced visits to each of the caravan parks, in particular Port Vincent, Point Turton and Marion Bay.

### **Objectives & Scope**

The objectives and scope of the ongoing reviews are to undertake the following:

1. Ensure that current Management Agreement is in place
2. Verify the controls in place with Finance to ensure that management fees paid to caravan parks are accurate (in accordance with their respective Management Agreement). Confirm that the management fees paid match income stated in the Reservation Management System ("RMS") online booking system.
3. During an unannounced visit to the park, confirm that:
  - a. Utilised sites are recorded in RMS for that particular day
  - b. General maintenance and cleanliness of the park is appropriate
  - c. Work, Health and Safety matters are addressed, specifically evacuation diagrams in place, fire and electrical equipment has been tested and tagged appropriately.

### **Key Findings**

Internal audit made an unannounced visit to the Point Turton and Marion Bay caravan parks on Friday 4 July. Details of findings and recommendations identified during the review are included in the table below, however it should be noted that:

- Current Management Agreements are in place for both parks
- Recalculation of the management fees paid to Marion Bay caravan park for FY14 (on a month by month basis) confirmed that payments were accurate and in accordance with their Management Agreement and RMS income reports.
- During the unannounced visit all clientele had been accounted for and recorded appropriately in RMS
- General maintenance and cleanliness of the parks was adequate.

1. Review of caravan park management fee invoices

Internal audit recalculated the management fees for FY14 (on a month by month basis) for the Point Turton caravan park to ensure that fees paid were in accordance with the management agreement and the RMS stated income.

The remuneration schedule for Point Turton includes:

- A percentage of gross takings on operation of the caravan park
- A fixed sum commission per year
- A spring cleaning allowance
- A monthly cleaning amount for cleaning of the public toilets.

From November 2013 onwards, Internal Audit could not reconcile the monthly payments as the monthly cleaning fee was increased by approximately \$106 without any support documentation. The Corporate Services Officer has confirmed that the caravan park had increased this fee without negotiation with Council.

Currently the Accounts Payable Officer is responsible for reviewing and payment of the management fee invoices; however the only check is to ensure that the commission percentage agrees to the RMS income report.

There is a risk without an independent review of monthly invoices, the Accounts Payable Officer is unaware of changes made to management agreements and therefore inaccurate payments are made.

Consequence	Likelihood	Risk Level
Insignificant	Likely	Moderate

**Recommendation:** The Corporate Services Officer reviews and approves all monthly management fees invoices for payment. The Corporate Services Officer is involved with all agreement negotiation is best placed to ensure that invoice claims are correct and in accordance with Management Agreements.

**Responsibility:** Corporate Services Officer – Bronwyn Scholes

**Due Date:** 30/9/2014

2. Electrical tagging and testing of caravan park assets

Through discussions it was noted that electrical tagging and testing of caravan park items had not been performed since 2012.

It is Council's responsibility to ensure that electrical tagging and testing is performed on an annual basis in accordance with WHS legislation.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

**Recommendation:** Council owned caravan parks are included in electrical tagging and testing schedules for FY15.

**Responsibility:** Risk Administrator – Brianna Wood

**Due Date:** 30/6/2015

## Internal Audit Opinion

Based on the work and testing performed, internal audit is of the opinion that the controls (within scope) relating to the management of Council owned caravan parks are operating effectively.

**Amanda Pitt**

Business Improvement Officer

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Phone: 8832 0000

## **Appendix 1 – Responsibility Statement**

- This report was prepared in accordance with the scope document as agreed to by management and Australian auditing standards subject to the following limitations:
- Procedures were designed to provide limited assurance as defined by the Australia auditing standards, which recognizes that absolute assurance is rarely attainable due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions and the use of selective testing, and because much of the evidence available to auditor is persuasive rather than conclusive in nature.
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## Internal Audit Report – Bush Camping Permits (June 2014)

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### **For Distribution:**

Roger Brooks – Director Development Services  
Karen Schulz – Manager Financial Services  
Michael Cartwright – Manager Development Services  
Phil Herrmann - Senior Compliance Officer

### **For Information:**

Andrew Cameron – Chief Executive Officer  
Corporate Management Team (CMT)

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## Executive Summary

### Background

Yorke Peninsula Council ("YPC") offers a number of bush camping sites across the region, all sites require campers to obtain a permit, which outlines the bush camping by-laws, and the majority of sites also have an associated fee (five locations are currently 'free'). Refer to Appendix 1 for an overview of each of the camping sites. There are a number of location where camping permits can be obtained including:

- The four YPC offices
- Eight local businesses
- The Yorke Peninsula Visitor Information Centre,
- Directly from Council's Rangers.

Management recently identified that the process for receipting and banking of bush camping permit fees were inconsistent amongst the staff, contractors and local businesses that undertake this on behalf of Council. Finance staff have reported receiving large lump sums of permit monies with limited explanation of the origin and in an untimely manner.

Upon internal investigation, issues were also identified relating to the consistency of permit fees being charged and reconciliation processes to receipt books.

A contracted Council Ranger has the main responsibility for managing bush camping across the southern Yorke Peninsula. The Ranger will perform regular inspections of bush camping sites, issue and collect payment for those not holding camping permits. The contracted Ranger collects a fortnightly wage plus an annual commission, calculated on fees collected.

**Income** - For the FY13 and FY14 periods, the total amount of permit fees collected and by whom was:

	<b>FY13 (\$)</b>	<b>FY13 (%)</b>	<b>FY14 (\$)</b>	<b>FY14 (%)</b>
YPC Offices	4,858.97	30.90	3,686.32	18.55
Council Rangers	8,318.17	52.89	9,322.72	46.91
Corny Point General Store	1,122.74	7.14	1,059.10	5.33
Edithburgh Deli	0.00	0.00	0.00	0.00
Edithburgh Motors	0.00	0.00	0.00	0.00
Pt Turton General Store	0.00	0.00	2,257.28	11.36
Warooka Hardware	1,113.18	7.08	1,231.82	6.20
YP Visitor Information Centre	313.64	1.99	2,317.37	11.66
<b>Total</b>	<b>\$15,826.70</b>	<b>100.00%</b>	<b>\$19,874.61</b>	<b>100.00%</b>

**Expenditure** - For the FY13 and FY14 periods, the total amount of expenditure by type was:

	<b>FY 13 (\$)</b>	<b>FY14 (\$)</b>
Contract Ranger commission	2,061.36	2,330.68
Contract Ranger wages ( <i>includes wages for one Ranger</i> )	22,845.33	23,200.28
Waste Disposal ( <i>approximation only, actual figures for only bush camping sites cannot be extracted</i> )	1,500.00	1,500.00
Pumping of toilets	3,242.95	2,127.52
Crown Land License Fees	901.85	951.77
<b>Total</b> ( <i>ongoing maintenance costs cannot be accurately sourced, therefore excluded from these calculations</i> )	<b>\$30,551.49</b>	<b>\$30,110.25</b>

## Objectives & Scope

The objective of the review was to assess the key bush camping permit controls to determine areas for improvement. The review was limited to reviewing the current processes for Council staff and the local businesses that issue permits and collect fees on behalf of Council. The areas included in scope were:

- Process for issuing bush camping permits
- Charging, receipt, banking and reconciliation of monies
- Issuing of infringement notices
- Review of Ranger responsibilities

## Key Findings

Details of *all* findings and recommendations identified during the review are included in Appendix 2; however a summary of the high risk issues is provided below:

### 1. Timing of Obtaining Permits

Discussions with Development staff and the Ranger indicated that the current camper's culture is, rather than obtaining a permit *prior* to camping, to wait for the Ranger to visit the camping site and obtain a permit directly from the Ranger. This is substantiated as approximately 50% of all permit fees from FY13 and FY14 were collected by Council's Ranger.

Further discussions with campers during a site inspection confirmed this practice. Of the six campers interviewed, only one had pre-purchased their permit from a Council office, the other 5 were waiting for the Ranger or were unsure of where to obtain permit from.

There are a number of causes which compound this culture, as explained in the detailed finding.

This issue potentially can cause a loss of revenue, as the Ranger cannot be expected to continually monitor every camping site.

Consequence	Likelihood	Risk Level
Minor	Almost Certain	High

### 2. Charging, receipt, banking and reconciliation of permit fees

Internal audit noted a number of inadequate and inconsistent processes for the collection, reconciliation and banking of permit fees. In particular:

- The issuance and return of receipt books is not recorded.
- The permit fees collected on behalf of Council, from local business, are not provided to Council or banked in a timely manner.
- When fees are returned to YPC offices for banking (from both the Ranger and local business), a count of monies is performed and banked, however there is no reconciliation to the receipt books to ensure completeness.

Without clear guidelines on the collection and banking processes required of local businesses and Council Rangers, there is a risk that Council is unable to verify the completeness, accuracy and timeliness of the external amounts banked.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

## **Internal Audit Opinion**

Based on the work and testing performed, internal audit is of the opinion that improvement can be made over the bush camping permit processes, recommendations within Appendix 2 should be considered.

We would like to take the opportunity to thank Colin Thyer, Michael Cartwright, Phil Herrmann, Chloe Brown and Wendy Story (YP Visitor Information Centre) for their assistance and co-operation during the review.

### **Anne Hammond**

Acting Business Improvement Officer

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Phone: 8832 0000

## Appendix 1 – Overview of Camping Sites

Camp Site	Facilities				Fee payable
	<i>Toilet</i>	<i>Bins</i>	<i>Water pump</i>	<i>Boat Launch</i>	
The Gap	✓	✗	✗	✓	✗
The Bamboos	✗	✗	✗	✓	✗
Tiparra Rocks	✗	✗	✗	✓	✗
Wauraltee Beach	✗	✗	✗	✗	✗
Barkers Rocks	✗	✗	✗	✗	✗
Burners Beach	✓	✓	✗	✓	✓
Gravel Bay	✗	✗	✗	✗	✓
Swincer Rocks	✗	✗	✗	✗	✓
Gleesons Landing	✓	✓	✓	✓	✓
Foul Bay	✗	✗	✗	✗	✓
Sturt Bay	✓	✗	✗	✗	✓
Mozzie Flat	✗	✗	✗	✗	✓
Kemp Bay	✗	✗	✗	✗	✓
Troubridge Hill	✗	✗	✗	✗	✓
Goldsmith's Beach	✗	✓	✗	✗	✓

## Appendix 2 - Detailed Findings

### 1.1 Timing of Obtaining Permits

Currently there is no policy or guidelines to manage and direct the bush camping process.

Discussions with Development staff and the Ranger indicated that the current camper's behavior / culture is, rather than obtaining a permit prior to camping, to wait for the Ranger to visit the camping site and obtain / purchase a permit directly from the Ranger. This is substantiated as approximately 50% of all permit fees are collected by Council's Ranger.

Further discussions with campers during a site inspection confirmed this practice. Of the six campers interviewed, only one had pre-purchased their permit from a Council office, the other 5 were waiting for the Ranger or were unsure of where to obtain permit from.

There are a number of causes which compound this culture:

- There are limited ways in which permits can be obtained, in particular for campers requiring permit out of office hours. For example:
  - There are no additional businesses that issue permits as campers enter the Yorke Peninsula (e.g. Pt Wakefield and Ardrossan service stations)
  - There is no online application or payment facility available for campers
  - There are no self-service kiosks to obtain permits (similar to boat ramp ticket machines) located within townships
- There is limited signage to indicate where permits can be purchased from both within the camping areas and also as campers enter the Yorke Peninsula area (i.e. Port Wakefield or Federation Park)
- All websites searched by Internal Audit direct and encourage the public to contact the Ranger directly rather than guiding campers to the YPC website (or the Visitor Information Centre) and various ways to pre purchase and obtain permits.

There is a risk of a loss of revenue, as the Ranger cannot be expected to continually monitor every camping site.

Consequence	Likelihood	Risk Level
Minor	Almost Certain	High

### 1.2 Recommendation

A significant shift in community behavior is required to ensure that permits are obtained prior to setting up camp. To achieve this culture change it is recommended that:

1. A Bush Camping Policy is developed to reflect this new expectation and widely communicated to the local community and visitors. The document should be simple and easy for the community to understand.
2. Consider the current signage requirements, ideally an upgrade to signage to ensure consistent branding, correct location of signs and quality of information provided on the signage. Furthermore the location of additional signage in Port Wakefield or Federation Park informing the public of permit requirements should be considered. Refer Appendix 3 for further information.
3. Identify additional businesses as campers enter Yorke Peninsula to issue and receipt permits, this could possibly include the Pt Wakefield and Ardrossan service stations.
4. Council consider additional ways to access and obtain bush camping permits e.g.:
  - Implement an on-line system via Council's website for obtaining and purchasing permits.
  - Installing self-service kiosks at Warooka Office and/or Pt Torton (peak locations for obtaining permits).

5. Once new processes are considered and implemented ensure that the Ranger educates and makes the bush camping public aware of new processes and change to culture.

### 1.3 Management Response

#### Management Response and Agreed Action:

1. Agreed, a policy that incorporates key points from findings 1.1 – 8.1 will be developed, including a communication plan to inform staff and the community.
2. Signage to be reviewed, costs identified and a budget submission is prepared for 2015/16 Annual Business Plan and budget.
3. Agreed, Council to contact local businesses in the known 'gap areas' (e.g. Pt Wakefield, Ardrossan, Stansbury, Pt Vincent, Pt Victoria etc.).
4. Further investigation to be undertaken to identify the costs, risks and benefits of alternate methods and a report prepared for Council's consideration.
5. Agreed, refer recommendation number 1 above.

#### Responsibility:

1. Manager Development Services – Michael Cartwright.
2. Operations Manager – Stephen Goldsworthy.
3. Manager Development Services – Michael Cartwright
4. Manager Development Services – Michael Cartwright
5. Manager Development Services – Michael Cartwright

#### Due Date:

1. 31 March 2015.
2. 28 February 2015.
3. 30 September 2014.
4. 31 December 2014.
5. 30 September 2014 (dependent upon completion date of recommendation number 1)

### 2.1 Charging, receipt, banking and reconciliation of permit fees

As highlighted in finding 1.1 above, a bush camping procedure has never been developed or documented. As a result, Internal audit noted a number of inadequate and inconsistent process for the collection, reconciliation and banking of permit fees, particularly:

- The issuance and return of receipt books is not recorded.
- The permit fees collected on behalf of Council, from local business, are not provided or banked to Council in a timely manner. Internal audit testing found one business alone had two years of unbanked fees totalling \$1205.50.
- When fees are returned to YPC offices for banking (from external sources), a count of monies is performed and banked, however there is no reconciliation to the receipt books to ensure completeness. Internal audit testing of just one receipt book identified a negative discrepancy of \$685.

Without clear guidelines on the collection and banking processes required of local businesses and Council Rangers, there is a risk is that Council is unable to verify the completeness, accuracy and



timeliness of the external amounts banked.

Also refer to finding 3.1 in relation to marking of camp spaces as this has a direct bearing on the fees charged.

Internal audit also noted that bush camping fees were last amended in 2011. It may be timely to consider fees charged as part of the 2015 annual review of fees and charges, particularly the weekly and ratepayer fees.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

## 2.2 Recommendation

It is recommended that a:

1. Bush Camping Permit procedure developed to reflect current expectations and communicated to staff, Rangers, and local business who are issuing permits on behalf of Council. At a minimum the document should outline the:
  - Timeliness of collection and banking processes
  - Standard receipting procedures, including reconciliation
  - Security considerations when collecting and counting money
  - Supporting documentation requirements
  - Process for notifying Council when the identified businesses change ownership.
2. If it is considered too onerous for these businesses to deposit fees in a timely manner, it should be added to the Ranger's responsibilities to collect shop permit fees, including reconciliation and issuing receipts at the premises. As a priority, fees should be banked immediately following peak times (e.g. Christmas, Easter etc.).
3. Bush camping fees are considered as part of the 2015 annual review of fees and charges.

## 2.3 Management Response

### Management Response and Agreed Action:

1. Agreed, a Bush Camping Procedure will be developed which incorporates the points listed above.
2. Agreed, to be included in recommendation number 1 (above) and also subject to the outcome of recommendation number 4 of finding 1.1.
3. Agreed.

### Responsibility:

1. Manager Development Services – Michael Cartwright.
2. Manager Development Services – Michael Cartwright.
3. Manager Development Services – Michael Cartwright.

### Due Date:

1. 31 December 2014.
2. 31 December 2014.
3. 31 March 2015.

### 3.1 Signage (relating to Camping Locations, Permit Requirements and Site Spaces)

#### Camping Location and Permit Requirements

As briefly highlighted in finding 1.1, during the site inspection undertaken with the Ranger, it was identified that signage relating to camping locations and requirements for camping permits was inconsistent or not visible at all. Refer to Appendix 3 for examples of signage found during the site inspection.

#### Individual Site Camp Spaces

Furthermore, in majority of the camping locations, individual and specific camp sites are not marked or highlighted for campers. When charging for permits, without appropriately marked sites, it is up to the discretion of the Ranger on how many sites to charge for and determine cost. Currently, it is extremely difficult to determine the site space taken and therefore the price to charge.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

### 3.2 Recommendation

It is recommended that Management consider reviewing the camp site space allocations, with the aim to clearly delineate all camp sites with permanent markings.

(Please refer to recommendation number 2 as part of finding 1.1 in regards to other camping location and permit signage).

### 3.2 Management Response

**Management Response and Agreed Action:** Agreed, site allocations to be reviewed in association with recommendation number 2 (of finding 1.1).

**Responsibility:** Operations Manager – Stephen Goldsworthy.

**Due Date:** 28 February 2015.

### 4.1 Information Collected on Permits

As noted in the finding above there is no policy or procedure to manage and direct the bush camping process. All bush camping permits issued by the Ranger or local businesses are documented in manual permit books. Internal Audit testing of the permit books identified some inconsistencies with information collected, for example:

- Car registrations not always documented
- Some instances of trailer registration being documented rather car registrations
- On most occasions only a first name of the camper was obtained
- Camping permit 'books' also require the 'number of persons' to be documented, however this does not add any value.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

## 4.2 Recommendation

It is recommended that Management consider suitable technology (e.g. hand held palm pilot, tablets) for the Rangers to document and issue bush camping permits. This will eliminate the need for manual permits and allow for electronic permit information to be retained by Council.

This will ensure consistency of information and also most incorporate a camera allowing photos to be taken as part of the process (should an infringement need to be issued).

## 4.3 Management Response

**Management Response and Agreed Action:** Agreed, further investigation of alternate technology will be investigated to identify the costs, risks and benefits and a report will be prepared for Council's consideration.

**Responsibility:** Manager Development Services – Michael Cartwright.

**Due Date:** 31 December 2014.

## 5.1 Obtaining Permits – Inconsistent Information

Council's website provides information regarding the requirement to obtain a permit for bush camping, however Internal Audit testing identified inconsistencies between Council's website and the YP Visitor Information Centre's website regarding where to obtain permits.

There is a risk that information provided to campers is inconsistent potentially resulting in loss of revenue.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

## 5.2 Recommendation

To address this short term issue, it is recommended that information on the Council and Visitor Information Centre (VIC) Website is updated to reflect the correct locations where permits can be obtained. Alternatively, it may be more appropriate to focus on the VIC website as the main entry point for visitors, keeping this site up-to-date and having links from Council's website that redirects visitors to the VIC website.

## 5.3 Management Response

**Management Response and Agreed Action:** Agreed, a review can be undertaken and websites appropriately updated.

**Responsibility:** Corporate Services Officer – Bronwyn Scholes

**Due Date:** 30 September 2014.

## 6.1 Review of Ranger responsibilities

Council currently employs a Senior Compliance Officer, one full-time Ranger (with a focus on fire prevention) and one contract Ranger. Traditionally, these staff have different areas of responsibility and all service the entire Council area.

Whilst utilising their specific areas of knowledge, practically it does not provide for an efficient structuring of workloads.

Council's contract Ranger is free to determine his hours of work and the locations he visits or revisits. Generally, he conducts duties early in the morning and evenings to find campers (i.e. before campers leave the camp site for tourist activities). These times of the day present a danger of wildlife on the roads which reduces efficiencies due to greatly reduced speed to minimise risk of an accident.

It should also be recognised that the Rangers currently have additional responsibilities to Council, including complaints follow up.

Consequence	Likelihood	Risk Level
Minor	Unlikely	Low

## 6.2 Recommendation

It is recommended that the role of the Rangers should be reviewed so that standardised duties are undertaken and work is allocated by geographic area. Furthermore, the CMT should consider resource requirements of Rangers, particularly for weekend and peak times. This should be analysed considering the current and possible income generated from bush camping and other activities (i.e. issuing of expiations).

## 6.3 Management Response

**Management Response and Agreed Action:** Agreed, a review will be performed that takes into consideration outcomes from all findings identified within this report.

**Responsibility:** Manager Development Services – Michael Cartwright.

**Due Date:** 31 March 2015.

## 7.1 Issuing of infringement notices

Whilst the Council can issue infringement notices for camping without a permit, it is not recommended until such a time that the community are offered more flexible methods of obtaining permits and these requirements are clearly communicated, refer to findings and recommendations under 1.1.

Council would need to consider the implications on its brand, reputation and community goodwill against any potential revenue gains before pursuing this any further.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

## 7.2 Recommendation

Nil.

## 7.3 Management Response

**Management Response and Agreed Action:** Agreed, nil action at this time.

**Responsibility:** N/A

**Due Date:** N/A

## 8.1 Further Opportunities for Improvement

Internal audit through discussions with Development staff, the Ranger and local businesses issuing bush camping permits, have identified further opportunities to improve the process. These are:-

- Change of process so permits are applicable to all designated camping sites rather than nominating a specific site when obtaining a permit. Campers are either unfamiliar with the area and do not know exactly where they wish to camp or alternatively, experienced campers nominate a site and need to change if the site is full. One local business reported an instance of a camper requesting a refund due to the nominated site being full.
- The history of why there are non-fee and fee payable camping areas is no longer apparent. It may be timely to review and consider making all fifteen camping areas consistent, fee paying areas.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

## 8.2 Recommendation

1. Review the requirement of nominating a specific site and consider changing to a permit being applicable for any of the bush camping sites.
2. Review the rationale of non-fee and fee payable sites and if appropriate, set fees for all fifteen sites as part of the annual review of fees and charges.

## 8.3 Management Response

### Management Response and Agreed Action:

1. Agreed, a review will be conducted to consider changing to a permit being applicable for any of the bush camping sites.
2. Investigation to occur as to why there are non-fee and fee paying sites and if appropriate, a recommendation will be made to Council to change to all sites to fee paying as part of the annual review of fees and charges.

### Responsibility:

1. Manager Development Services – Michael Cartwright.
2. Corporate Services Officer – Bronwyn Scholes.

### Due Date:

1. 28 February 2015.
2. 31 March 2015.

## Appendix 3 – Camping Signage

As identified in the recommendations contained with section 1.2, signage is not consistent across the Peninsula. Further to this, the review has identified that:

- Not all signs advise that permits (and fees) are required
- Of those that do, no information is provided as to how to obtain permits
- Many of the “no camping” signs are incorrectly placed and therefore difficult for the public to know exactly which areas are prohibited.

Refer below for examples.



An example of new signage is provided below.



## Appendix 4 – Responsibility Statement

This report was prepared in accordance with the scope document as agreed to by management and Australian auditing standards subject to the following limitations:

- Procedures were designed to provide limited assurance as defined by the Australian auditing standards, which recognizes that absolute assurance is rarely attainable due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions, and the use of selective testing, and because much of the evidence available to the auditor is persuasive rather than conclusive in nature.
- Because of the inherent limitation of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Procedures were not designed to detect all weaknesses in control procedures and they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the controls procedures to future periods is subject to the risk that the systems may become inadequate because of changes in condition, or that the degree of compliance with them may deteriorate.
- The matters raised in the report are only those which came to the attention of the internal auditor during the course of performing procedures and are not necessarily a comprehensive statement of the weaknesses that exist or improvement that might be made. The internal auditor cannot, in practice, examine every activity and procedure, nor can they be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on the report to identify all weaknesses that exist in the systems and procedures under examination or potential instances of non-compliance that may exist.
- Any reliance placed on internal audit reports and associated working papers, by a third party, are that party's sole responsibility.



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# Internal Audit Report – Payroll Review July 2014

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## **For Distribution:**

David Harding – Director, Corporate & Community Services  
Karen Schulz – Manager Financial Services  
Bobbi Pertini – Manager Organisational Development  
Anne-Marie Scaife – Payroll Officer

## **For Information:**

Andrew Cameron – Chief Executive Officer  
Corporate Management Team (CMT)



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# Executive Summary

## Background

The approved 2014 Yorke Peninsula Council ("Council") Internal Audit Plan included a project relating to payroll operations. Council uses the Civica Authority application which is an integrated system comprising accounting and financial modules including payroll, rates, accounts payable and receipting.

Recently, the responsibility for payroll changed from Finance to Executive Services as part of an organisational restructure and it was considered a good opportunity to review the payroll operations and processes.

## Objectives & Scope

This audit reviewed key payroll processes including new employees, separations / terminations, changes to payroll master file details, processing of pay runs, leave management and policies and procedures. The audit was performed on transactions relating to the FY14 period. The payroll review did not perform detailed testing across all areas; rather focused on the internal controls and effectiveness of those controls undertaken by staff.

## Key Findings

Details of *all* findings and recommendations identified during the review are included in Appendix 1; however a 'summary' of the high risk issues is provided below:

### 1. Access to Payroll Functions (Authority Application and Network files)

During audit testing of access to payroll function and files, the following issues were identified:

1. Five users have redundant access to the payroll menu function (PY) in Authority, which allows access to alter payroll details and perform payroll processing.
2. Payroll payment text file created from the Authority system, to be uploaded into the ANZ EFT system, are stored in a folder (GDS20) on the S drive. Currently, there are over 30 employees with modify access to this folder.
3. Within the ANZ EFT system, one user (Felicity Lukeman) was identified as having inappropriate administrator privileges.

With excessive or inappropriate system access, there is a risk of inappropriate or inaccurate changes being made to highly sensitive payroll data and reports.

Consequence	Likelihood	Risk Level
Moderate	Possible	High

### 2. Leave Balances and Bona Fide Reports

Both the current Municipal Officers Enterprise Agreement and the LGE Collective Agreements ("EB Agreements") have clauses relating to the accrual of annual and long service leave.

Audit analysis of a leave balance report identified the following balances that are outside of the allowed EB clauses (please note that these figures do not include any pro rata entitlements):

- Eight employees have over 304 annual leave hours available to them (i.e. more than two years entitlement)
- An additional 21 employees have greater than 152 hours annual leave available (i.e. more than 12 months entitlement)

For additional information, four employees have over 1000 hours of long service leave available.

Although Managers can access leave balances for their employees via the Authority dashboard, Managers do not receive a regular bona fide report (similar to the one provided to Internal Audit) for review.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

## General Observations

There were a number of controls tested that indicate a sound payroll processing environment, including:

- New employees are well inducted into Council. The Human Resources ("HR") area have recently implemented a number of checklists, including First Day, General Induction, Governance, Payroll & HR, Information Services, Risk Management, Records checklists and a New Employee Booklet. These ensure that new employees are aware and acknowledge their responsibilities when working for Council.
- An independent review of all payroll transactions (back to source timesheet documentation) is performed as part of the fortnightly payroll.
- All payroll master file changes tested (including new employees, separations, bank account and personal details, deductions, salary sacrifice and pay rate changes) were supported with approved documentation.
- Sound EFT payment and approval controls including:
  - Dual administration
  - Dual payment authorisation
  - Segregated payroll staff roles and EFT user access in accordance with best practice (i.e. staff performing payroll processing are separate to those with access to the EFT application).
- Physical payroll files are stored securely to ensure privacy of employee details.

## Internal Audit Opinion

Based on the work and testing performed, Internal Audit is of the opinion that core payroll processing controls are effective, there are some secondary process that can be improved and recommendations within Appendix 1 should be considered.

We would like to take the opportunity to thank Bobbi Pertini, Anne-Marie Scaife, Carina Congdon and Karen Schulz for their assistance and co-operation during the review.

### Amanda Pitt

Business Improvement Officer

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Phone: 8832 0000

## Appendix 1 - Detailed Findings

### 1.1 Access to Payroll Functions (Authority Application and Network files)

During audit testing of access to payroll function and files, the following issues were identified:

1. Fifteen users have access to the payroll menu function (PY) in Authority, which allows access to alter payroll details and perform payroll processing. Majority of these accounts relate to payroll, HR and Civica support accounts, however the following users should be removed as access is no longer required:
  - Elizabeth Wain
  - Melissa Coonan (fuel and plant sheet process can be completed under a different menu function)
  - Belynda Redding
  - Andrew Cameron
  - Kate Errington
2. Payroll payment text files created from the Authority system to be uploaded into the ANZ EFT system are stored in a folder (GDS20) on the s: drive. Currently, there are over 30 employees with modify access to this folder, increasing the risk that details in the EFT text file (i.e. bank account details and amounts) are inappropriately modified before being uploaded into ANZ.
3. Within the ANZ EFT system, one user (Felicity Lukeman) was identified as having in appropriate administrator privileges.

With excessive or inappropriate system access, there is a risk of inappropriate or inaccurate changes being made to highly sensitive payroll data and reports.

Consequence	Likelihood	Risk Level
Moderate	Possible	High

### 1.2 Recommendation

Following recommendations are provided to address the issues noted above:

1. Access to the payroll (PY) menu file within Authority should be restricted to only those current employees that require it.
2. As mentioned in a previous EFT internal audit report, there is no way to completely secure of the EFT text file before upload to ANZ, however securing the S drive folder to only the 'Payroll' group will limit the opportunity for this to occur.  
Furthermore, the Manager Financial Services prints a copy of the payment summary report from ANZ that details each individual transaction and this should be reconciled back to the Authority Payroll Net Summary report. Evidence of the reconciliation should be documented by way of signature.
3. Administrator access within the ANZ EFT system is appropriately restricted.

### 1.3 Management Response

#### Management Response and Agreed Action:

1. Agreed with recommendation
2. Agreed with recommendation
3. Agreed with recommendation

#### Responsibility:

1. Bobbi Pertini, Manager Organisational Development
2. Karen Schulz, Manager Financial Services
3. Karen Schulz, Manager Financial Services

**Due Date:**

1. 30 September 2014
2. 30 September 2014
3. 30 September 2014

**2.1 Leave Balances and Bona Fide Reports**

Both the current Municipal Officers Enterprise Agreement and the LGE Collective Agreements ("EB Agreements") state that:

- Long service leave can be accessed by mutual agreement between the employee and employer after seven years of continuous service
- Annual leave must be taken at a mutually agreed time, within a period not exceeding 12 months from the date it was accrued.

The Manager Organisational Development provided Internal Audit with a report to identify all employees and their current leave balances. Audit analysis of the report identified the following balances that are in breach of the current EB clauses:

- Eight employees have over 304 annual leave hours available to them (i.e. more than two years entitlement)
- An additional 21 employees have greater than 152 hours annual leave available (i.e. more than 12 months entitlement)

For additional information, four employees have over 1000 hours of long service leave available. (Please note that these figures do not include any pro rata entitlements).

Although Managers can access leave balances for their employees via the Authority dashboard, Managers do not receive a regular bona fide report (similar to the one provided to Internal Audit) to:

1. Highlight excessive leave balances
2. Manage their workforce effectively (considering leave entitlements)
3. Verify the accuracy of employees being costed to their department.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

**2.2 Recommendation**

It is recommended that all Managers receive a quarterly employee bona fide report that identifies all employees being cost to their department's budget and leave balances.

Managers should be required to confirm the accuracy of the report and if required, provide action plans on how to manage any excessive leave balances.

**2.3 Management Response**

**Management Response and Agreed Action:** Agreed with recommendation

**Responsibility:** Bobbi Pertini, Manager Organisational Development

**Due Date:** 30 September 2014

### 3.1 Payroll Maintenance Audit Report

During audit testing, a payroll maintenance audit report was produced from Authority to identify changes to payroll master file details (including bank account changes, deductions, new employees, separations, incremental pay increases)

It was confirmed through discussions that this report is produced as part of the fortnightly payroll process; therefore changes to payroll master file are not independently reviewed increasing the risk that changes are inaccurate or invalid.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

### 3.2 Recommendation

1. It is recommended Council understand what information and data is captured on the payroll maintenance audit report, by confirming with Civica (i.e. to ensure that all relevant changes are captured).
2. In order to meet the internal financial controls legislation, as part of the fortnightly payroll processing, an independent review of a sample of changes from the audit report to source documentation should be performed. This will ensure the accuracy and validity of changes. Evidence of this check should be retained via tick mark or sign off.

### 3.3 Management Response

#### Management Response and Agreed Action:

1. Agreed, discussions will be held with Civica to verify the contents of the maintenance audit report
2. Agreed.

#### Responsibility:

1. Anne–Marie Scaife, Payroll Officer
2. Anne–Marie Scaife, Payroll Officer

#### Due Date:

1. 31 October 2014
2. 31 October 2014

## 4.1 Separation Processes

Internal Audit confirmed that HR has a robust process for the commencement and induction of new employees, however processes for the separation and exiting of employees requires improvement.

Currently there is no formal process to ensure that all relevant staff / departments are notified of an employee departure (i.e. Information Technology) and Council assets, equipment, files and records are returned in a timely manner.

This issue has been identified by HR and a draft Employee Checklist has been developed for consultation, however until this is implemented there remains a risk of inappropriate access to Council's systems, property or assets.

Please note that Internal Audit sample testing confirmed that an independent peer review of all final separation calculations was performed.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

## 4.2 Recommendation

It is recommended that HR continue the project to develop and implement the Employee Exit Checklist and processes.

## 4.3 Management Response

**Management Response and Agreed Action:** Agreed

**Responsibility:** Bobbi Pertini, Manager Organisational Development

**Due Date:** 30 September 2014

## 5.1 Authority to EFT Reconciliation

As part of the fortnightly payroll processing and checking, the Financial Accountant performs an independent verification of all payroll transactions; however the Financial Accountant is not involved in the final approval for the payroll payment in the ANZ EFT application.

Although documentation to reconcile the checked Authority file to the file uploaded into ANZ is provided to the EFT approvers, there is no evidence retained on file to verify this check has been performed.

There is a risk that the Authority file is not correctly or completely loaded into ANZ.

Consequence	Likelihood	Risk Level
Minor	Unlikely	Low

## 5.2 Recommendation

As detailed in Finding 1 above, it is recommended that the Manager Financial Services print a copy of the payment summary report from ANZ that details each individual transaction and this should be reconciled back to the Authority Payroll Net Summary report. Evidence of the reconciliation should be documented by way of signature.

## 5.3 Management Response

**Management Response and Agreed Action:** Completed

**Responsibility:** Karen Schulz, Manager Financial Services

**Due Date:** 30 September 2014

## 6.1 Payroll Procedures

Payroll Procedures are documented; however they have not been updated since 2011. Back up personnel are trained in the fortnightly payroll processing, however there is a risk that in the event they are unavailable, payroll processing does not occur in a timely manner.

Consequence	Likelihood	Risk Level
Minor	Unlikely	Low

## 6.2 Recommendation

It is recommended that payroll procedures are reviewed and updated to reflect current practices, The updated procedures should be incorporated in the overarching 'Accounting Manual' which is currently being developed by the Financial Accountant.

## 6.3 Management Response

**Management Response and Agreed Action:** Agreed

**Responsibility:** Anne–Marie Scaife, Payroll Officer

**Due Date:** 30 June 2014

## 7.1 Electronic Timesheets and Leave Requests

Currently all employees submit a manual fortnightly timesheet, that outlines any leave taken, additional duties or reimbursements to be paid. Each fortnight, approval from a Manager or Supervisor is required.

Similarly for leave requests a manual form is completed and approved by a Manager for pre-determined annual, long service or sick leave. Payroll will record the amount of hours available on the form and return it to employees for their file (although this information is already available on the Authority dashboard). Payroll do not record or document the leave until it is actually taken and recorded on a timesheet.

An opportunity to streamline and improve the timesheeting and leave request process is evident. An automated or online system would decrease the amount of paper and time taken to manually process requests.

Consequence	Likelihood	Risk Level
Minor	Unlikely	Low

## 7.2 Recommendation

Consideration or research should be undertaken into the Authority capabilities to automate / streamline the timesheet and leave request process (this could initially be focused on the inside or administration type staff).

## 7.3 Management Response

**Management Response and Agreed Action:** Agreed, discussions in regards to an employee kiosk have already commenced as part of a HR/IT project commencing in December 2014.

**Responsibility:** Bobbi Pertini, Manager Organisational Development & Anne–Marie Scaife, Payroll Officer

**Due Date:** 30 June 2015



## Appendix 2 – Responsibility Statement

This report was prepared in accordance with the scope document as agreed to by management and Australian auditing standards subject to the following limitations:

- Procedures were designed to provide limited assurance as defined by the Australian auditing standards, which recognizes that absolute assurance is rarely attainable due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions, and the use of selective testing, and because much of the evidence available to the auditor is persuasive rather than conclusive in nature.
- Because of the inherent limitation of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Procedures were not designed to detect all weaknesses in control procedures and they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the controls procedures to future periods is subject to the risk that the systems may become inadequate because of changes in condition, or that the degree of compliance with them may deteriorate.
- The matters raised in the report are only those which came to the attention of the internal auditor during the course of performing procedures and are not necessarily a comprehensive statement of the weaknesses that exist or improvement that might be made. The internal auditor cannot, in practice, examine every activity and procedure, nor can they be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on the report to identify all weaknesses that exist in the systems and procedures under examination or potential instances of non-compliance that may exist.
- Any reliance placed on internal audit reports and associated working papers, by a third party, are that party's sole responsibility.



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## Implementation of Agreed Actions

This report provides an update on the implementation of proposed actions resulting from:

1. Internal audit activities;
2. Internal controls project; and
3. External audit activities.

The latest status and comment information has been provided by the officers responsible for the implementation.

## 1. Internal Audit Activities

### Water Recovery Charges Review – June 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Usage Invoicing Spreadsheet	An independent review of the Water Supply Invoicing spreadsheets will be performed by Internal Audit after each roll over to ensure completeness and accuracy of the process.	Business Improvement Officer and DCCS	1/03/14	N/A	In Progress	New processes have been developed and will be implemented for the 1 <sup>st</sup> quarter 2014/15.

### IT User Access Review – July 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. IT Security Policy and Procedure & User Guidelines	Agreed with recommendation: <ul style="list-style-type: none"> <li>Develop a set of basic internal IT procedures</li> <li>Review and update the Internet and Email Policy and Guidelines for Computer Network Use to ensure they reflect current practices and the new procedures to be developed.</li> </ul>	Manager Information Services	30/08/13	31/12/14	In Progress	These requirements are part of the set of current projects to review and overhaul the IT policies and procedures. Draft IT policy is with the Governance Officer to review.
4. Network Administrator Access	<ol style="list-style-type: none"> <li>Administrator users (including contractors) are provided with an individual administrator account.</li> <li>As part of the upgrade to Active Directory in late 2013, IT will consider changing generic Administrator password, after attempting to identify services that are running using this account.</li> </ol>	Manager Information Services	30/08/13	30/06/15	1.Completed 2.In Progress	Administrator password change will be included as part of the active directory upgrade project. A contractor has now been engaged. Actual completion may be 12 months away.

## Accountability and Disclosure Audit – October 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Council reviews its Purchase of Goods and Services Policy	<p>As highlighted as part of the Internal Controls Program, a project team will be initiated to address issues relating to procurement and contract management including reviewing and drafting policy, procedures and work flow diagrams.</p> <p>All procurement processes need to be addressed by the project team including:</p> <ul style="list-style-type: none"> <li>▪ general purchasing</li> <li>▪ tendering and suppliers</li> <li>▪ contract management.</li> </ul>	Governance Officer	30/06/15		In Progress	<p>Refer to comments under the Purchasing Review performed in February 2014 below.</p> <p>This action will be merged and reported with Finding 1 - Procurement Review in the next Implementation of Agreed Actions report.</p>
2. Undertake a review of committees established under section 41 of the Act	Governance Officer to follow up with Director of Corporate and Community Services regarding Section 41 committees.	DC&CS	30/06/14	30/12/14	Completed	<p>DC&amp;CS has reviewed and closed all unnecessary Section 41 committees (other than the Art Committee). Approval was obtained through Council.</p> <p>All committees are continuing as incorporated bodies.</p>
3. Give consideration of a central records management system that will also capturing emails to and from Elected Members	A centralised electronic records management system will be considered as part of the FY15 budget.	CEO	30/06/15	31/12/15	In Progress	<p>The IT Manager has commenced investigations of potential records management systems and a preferred option has been selected.</p> <p>Expenditure for the project was requested in the FY15 budget, however due to competing priorities the Elected Body have decided to delay this project until the FY16 budget</p> <p>This is a large IT project and requires a significant expense.</p>

## Procurement, Part 1 Purchasing – February 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Purchase of Goods and Services Policy <b>Risk Level</b> High	A Project Team to address procurement issues has been established and the project will commence in March 2014. Draft procurement policies have been sought from the LGA and will be implemented as necessary.	Governance Officer	30/06/15	30/09/14	In Progress	<p>Revised due date as this action will focus on the development and implementation of the policy.</p> <p>The Project Team has been identified to review procurement processes across Council. Project team consists of the following staff:</p> <ul style="list-style-type: none"> <li>• Governance Officer</li> <li>• Business Improvement Officer</li> <li>• Risk Administrator</li> <li>• EA to the Director of Assets &amp; Infrastructure</li> </ul> <p>In addition, the project team will develop necessary flowcharts, templates and checklists to ensure that procurement and tendering process are managed consistently across Council.</p> <p>The project team will ensure that a communication, consultation and training process of the new policies and procedures is developed and rolled out to necessary staff.</p> <p>The project team has commenced initial workshops and drafting flowcharts. The draft Purchase of Goods &amp; Services Policy will be available for staff consultation by September 2014. Due to the significant changes in process, the rollout of new procedures is expected to occur by 30 June 2015.</p>
2. Budget allocation <b>Risk Level</b>	Investigation with Civica will be undertaken to assess: <ul style="list-style-type: none"> <li>▪ whether controls to restrict the accounts that individual users can post to</li> </ul>	Manager Financial Services	31/12/14		Completed	<p>After investigation it was found that these controls are not available within Civica. IT has implemented manual controls to restrict access.</p>

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Moderate	<ul style="list-style-type: none"> <li>the potential to initiate a warning or restriction on raising requisitions against general ledger accounts that have exceeded their annual budget limits.</li> </ul>					
3. Outstanding Purchase Orders	A review process will be initiated at least twice a year and those orders no longer required are followed up and cancelled.	Manager Financial Services	30/06/14		In Progress	The Accounts Payable Officer has added the twice yearly review process to the internal schedule of activities.
Risk Level						
Low						

#### Leased Caravan Parks Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Minlaton Caravan Park Lease Agreement	Management will review and renegotiate the Minlaton Caravan Park lease agreement in June 2015. Current known issues will be considered and addressed at that time.	DC&CS	30/06/15		Future Dated	N/A
Risk Level						
Moderate						
2. Lack of consistency across Caravan Park lease agreements	The current lease spreadsheet will be incorporated into the SharePoint application to ensure automation of key dates etc.	Property Tenure Officer	30/09/14		Future Dated	N/A
Risk Level						
Low						

## Fuel Management Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Fuel Sheets <b>Risk Level</b> High	1. Agreed, a standard fuel sheet template will be developed (if it is considered that the current system will not be overhauled with an automated system). 2. Agreed the Director Corporate & Community Services will source system information and costs to be considered by CMT	1. Financial Accountant 2. DC&CS	31/12/14 30/09/14		1. In Progress 2. Future Dated	1. IT has commenced drafting a standard fuel sheet if an automated system is not considered an option. This is not in use yet, as there are a number of factors that need to be addressed (i.e. that there are obviously differing vehicles and machinery at each depot)
2. Fuel reconciliation spreadsheet <b>Risk Level</b> Moderate	1. The fuel reconciliation spreadsheet will be saved in a secure location on the network with limited access. Where possible formulas and linkages will be locked with a password. 2. The Manager Financial Services to formally review the fuel reconciliation spreadsheet each month and results, major discrepancies, be reported to the CMT	1. Financial Accountant 2. DC&CS	31/12/14 30/06/14		1. Completed 2. In Progress	1. The formulas (where appropriate) in the fuel reconciliation spreadsheet have been locked down to secure access to the Financial Accountant only. 2. Major discrepancies reported, completion is dependent upon above actions.
3. Fuel dip reading <b>Risk Level</b> Moderate	An independent fuel dip reading is performed on a six monthly basis by the Financial Accountant to verify the inventory.	Financial Accountant	30/09/14		Future Dated	N/A

## Bush Camping Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Timing of obtaining permits <b>Risk Level</b> High	1. Agreed, a policy that incorporates key points from the audit findings will be developed, including a communication plan to inform staff and the community. 2. Signage to be reviewed, costs identified and a budget submission is prepared for 2015/16 Annual Business Plan and budget. 3. Agreed, Council to contact local businesses in the known 'gap areas' (e.g. Pt Wakefield, Ardrossan, Stansbury, Pt Vincent, Pt Victoria etc.). 4. Further investigation to be undertaken to identify the costs, risks and benefits of alternate methods and a report prepared for Council's consideration. 5. Once new processes are implemented ensure that the Ranger educates and makes the bush camping public aware of new processes and change to culture.	1. Manager Developmt Services 2. Operations Manager 3. Manager Developmt Services 4. Manager Developmt Services 5. Manager Developmt Services	31/03/15 28/02/15 30/09/14 31/12/14 31/03/15		Future Dated	N/A
2. Charging, receipt, banking and reconciliation of permit fees <b>Risk Level</b> High	1. Bush Camping Permit procedure to be developed to reflect current expectations and communicated to staff, Rangers, and local business who are issuing permits on behalf of Council. At a minimum the document should outline the: <ul style="list-style-type: none"> <li>▪ Timeliness of collection and banking processes</li> <li>▪ Standard receipting procedures, including reconciliation</li> <li>▪ Security considerations when collecting and counting money</li> <li>▪ Supporting documentation requirements</li> <li>▪ Process for notifying Council when the identified businesses change ownership.</li> </ul>	Manager Development Services	31/12/14 31/12/14 31/03/15		Future Dated	N/A



Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
	<p>2. If it is considered too onerous for businesses to deposit fees in a timely manner, it should be added to the Ranger's responsibilities to collect shop permit fees, including reconciliation and issuing receipts at the premises.</p> <p>3. Bush camping fees are considered as part of the 2015 annual review of fees and charges.</p>					
<p>3. Signage (relating to camping locations, permit requirements &amp; site spaces)</p> <p><b>Risk Level</b> Moderate</p>	Consider reviewing the camp site space allocations, with the aim to clearly delineate all camp sites with permanent markings.	Operations Manager	28/02/15		Future Dated	N/A
<p>4. Information collected on permits</p> <p><b>Risk Level</b> Moderate</p>	Consider suitable technology (e.g. hand held palm pilot, tablets) for the Rangers to document and issue bush camping permits. Investigate to identify the costs, risks and benefits and prepare a report for Council's consideration.	Manager Development Services	31/12/14		Future Dated	N/A
<p>5. Obtaining permits – inconsistent information</p> <p><b>Risk Level</b> Low</p>	Review information on the Council and Visitor Information Websites and update appropriately to reflect the correct locations where permits can be obtained.	Corporate Services Officer	30/09/14		Future Dated	N/A
<p>6. Review of Ranger responsibilities</p> <p><b>Risk Level</b> Low</p>	Review the role of the Rangers so that standardised duties are undertaken and work is allocated by geographic area. Also consider resource requirements of Rangers, particularly for weekend and peak times	Manager Development Services	31/03/15		Future Dated	N/A

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
7. Further opportunities for improvement <b>Risk Level</b> Low	1. Review the requirement of nominating a specific site and consider changing to a permit being applicable for any of the bush camping sites. 2. Review the rationale of non-fee and fee payable sites and if appropriate, set fees for all fifteen sites as part of the annual review of fees and charges.	1. Manager Developmt Services 2. Corporate Services Officer	28/02/15 31/03/15		Future Dated	N/A

#### Council Owned Caravan Parks – Ongoing Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Review of caravan park management fee invoices <b>Risk Level</b> Moderate	The Corporate Services Officer reviews and approves all monthly management fees invoices for payment. The Corporate Services Officer is involved with all agreement negotiation is best placed to ensure that invoice claims are correct and in accordance with Management Agreements.	Corporate Services Officer	30/09/14		Completed	Corporate Services Officer now reviews and signs all management invoices for payment.
2. Electrical testing and tagging of caravan park assets <b>Risk Level</b> Moderate	Council owned caravan parks are included in electrical tagging and testing schedules for FY15.	Risk Administrator	30/09/14		Completed	Since the review, the Corporate Services Officer arranged for electrical testing and tagging at all Library Depots, the Visitor Information Centre and the five Council Managed Caravan Parks.

## Payroll Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Access to Payroll Functions (Authority Application and Network files) <b>Risk Level</b> High	1. Access to the payroll (PY) menu file within Authority will be restricted to only those current employees that require it. 2. Securing the S drive folder to only the 'Payroll' group. 3. Administrator access within the ANZ EFT system is appropriately restricted.	1. Manager Org Developmt 2. Manager Financial Services 3. Manager Financial Services	30/09/14		Completed	Access to the various payroll functions, files and systems has been limited appropriately.
2. Leave Balances and Bona Fide Reports <b>Risk Level</b> High	Managers receive a quarterly employee bona fide report that identifies all employees being cost to their department's budget and leave balances.	Manager Org Development	30/09/14		Future Dated	N/A
3. Payroll Maintenance Audit Report <b>Risk Level</b> Moderate	1. Understand what information and data is captured on the payroll maintenance audit report 2. An independent review of a sample of changes from the audit report to source documentation will be performed. Evidence of this check will be retained via tick mark or sign off.	Payroll Officer	31/10/14		Completed	The Financial Accountant performs an independent review on a sample of Masterfile changes at each pay run.
3. Separation Processes <b>Risk Level</b> Moderate	HR develops and implements the Employee Exit Checklist and processes.	Manager Org Development	30/09/14		Future Dated	N/A
4. Authority to EFT Reconciliation	A copy of the payment summary report from ANZ will be reconciled back to the Authority Payroll Net Summary report. Evidence of the	Manager Financial Services	30/09/14		Completed	Review and sign off on the payment summary report now occurring by Manager Financial Services.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
<div>Risk Level</div> <div>Low</div>	reconciliation will be retained.					
5. Payroll Procedures <div>Risk Level</div> <div>Low</div>	Payroll procedures reviewed and updated to reflect current practices.	Payroll Officer	30/06/15		Future Dated	N/A
6. Electronic Timesheets and Leave Requests <div>Risk Level</div> <div>Low</div>	Consideration or research into the Authority capabilities to automate / streamline the timesheet and leave request process.	Manager Org Development	30/06/15		Future Dated	N/A

#### Dog and Cat Management Audit – April 2014

*Undertaken by Dog & Cat Management Board (External Body)*

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Non-compliance under s26 of the Act <div>Risk Level</div> <div>High</div>	1. Registrar of Dogs: Not been formally appointed. 2. Detention Facilities: Water supply is shared and considered a transfer of disease risk. 3. Registration Rebate: Multiple registration rebates not applied correctly.	Senior Compliance Officer	30/06/14 22/07/14 30/06/14		Completed	1. Certificate of Appointment sent to the Dog and Cat Management Board. 2. New individual troughs have been purchased and installed. 3. New approved fees for 2014/15 have been automated into the Authority system and applied from 1 July 2014.
2. Non-compliance under s34 of the Act <div>Risk Level</div>	1. Registrations: Applications to register individual dogs and Certificates of Registration are not compliant with the requirements of the Board. 2. Detention Facilities: Dogs to be checked	Senior Compliance Officer	30/06/14		Completed	1. Forms have been reviewed, forwarded to the Dog and Cat Management Board for endorsement and implemented in time for this dog renewal cycle.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
High	twice a day.					2. The Information Sheet 124 has been amended accordingly so that dogs are checked twice a day.
3. Other non-compliance Risk Level Moderate	1. Detention Facilities: Biocide to be used between use in the pens, on the beds and in the vehicles. 2. Safety: Non-slip, durable flooring is required in all vehicles.	Senior Compliance Officer	30/06/14		Completed	1. The Animal Enclosure Schedule for checking on dog(s) and cleaning of the Pound has been amended accordingly. 2. Flooring has been installed and all vehicles are now compliant.

#### Asset Management Maturity Audit – March 2014

*Undertaken by Jeff Rodda & Associates (External Consulting Firm)*

Please note: All road infrastructure will be addressed first. The aim is to complete all actions for the road in infrastructure category by 30 June 2015. Actions will then be removed from this list. Internal Audit will complete a follow up review of Asset Management in FY17 to ensure all asset categories have been completed in accordance with the agreed actions.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Strategic Longer Term Planning Risk Level Low	Ensure future plans indicate likely service level and risk trends resulting from adopted LTFP	DC&CS	30/09/15		Future Dated	Currently completed as best as possible, however with limited data. New AM system and the data available will improve LTFP.
	Consider including in the next update of the Strategic Plan commentary on the future outlook for infrastructure including any challenges/risks & ensure that Strategic Plan performance measures are aligned with the AMP service levels utilising state of the assets reporting.	Governance Officer	31/12/15		Future Dated	Strategic Plan will be updated after the Council elections and will consider wording in relation to the Asset Management.
2. Annual Budget Risk Level Low	Include commentary in the budget to provide a statement of whether the budget will achieve the Strategic Plan objectives and sustain current service levels	DC&CS	TBA			

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
	Develop ongoing councillor and community engagement strategy on affordable service levels based on current LTFP	DA&I	TBA			
	Ensure that the depreciation projections in the LTFP are related to forecast movements in the asset base. To do this a reconciliation of the movements in Property, Plant and Equipment values is needed within the forecast	DC&CS	TBA			
3. Annual Report <b>Risk Level</b> Low	Include "state of the assets" reporting in annual report (& AMPs) to show service level trends e.g. % or assets at Poor/Fair/Good condition, function and capacity. This will provide an annual snapshot of service level trends.	Business Improvement Officer	30/11/15		Future Dated	This will be included in the Annual Report for the FY15 financial period, once the Asset Management System (AMS) has been in production for a full year.
4. AM Policy <b>Risk Level</b> High	<p>Implement an Asset Management Policy. When policy has been developed, ensure it is communicated to all key stakeholders including a briefing to Council regarding their roles and responsibilities. The policy should include (but not limited to) the following:</p> <ul style="list-style-type: none"> <li>- Document methodology for determining asset lives, useful lives, conditions and financial reporting in an asset accounting policy as per Australian Infrastructure Management Guidelines</li> <li>- Develop business processes and documentation to ensure audit trail for financial transactions, asset register updates and annual reporting. This should be done as part of the CRV and new Asset Management System implementation process</li> <li>- Document an Asset Management Improvement Program. Annually review asset management maturity &amp; conduct annual review of policy implementation by the Asset Management Team and Audit Committee</li> <li>- Training requirements for staff</li> <li>- Responsibilities for staff (i.e. Finance and Asset Management staff)</li> </ul>	Asset Manager	30/06/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
	<ul style="list-style-type: none"> <li>- Reporting mechanisms and timeframes</li> <li>- Linkages to risk</li> <li>- Continuous improvement</li> </ul>					
5. AM Strategy <b>Risk Level</b> <b>Extreme</b>	Implement an Asset Management Strategy (using templates provided). Strategy must identify 'critical' assets and includes risk management strategies for these assets. Strategy should also include specific actions to improve asset management capabilities, projected resource requirements & timeframes.	Asset Manager	30/06/15		Future Dated	
6. AM Plans <b>Risk Level</b> <b>High</b>	Update the Asset Management Plans (Optimal Scenario) and what will be done with available funding (Balanced Scenario) & complete risk management plans for the Balanced Scenario.	Asset Manager	30/06/15		Future Dated	AM Plans will be automated as part of the AMS implementation
	Complete service levels for AMPs using state of the assets reporting (condition / function / capacity) as per example provided by the consultants & ensure that service level targets for the next 10 years for each AMP are achievable and it is clear what Council can and cannot do within the budget constraints of the LTFP.	Asset Manager	30/06/15		In Progress	AM Plans will be automated as part of the AMS implementation. The data collection and analysis process has commenced with road categories.
7. Governance and Management <b>Risk Level</b> <b>High</b>	Identify if the Asset Management Team will continue, if so adopt charter for the Asset Management Team. The focus of the group should be on the implementation of Asset Management Improvement Program and to report risk and service level trends	Asset Manager	31/12/14		Future Dated	Asset Manager to discuss the proposition (benefits and relevance) of continuing with the Asset Management Team with CMT.
	Ensure whole of life costing is used for all capital upgrade/expansion projects with a feedback loop into the LTFP.	Asset Manager	30/06/15		Future Dated	
	Set up a formal process for corporate risk reporting for any residual high risks from AMPs to CMT, Council and Audit committee	Risk Administrator	30/06/14		Completed	Organisational risk management is underway. Risk workshop has been undertaken with CMT and risks identified will be reported back through to Audit Committee and Council at least quarterly.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
8. Levels of Service <b>Risk Level</b> High	Develop additional AMP scenarios as required to align with the LTFP and show service outcomes and risk consequences of LTFP resourcing levels. Aim is to ensure the community service levels and targets in AMPs align with the SP and annual reporting	Asset Manager	30/06/15		Future Dated	
9. Data and Systems <b>Risk Level</b> High	Provide a data improvement program as part of the asset management improvement program based on benefit/cost/risk. This should be done in conjunction with the development of the Asset Accounting Policy and Implementation of both the Authority CRV module and new Asset Management System. This process should determine the level of data required to meet both financial and asset management requirements	Asset Manager	30/06/15		In Progress	Aligned to the implementation of the Conquest system. Road category completed
	Ensure that the current register is kept up to date and asset condition is monitored & annually updated with 'useful lives' and reported as part of the annual review of the works program. Includes annual update of unit rates (replacement and renewal cost rates) based on the completed works program	Asset Manager	30/06/15		In Progress	Aligned to the implementation of the Conquest system. Road category completed



## Attractive Assets Review – August 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Acquisition and disposal processes of attractive assets <b>Risk Level</b> High	A standard process for the acquisition and disposal of assets is developed and deployed internally with training for staff	Manager Financial Services	30/06/15		Future Dated	
	As a checking mechanism, the Accounts Payable Officer to check whether newly acquired assets have been captured within the correct registers at the time of paying the invoice	Manager Financial Services	30/06/15		Future Dated	
2. Recording of attractive assets <b>Risk Level</b> Moderate	Incorporate all registers into a centrally managed register with plans to move this into the new Asset Management Software (Conquest) in the future. Focus on just those asset classes that are not already (or soon to be) loaded into Conquest.	Manager Financial Services	30/06/15		Future Dated	
	All assets meeting the threshold requirements are also immediately transferred into the Attractive Asset register, thereby bringing this register up to date	Manager Financial Services	30/06/15		Future Dated	
	All artworks are immediately recorded into the F&F asset register and also transferred into the Attractive Asset Register if they meet the threshold requirements.	Manager Financial Services	31/12/14		Future Dated	
	Regular stocktakes of all categories of assets are planned and undertaken at least once every two years (some such as plant and machinery should be completed annually)	Manager Financial Services	31/12/15		Future Dated	
	Standard forms to assist the stocktakes are developed	Manager Financial Services	30/09/15		Future Dated	
3. Asset Management and Accounting Policy <b>Risk Level</b> Moderate	Council's current Asset Management and Accounting Policy is reviewed and updated taking into account the findings of this review	Manager Financial Services	30/06/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
4. Methodologies for tagging and monitoring the location of attractive assets	It is recommended that Council consider some marking or stamp to identify Council artworks	Executive Assistant Director Corporate & Community Services	30/06/15			
<div>Risk Level</div> <div>Moderate</div>	Council investigates purchasing equipment required to 'tag' assets (e.g. bar code creation and readers) and if deemed appropriate, plan for resources to undertake tagging of all assets throughout Council.	IT Manager	31/12/15			

## 2. Internal Controls Project (Various Workshop Dates Held in Early 2014)

Risk Ref	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
2.1.8	Investigate other resources in regards to existence of accounting policies, including other Councils and external audit.	Financial Accountant	31/08/13	31/03/15	In Progress	<p>The revised date for this action has been extended until March 2015, this to allow time for the Finance department to collate all procedures into one document (or folder) to create a whole of Accounting and Finance Manual (rather than just individually).</p> <p>Work has commenced on this manual for majority of finance processes have been completed, however the Accounts Receivable and Payroll areas still need significant work and then a final way to present and manual needs to be decided upon.</p> <p>The Financial Accountant will be responsible for:</p> <ul style="list-style-type: none"> <li>- Reviewing other Councils using the Authority application and their accounting and finance procedures</li> <li>- Collating the manual</li> </ul>
13.1.2	A summary report to be provided to Council for grant acquittal processes.	Corporate Services Officer	31/08/14	30/09/2014	Completed	Report presented to the September Council meeting.

### 3. External Audit Activities

#### March 2013 Half Year Management Letter

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Asset Management Plans	Council's Transport Asset Management Plan will be updated to reflect the results of the condition inspection and revaluation of assets. Once the Asset Management Plan has been updated, recommend Council updates the Long Term Financial Plan (LTFP) with updated capital works and depreciation forecasts.	Manager Assets	31/12/13	30/06/14	In progress	Please refer to Asset Management Maturity Audit actions listed above.
Asset Service Standards	Council should undertake a review and documentation of required service standards so that the Administration can plan for future capital works programs in the LTFP and annual budgets.	Manager Assets	30/06/14	30/06/14	In progress	Please refer to Asset Management Maturity Audit actions listed above.

## **BUSINESS IMPROVEMENT OFFICER**

### **4. REGIONAL PROCUREMENT ROADMAP PROGRAM** (File Ref:9.24.1.1)

#### **INTRODUCTION**

Council has an opportunity to participate in a LGA Procurement “Regional Roadmap Program”. The program spans 24 months and is aimed at assisting councils to improve procurement processes, ensuring that all legislative requirements are met and identifying long term, sustainable cost savings.

#### **RECOMMENDATION**

That the Audit Committee endorses Council’s participation in the Regional Roadmap Program.

#### **COMMENT**

The Program, supported by the LGA and led by consulting company ArcBlue, has been undertaken for over 160 Councils across Australia over the past four years. ArcBlue are a specialist procurement consultancy group operating across all aspects of procurement.

One regional council who are currently participating in the program have experienced reduced procurement expenditure as well as internal efficiency savings. This council reported that “the support that comes from ArcBlue has led to transformative change and a targeted program of improvement over the next 18 months”.

The Program deliverables are:

- A documented review of current council procurement capability, spend data, documentation and processes, benchmarked with good practice;
- A shared understanding of the nature of council’s current procurement expenditure and key issues and opportunities in areas including:
  - Probity and compliance;
  - Priority external cost savings and improvement opportunities;
  - Administrative cost savings, use of technology and internal processes; and
  - Strategies to achieve triple-bottom-line objectives through procurement.
- A clear and documented two year Procurement Improvement Roadmap, setting out agreed actions to improve organisational capability and performance over three time periods: 0-6 months, 6 – 12 months, and 12 – 24 months.

The Program outline is provided as Attachment A.

In terms of resource implications throughout the program, one council interviewed agreed there is some short term demand on resources to gather information, coordinate workshops and workshop attendance. After this initial stage, ongoing resource demand is limited to implementation of agreed actions and some follow up workshops.

## **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Strategic Plan

Key Theme: Corporate Governance and Leadership  
2. Organisational Efficiency and Resource Management

Strategic Goal: 2.1 Financially Sustainable Organisation  
2.2 Efficient, Effective and Professional Organisation  
2.3 Meet all legislative and compliance responsibilities

## **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

The program cost is \$12k (ex GST) and can be funded through the Audit Committee's approved budget. An annual budget of \$25k has been allocated to the Audit Committee to fund continuous improvement projects that reduce Council's risk exposure. Significant long term savings are expected to be realised from participation in this program.

## Regional Procurement Roadmap Program

### - Expression of Interest

The Regional Procurement Roadmap Program (Roadmap) is a practical, outcomes focussed initiative that has been specifically designed to assist individual Councils and regional Council groups in improving their procurement performance. The Program has been undertaken for over 160 Councils across Australia over the past four years, creating significant benefits for participants and their communities ranging from small regional to large metropolitan councils.

At a time when regional collaboration is becoming an increasing priority, and probity and cost savings continue to be vitally important to SA councils, this Program will provide a practical and cost-effective approach to exploring key opportunities to drive improved performance and sustained and effective collaboration in South Australia's Central Region.

The Program aims to support individual Councils and the region in achieving the following objectives:

1. **Make savings and create efficiencies:**
  - a. Externally – by sustainably reducing the cost of goods, services and infrastructure sourced through external suppliers; and
  - b. Internally – improving business processes and reducing time and costs associated with procurement and purchasing activity.
2. **Stimulate economic activity** in each local Council and across the Region through providing broader opportunities for local suppliers of the goods, services and infrastructure;
3. **Improve probity** and enhance procurement and purchasing processes and performance;
4. **Develop procurement and contract management skills** and capability across all areas of council, and build regional capability and expertise; and
5. Provide a structured model and Regional Roadmap to strengthen **on-going collaboration and regional cooperation**.

## Regional Procurement Roadmap Program



- 1. Regional Introductory Workshop** – Workshop involving representatives from each participating Council and the Region to identify key Program priorities, and outline the process, including data inputs and the key steps and timeframes.
- 2. Data Collection and Analysis** – A comprehensive data collection, stakeholder survey, and document capture and analysis process to identify strengths, gaps and opportunities.
- 3. Council Workshops & Roadmap Development** –
  - A full-day workshop for 12 to 20 council staff from across council to assess the analysis and develop key actions that reflect organisational priorities;
  - Development of overarching and detailed Roadmaps; and
  - A Senior Management Workshop to review findings and finalise the Roadmaps.
- 4. Regional Opportunity Analysis Workshop** – Key personnel from across the participating councils will review the provided data and analysis and develop a range of potential Procurement and Collaborative Projects at Regional and Sub-regional levels.
- 5. Regional Roadmap Development** – Development of a Regional ‘Roadmap’ including a 2-3 year Plan including collaborative projects and activities at a regional and sub-regional level.
- 6. Supported Delivery** – Regional Follow-up Workshops at 6, 12 and 24 months to review progress and support on-going Roadmap implementation.



***The program involves two key elements*** as follows:

### **1. PROCUREMENT ROADMAP PROGRAM**

The first Stage of the Regional Procurement Development Program is to undertake the Procurement Roadmap Program with each of the participating Councils.

The development of Procurement Roadmaps for each participating council will include:

- A comprehensive data, stakeholder survey, and document capture and analysis process to identify strengths, gaps and opportunities;
- Analysis of spend data, including:
  - What each Council procures;
  - Where the suppliers are located (local, regional, outside the region);
  - Size of the spend by category;
  - The contractual or other arrangements that support the procurement activity and/or cycle; and
  - The management processes and policy framework that supports the procurement activities.
- A full-day workshop for 12 to 15 council staff from across council to assess the analysis and develop key actions that reflect organisational priorities;
- Development of overarching and detailed Roadmaps; and
- A Senior Management Workshop to review findings and finalise the Roadmaps.
- A Regional Workshop involving all participating councils to develop a Regional Procurement Development Roadmap, including key opportunities and actions to work together to achieve shared regional outcomes.

### **2. REGIONAL PROCUREMENT SPEND AND OPPORTUNITY ANALYSIS**

The second Stage of the Procurement Development Program will involve a review and assessment of current and future expenditure patterns and contractual arrangements across all participating Councils.

The results of the Spend Report will be analysed to identify key regional savings opportunities. Characteristics to be considered for each category would include:

- Categories with common suppliers across Councils;
- Suppliers with inconsistent pricing and arrangements across Business Areas and Councils;

- Categories without a recent competitive exercise;
- Categories without contracts;
- Categories with multiple suppliers within the category;
- Categories where LGAP or other aggregated arrangements are in place that are not being accessed; and
- Categories that have delivered collaborative procurement savings in other regions/ jurisdictions.

An **Opportunity Analysis Workshop** with key personnel from across the participating councils will review the provided data and analysis and develop a range of potential Procurement Projects at Regional and Sub-regional levels.

**Procurement projects** may incorporate the following tactics:

- Aggregating expenditure across the Region into single contracts;
- Better access and use of LGAP or other aggregated arrangements;
- Developing regional/ local Panel/ annual supplier contracts;
- Addressing Demand Management opportunities;
- Standardising Specifications, documentation, processes and Contract terms;
- Improving transactional efficiency;
- Improving internal compliance to contracts and policies;
- Review of service levels; and
- Identification of shared service opportunities.

## OUTCOMES

Each participating Council:

- A documented review of current council procurement capability, documentation and processes, benchmarked with good practice;
- A full spend analysis and Expenditure 'Dashboards' mapped by supplier, category, sub-category, contract and location.
- A shared understanding of the nature of council's current procurement expenditure and key issues and opportunities in areas including:
  - Probity and compliance;
  - Priority external cost savings and improvement opportunities;
  - Administrative cost savings, use of technology and internal processes; and
  - Strategies to achieve triple-bottom-line objectives through procurement.
- A clear and documented 2-year Procurement Improvement Roadmap, setting out agreed actions to improve organisational capability and performance over three time periods: 0-6 months, 6 – 12 months, and 12 – 24 months.

Regional Procurement Roadmap Program – Expression of Interest Form

4

## The Region

- Cross Council Spend Report – 12 months to 2 years
  - Spend Analysis by Category, Location, Supplier and Contract
- Options and recommendations for a sustainable Regional Procurement Model including:
  - Structure, governance, roles and responsibilities, resourcing
- Identification of key collaborative opportunities for:
  - Savings and improved performance
  - Local/ Regional economic development and economic participation
- Regional Procurement Development Roadmap, including:
  - Recommended Procurement Projects
  - Recommended Regional Program activities
- On-going implementation support and guidance, including follow-up Workshops at 6, 12 and 24 months; and
- Engagement with the network of Procurement Roadmap Program participants across SA (30 Councils by June 2014) and nationally (160).

## LGAP 2014 – Regional Procurement Roadmap Program

### - Registration

Council Name: \_\_\_\_\_

Council Contact Name: \_\_\_\_\_

Contact Email: \_\_\_\_\_

Contact Phone Number: \_\_\_\_\_

**Resources:**

ArcBlue Consulting to deliver the Regional Procurement Roadmap Program

**Costs:**

**\$12,000** (ex GST, incl all expenses) for full participation including a comprehensive local and regional spend and opportunity analysis and the workshop-based development of individual and regional Procurement Roadmaps

**Less proposed subsidy**

Please email your Expression of Interest to Chris Newman, Director ArcBlue Consulting at [chris.newman@arcblue.com.au](mailto:chris.newman@arcblue.com.au) or for more information contact:

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### ABOUT ARCBLUE

**ArcBlue Consulting** are a specialist procurement consulting and training firm, part of a global network supporting the development of procurement performance across a wide range of public and private sector organisations.

Our consultants are highly experienced in working with Local Government, delivering Procurement Development Programs for over 160 Councils across Australia in recent years.

## **BUSINESS IMPROVEMENT OFFICER**

### **5. INTERNAL CONTROLS PROJECT**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

The Business Improvement Officer presents an update on the Internal Controls project.

#### **RECOMMENDATION**

That the report be received.

#### **COMMENT**

Section 125 of the *Local Government Act 1999* ("the Act") provides:

*"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

Section 129 (3) (b) of the Act requires the auditor to provide:

*"an audit opinion as to whether the controls audited under subsection (1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law."*

For the Yorke Peninsula Council (YPC), the requirement to have an auditor provide an opinion on internal financial controls is mandatory from the 2015-16 financial year audit.

YPC has developed an "Internal Control Project - Framework & Implementation Plan" to meet the requirements of the Act.

This report provides a status update on the Internal Controls project to date. Key points are, of the 31 processes required to be reviewed under the Act, as at 31 July 2014:

- All 31 processes have been addressed and completed.
- Deloitte engaged and have implemented the ControlTrack application.
- A pilot round of control assessments and reviews has been completed.

A total of 209 internal controls were established and uploaded into the ControlTrack system.

Twenty three staff within the Yorke Peninsula Council has responsibilities for assessing and/or reviewing the internal controls. All staff were provided training in the ControlTrack system throughout May 2014.

To help staff become familiar with both the system and their responsibilities, a pilot round of review and assessment was carried out in May – June 2014.

Of the 209 controls, 128 were assessed and 19 reviewed. Following this pilot round, several minor adjustments were made to the controls (i.e. change of ownership, minor re-wording etc.).

A database has been created (named 'CSA Change Register') to record and maintain a history of all changes made.

To further support the Internal Controls Project, a Business Rules document has been developed (refer Attachment A).

The first full round of interim assessments and reviews performed by staff has been scheduled for October/November 2014 with the results reported to the Audit Committee in December 2014.

#### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Local Government Act 1999 - Sections 125, 126, 129 & 130

Local Government (Accountability Framework) Amendment Act 2009 –Schedule 1 cl. 2.

Local Government (Financial Management) Regulations 2011 r14 (e)

Australian/New Zealand Standard AS/NZS ISO 31000:2009

Institute of Internal Audit Standards

#### **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

A sound control environment will assist in the management of Council's financial risks.



# ControlTrack

## Control Self Assessment (CSA)

## Business Rules

Version	Reviewer	Adoption Date	History
1	A Hammond	15/07/14	Adopted

**Deloitte.** Control Assessment and Management System

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## Introduction

Internal control is part of the Yorke Peninsula Council's (YPC's) strategic risk management framework. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and council policies/rulings are complied with and financial reporting is accurate and reliable.

The *Local Government Act 1999* ("the Act") and the *Local Government (Financial Management) Regulations 2011* ("the Regulations") specify roles for:

- Councils (implementing and maintaining); and
- Audit Committees (reviewing the adequacy); and
- External auditors (considering the adequacy); and the
- Chief executive officer and Principal Member (certifying the adequacy); of internal controls.

Section 125 of the Act provides:

*"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

Section 129 (3) (b) of the Act requires the auditor to provide:

*"an audit opinion as to whether the controls audited under subsection (1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law."*

For YPC, the requirement to have an auditor provide an opinion on internal financial controls is **mandatory from the 2015-16 financial year audit**.

The benefits for YPC are:-

- Creates a risk management culture
- Increases the Council's reputation
- Identifies areas for continuous improvement
- Protects staff!

## Background

YPC will maintain an internal control framework, for which internal controls associated with financial management will be identified, documented and managed.

To assist South Australian Councils, the Local Government Association worked with external consultants to develop the following:

- Best Practice Model – Financial Internal Control for South Australian Councils
- Complete database of internal financial controls
- Web-based system for managing the internal controls framework (ControlTrack).

These tools will be used to develop and maintain the YPC's internal control framework.

## Overview

- All controls have been developed by South Australian Local Government Financial Management Group Inc. (SALGFMG)
- Controls are categorised as either “core” or “additional”.
  - “Core” is the minimum standard that Councils must comply with as set by the SALGFMG.
  - “Additional” have been applied on a discretionary basis.
- It is now a legislative requirement that external auditors also audit these controls as part of the end of year activities (the initial audit opinion for YPC will be for the FY16, to be conducted in September 2016).
- The process has three stages:-
  - Control assessment (first staff member responsible for the control)
  - Process review (second staff member, usually team leaders or managers)
  - Business Improvement (where the control has been assessed as having some deficiencies (i.e. rated a 3 or less) an Action Plan will need to be developed prior to the next assessment phase). *Refer to “Business Rules” for further information.*
- All assessments that are rated a 3 or below will force the assessor to enter a comment to support their rating. These comments will be seen by the reviewer (second staff member).
- If the reviewer (second staff member) also rates the controls as a 3 or below, an Action Plan will need to be developed to improve the controls before the next review.
- This process will occur twice a year, generally around May and November.
- Strict timeframes must be adhered to for each of the 3 phases. Emails will be sent directly to staff alerting them when the system opens for the assessment and process review phases and also email reminders will be sent if there are any outstanding items.
- These strict timeframes are in place to allow for timely reporting to the external auditors.

For further information on how to use the ControlTrack system, refer to the **Assessor and Reviewer Manuals** within this document.

## Tips

Read the risk first to understand what the control is trying to mitigate against.

Then, read the control to understand exactly what it is that you are rating.

If in doubt, refer to this document, ControlTrack on-line help, ask your team leader/manager or ask Internal Audit (IA) staff (Amanda & Anne).



## **Business Rules**

To ensure that this control self-assessment process is appropriate for YPC, a number of business rules have been determined. These rules can be altered or added to at any time. However, if these rules are amended, a new copy with correct version control must be created.

### **Administrators**

Only IA staff will be set up as Administrators within the ControlTrack system. Upon changes to staff, the administrators will update user permissions accordingly.

If any urgent changes are required to the system, and the Administrators are unavailable, Council can contact:

Pascal Marrot-Castellat, Product Manager – ControlTrack  
Deloitte  
T: 02 6263 7070, M: 0401 786 031  
E: pmarrotcastellat@deloitte.com.au

### **Changes to Controls**

If any staff identify changes to the existing controls (e.g. more appropriate wording, deleting or adding new controls, reassigning control owners etc.), they must formally request the changes in writing (via email) and send to Anne Hammond ([anne.hammond@yorke.sa.gov.au](mailto:anne.hammond@yorke.sa.gov.au)).

All changes requested will be recorded into a central database. Refer [CSA Change Register.xlsx](#). The purpose of the database is to maintain an historical log of when and why changes were made.

IA will then determine if the change is approved. If there are any concerns, IA will discuss with the immediate Manager or Director responsible.

### **Emails**

Standard email notifications have been set up within the system. All emails have been set to go out one day before the phase start date.

All email subject headers will be consistent i.e.

- ControlTrack - Notification of Assessment Period Opening
- ControlTrack - Notification of Review Period Opening
- ControlTrack - Assessment Period CLOSE
- ControlTrack - Review Period CLOSE

For example, the body of the email will contain:-

The assessment period for ControlTrack opens on Monday and will close in 21 days.  
Please email Anne Hammond with any changes or additions to your allocated controls.  
Many thanks  
ControlTrack Admin

OR

The Assessment period for ControlTrack closes in 3 days.  
You currently have controls that have not been rated in the system.  
Please ensure that you login and complete your assessment by Friday.  
Regards  
ControlTrack Admin

Toward the close of each phase, IA will review the system to determine how many controls remain unrated. IA will then manually follow up with staff and escalates when required.

## Internal Audit Plans

As part of the Internal Audit Plan each year, time will be allocated to the independent review of a sample of control self-assessments.

The results of control self-assessments will also be considered in the internal audit planning process.

## New Users

If new staff commencing with Council are likely to be responsible for assessing or reviewing controls, it is each Manager's responsibility to inform IA when they commence with Council.

The responsible Manager must email IA with the new starter's name (first and last), their commencement date and whose position they are taking over.

IA will conduct training of the ControlTrack system and the control self-assessment process.

IA will set up users within the system. User name = first name.last name (e.g. anne.hammond). Users are required to generate a password using the 'Forgot My Password' process.

Through the tick boxes, select the most appropriate permission level. Generally this is just an assessor, just a reviewer or both assessor and reviewer.

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### Add User

Yorke Peninsula Council > Users > New user

Username   
Firstname   
Lastname   
Email   
Password   
Status ☒ Active  
This overrides the per-organisation active permission.  
Permissions *For Yorke Peninsula Council*  
To inactivate a user from an org unit, simply 'uncheck' the active check box and maintain at least one other permission. To remove the user completely from the org unit, 'uncheck' all permissions.  
☒ Active  
☐ Organisation admin  
☐ Report viewer  
☐ Assessor  
☐ Reviewer

Save and Close
Close Without Saving

## Phases and Timings

The ControlTrack system will be opened up twice a year for both the 'Control Assessment' and 'Process Review' phases.

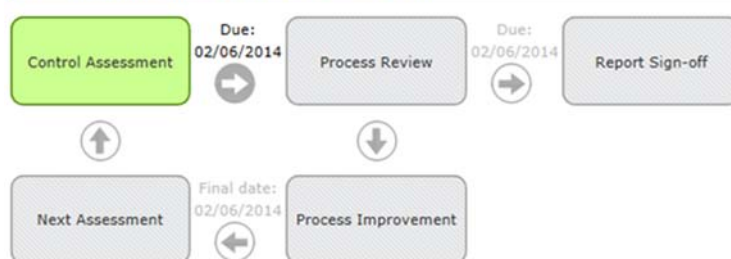
### November – known as the 'interim' assessment.

- The Control Assessment phase will be opened on the 1<sup>st</sup> Monday of November each year and kept open for 21 days.
- The Process Review phase will open up on the day following the close of the above Assessment phase.
- The Process Improvement phase will be kept open for 5 months (when the next cycle commences).

### May – known as the 'full' assessment

- The Control Assessment phase will be opened on the 1<sup>st</sup> Monday of May each year and kept open for 21 days.
- The Process Review phase will open up on the day following the close of the above Assessment phase.
- The Process Improvement phase will be kept open for 5 months (when the next cycle commences).

Assessment Timeline - 2014 Pilot Assessment



## Process Improvement / Action Plans

Whilst the control self-assessment process for YPC is still in early development, it has been agreed that Internal Audit will manually control the "Process Improvement" phase.

Generally, if a control is assessed as having some deficiencies (i.e. rated a 3 or less) the systems requires that an Action Plan is developed prior to the next assessment phase.

Individual staff will develop these Action Plans and IA will undertake a review to ensure that Actions Plans are appropriate and address the issue.

CMT will also undertake a review of the Actions Plans. If further action is not approved by the CMT, IA will close off the requirement of developing an Action Plan by adding "CMT decision – NFA to be taken" in the comments section.

## Reassigning Controls

There are two reasons why controls would be reassigned – control incorrectly assigned or staff movements (e.g. holidays, resignations etc.).

If a control has been incorrectly assigned, the Administrator (IA Staff) need to manually reassign and record in the central database. Refer [CSA Change Register.xlsx](#).

## Anne Hammond - Dashboard

### Welcome

The Deloitte ControlTrack® system has been developed to assist organisations in complying with the requirements of relevant policies, procedures, systems, internal controls, risk management, financial and management reporting.

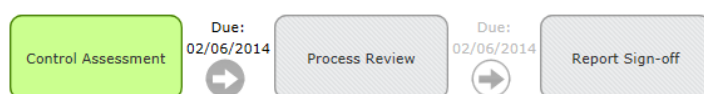
It has been designed as a support tool for internal audit functions, to streamline the process of communication within the organisation and assist in the reporting required by Audit Committees.

### Assessment Summary - 2014 Pilot Assessment

This is a summary of the activity in the current assessment. See [full report](#).

Organisation Unit	Assessment		Review		Action Plans		
	Unrated	Assessed	Unrated	Reviewed	Not Started	In Progress	Complete
Yorke Peninsula Council	96	112	207	1	0	0	0

### Assessment Timeline - 2014 Pilot Assessment



### Your Reports

These are the available reports for the current assessment period. You can also view [Past assessments](#).

Report	Status
<a href="#">2014 Pilot Assessment - Overall</a>	Incomplete
<a href="#">2014 Pilot Assessment - Controls Report</a>	Available
<a href="#">2014 Pilot Assessment - Action Plans Status</a>	N/A

### Your Admin

You can administer the following items.

Item
<a href="#">Organisations</a>
<a href="#">Control Libraries</a>
<a href="#">FAQs</a>
<a href="#">Users</a>
<a href="#">Assessments</a>
<a href="#">Email</a>

Then, select the current assessment period (or multiple assessments, depending on how far into the future that the assessments have been set up for), then click on “control assignments”. Select the correct control category, then locate the exact control to be reassigned. See below.

[Organisations](#) > [Yorke Peninsula Council Assessments](#) > [2014 Pilot Assessment](#) > [Strategic Financial Planning](#) > [Budgets](#)

[Save](#) [Save and Close](#)

### Strategic Financial Planning

Budgets	Code	Assessor	Reviewer	Weight
... Process to establish the annual budget and ensure that it is consistent with the Annual Business Plan and Strategic Management plans. <b>BPM Control Type: Core</b>	STR-BUD-0001	David Harding	Amanda Parkes	5
... On-going review by management of actual performance against budget and ensure consistency of budget in relation to initiatives/objectives of Annual Business Plan and Strategic Management Plans. <b>BPM Control Type: Core</b>	STR-BUD-0002	Karen Schulz	David Harding	5
... Establishment of clear links and relationship between budgets and Strategic Management Plans. <b>BPM Control Type: Core</b>	STR-BUD-0003	David Harding	Andrew Cameron	5

If staff are away for just 1 phase, go to the ‘user’ area on the dashboard, select appropriate drop down choice, all controls (tick box) and then reassign to appropriate staff.

## Anne Hammond - Dashboard

### Welcome

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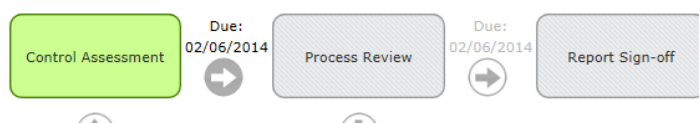
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Yorke Peninsula Council	96	112	207	1	0	0	0

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<a href="#">2014 Pilot Assessment - Controls Report</a>	Available
<a href="#">2014 Pilot Assessment - Action Plans Status</a>	N/A

### Your Admin

You can administer the following items.

Item
<a href="#">Organisations</a>
<a href="#">Control Libraries</a>
<a href="#">FAQs</a>
<a href="#">Users</a>
<a href="#">Assessments</a>
<a href="#">Email</a>

DASHBOARD	REPORTS	ADMIN
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## Yorke Peninsula Council Users

<a href="#">Organisations</a> > Yorke Peninsula Council Users				
<a href="#">Add new user</a>	<a href="#">Add Existing User</a>	<input type="checkbox"/> Show all Inactive Users		
Users	Controls for Assessment *		Controls for Review *	
<a href="#">Amanda Parkes</a>	4	<a href="#">Reassign</a>	1	<a href="#">Reassign</a>
<a href="#">Andrew Cameron</a>	-		20	<a href="#">Reassign</a>
<a href="#">Anne Hammond</a>	-		-	
<a href="#">Anne-Marie Scaife</a>	15	<a href="#">Reassign</a>	-	
		Permissions		
		Reports, Group Admin, Org Admin		
		Group Admin, Reports, Org Admin		

If reassigning is due to staff movements, resignations etc, need to repeat steps for every assessment/review period set up (e.g. November and May).

If staff are leaving Council, after the controls have been reassigned make the user inactive.

If staffs are away for an assessment phase, it is a Manager's responsibility to notify IA as soon as possible as to which staff member to reassign controls to.

If controls have been reassigned to a staff member acting in 'higher duties' and they have not physically witnessed the control in place (e.g. EOY activities/controls), they must not attempt to rate or assess the control. It must be left blank.

## Reporting Processes

After each complete phase (i.e. both Assessment and Process Review), IA will prepare a report outlining the results for CMT (in the first instance) and then Audit Committee (i.e. first Audit Committee of calendar year & then July/Aug).

## Roll-Over

Using the tick boxes within the system, select Control Assignments, Assessor and Reviewer Comments and Assessment Cycle Reminder Emails to copy over to the new assessment phase. Save then close.



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## Edit Assessment

Organisation [Yorke Peninsula Council](#)  
Description   
Assessment Start Date   
Review Start Date   
Process Improvement Start Date   
Action Plans Final Due Date

Rollover prior assessment details

Source assessment

Copy
☐ Control assignments  
☐ Risk assignments  
☐ Incomplete action plans  
☐ Assessor and reviewer comments  
☐ Assessment cycle reminder emails

Save and Close
Close Without Saving

## Staff (resignations, internal movements, holidays etc)

Refer to section under the heading 'Reassigning Controls'.

## Weightings

Weightings have been applied to all controls within the system.

As a general guide, 'core' controls are weighted a 4 or 5 (where there is a greater risk to YPC) and 'additional' controls are weighted a 3 or below (again, based on level of potential risk).

These weights may change over time, however, all changes should be recorded into a central database to ensure reasons when and why controls are adequately captured. Refer [CSA Change Register.xlsx](#).



## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **6. FINANCIAL POLICIES** (File Ref: 9.14.1.6)

#### **INTRODUCTION**

At the May Audit Committee meeting, it was requested that a schedule of financial related policies be provided to the Audit Committee for information.

#### **RECOMMENDATION**

That the report be received.

#### **COMMENT**

In the table below, Management have provide a list of Council's financial policies (including the last review and proposed review dates). Majority of the financial related policies are owned by the Director Corporate & Community Services.

<b>Policy No.</b>	<b>Policy Title</b>	<b>Policy Owner</b>	<b>Last Review Date</b>	<b>Next Review Date</b>
008	Bad Debts - Delegation of Authority	Director Corporate & Community Services	13-Mar-13	13-Mar-18
048	Management and Recovery of Outstanding Debts	Director Corporate & Community Services	8-May-13	April 2018
060	Rates Relief	Director Corporate & Community Services	14-Aug-13	<b>September 2014 – underway. To be completed Oct 2014.</b>
072	Sale and Disposal of Land and Other Assets	Finance & Corporate Services (in previous format)	14-Sep-10	<b>Overdue - Under Review</b>
084	Credit Card	Director Corporate & Community Services	13-Mar-13	March 2018
089	Elected Members Facilities, Services and Expenses	Director Corporate & Community Services	8-May-13	May 2015
094	Annual Allocations to Progress Associations	Chief Executive Officer	14-Mar-12	<b>Overdue – Under Review</b>
095	Cheque Signatories	Director Corporate & Community Services	22-Jan-14	January 2017

<b>Policy No.</b>	<b>Policy Title</b>	<b>Policy Owner</b>	<b>Last Review Date</b>	<b>Next Review Date</b>
116	Reserve Funds - Definitions of Objective and Use	Director Corporate & Community Services	8-May-13	April 2018
122	Loans to Community Groups	Director Corporate & Community Services	11-Sep-13	September 2018
128	Asset Management and Accounting	Finance & Corporate Services (in previous format)	10-Aug-10	<b>Overdue – Under Review</b>
139	Treasury Management	Director Corporate & Community Services	12-Mar-14	March 2017
142	Budget Reporting and Amendment	Director Corporate & Community Services	10-Jul-13	July 2018
149	Community Grants	Director Corporate & Community Services	14-May-14	May 2016

As highlighted, there are four policies for which reviews are currently overdue.

These reviews are underway however completion is dependent on factors outlined below:

- the policy relating to Sale and Disposal of Land & Other Assets will involve a likely change to the methods of disposal to allow Council to take advantage of electronic media etc to attain the best results for sale of assets such as motor vehicles and plant. It is envisaged a draft review will be presented for comment once the new Council has been elected.
- the Asset Management and Accounting Policy will be held over until the implementation and establishment of the new Conquest asset management system. The process for condition rating, valuation and asset management plans of all asset categories needs to be reviewed and agreed prior to this review. All pre-requisite tasks are being completed as part of the current asset management project.
- a review of strategy in relation to Progress Association allocations is to be undertaken and presented to the “new” Council by February 2015. This review is in response to requests from Progress Associations claiming that the current “one policy fits all” approach disadvantages the smaller Progress Associations and that potentially a sliding scale for allocations could assist in this area. Once a strategy has been established and endorsed by Council, the policy will be updated accordingly.
- The Rates Relief Policy is currently being reviewed and will be presented to Council next month.

The policies will be addressed by the Finance team and will be presented to the Audit Committee for endorsement, hopefully ahead of endorsement by Council.

The list of Finance policies will be made available to the Audit Committee as a regular report to each meeting.

## **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

## **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Up to date policies are crucial in demonstrating Council's commitment to meeting its legislative obligations, across all sections of the Local Government Act 1999.

## **GOVERNANCE OFFICER**

### **7. PROCUREMENT POLICY**

(File Ref:9.24.1.1)

#### **INTRODUCTION**

A draft Procurement Policy has been prepared (copy attached). Officers are seeking feedback and comments from the Audit Committee prior to further staff consultation and ultimately a recommendation to Council for formal adoption.

#### **RECOMMENDATION**

That the Audit Committee consider the draft Procurement Policy and provide feedback and comments, prior to further staff consultation.

#### **COMMENT**

The Corporate Management Team selected representatives from key business units within the organisation (Risk Management, Internal Audit, Governance and Assets and Infrastructure) to form a Process Improvement Team for the purpose of undertaking a detailed review and analysis of existing procurement practices.

Council's Purchase of Goods and Services Policy PO058 and Tender and Quotation Policy PO080 have recently been reviewed in consideration of the latest template provided by the Local Government Association and both internal and external audit recommendations.

As a result of the review, the two policies have been combined to provide for a single, more concise procurement policy.

The draft Procurement Policy has been prepared on the basis of meeting legislative obligations, achieving outcomes which are accountable, transparent, timely and ultimately provide maximum benefit for the community. Selected, key staff were consulted during the process of developing of the draft policy.

Officers are now seeking feedback from the Audit Committee Members before taking the final draft back to staff for consultation. Following that process Officers will prepare a final report to the Audit Committee for endorsement and recommendation to Council.

#### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Competition and Consumer Act 2010

Competition Policy Reform (South Australia) Act 1996

Criminal Law Consolidation Act, 1935

Environmental Protection Act 1993

Fair Trading Act 1987

Freedom of Information Act 1991

ICAC Act 2012

Local Government Act 1999

Local Government Elections Act 1999

Trade Practice Act 1974

Work Health and Safety Act 2012  
Code of Conduct for Council Members  
Code of Conduct for Council Employees  
Local Government Association (LGA) Guide Procurement Policy  
LGA Procurement Handbook  
National Competition Policy (Commonwealth)  
Strategic Plan  
Key Theme: Corporate Governance and Leadership  
2. Organisational Efficiency and Resource Management  
Strategic Goal: 2.4 Effective Risk Management

PO001 WHS&IM Policy  
PO006 - Contractor Management Policy V1.1  
PO007 - Consultation and Communication Policy  
PO015 Code of Practice for Access to Council and Committee Meetings and Documents  
PO057 Public Consultation Policy  
PO063 Records Management Policy  
PO072 Sale and Disposal of Land & Other Assets Policy  
PO084 Credit Card Policy  
PO089 Elected Member Facilities, Services and Expenses Policy  
PO091 Risk Management Policy  
PO138 Caretaker Policy  
PO139 Treasury Management Policy  
PO142 Budget Reporting & Amendment Policy  
PO146 Disciplinary and Performance Management Policy  
PO147 Complaints Policy  
PO148 Fraud and Corruption Prevention Policy  
PO150 Gifts and Benefits Policy  
R007 Delegations Register  
R011 Fees and Charges Register  
PFC014 Process for Managing Complaints and Breaches under the Employee Code of Conduct  
PFC123 Process for Managing Complaints and Breaches under the Code of Conduct for Elected Members

## **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Procurement processes are conducted in an increasingly demanding commercial environment that can expose Council Officers and Councils to high levels of risk including failure to achieve appropriate service levels and serious penalties for both individuals and the organisation. It is essential that Council's procurement practices maximize the value for every public dollar spent in terms of price, quality and service and that all procurement activities are conducted in a way, which is robust and transparent. It is essential to ensure that legislation, procedures and protocols are followed in all procurement processes.



# COUNCIL POLICY

## Procurement Policy

<b>Policy Number:</b>	PO058		
<b>Strategic Plan Objective</b>	Effective Risk Management		
<b>Policy Owner:</b>	Chief Executive Officer	<b>File Number:</b>	
<b>Responsible Officer:</b>	Governance Officer	<b>Minute Reference:</b>	
<b>Date Adopted:</b>		<b>Next Review Date:</b>	

### 1. POLICY OBJECTIVES

Yorke Peninsula Council (YPC) is fully committed to the principles of:

- Value for money
- Ethical and fair treatment of all involved
- Probity, accountability and transparency in all operations
- Competitive tendering and other measures to ensure that services are delivered cost-effectively
- Using local goods and services wherever possible

This policy aims to:

- Define how Council can acquire goods and services
- Demonstrate accountability and responsibility to ratepayers
- Ensure that all processes are monitored and recorded
- Ensure that the best possible procurement outcome is achieved for the Council through:
  - (1) Fair, competitive, non-discriminatory procurement
  - (2) The efficient, effective and ethical use of resources
  - (3) Decisions that are made with probity, accountability and transparency
  - (4) Working within Council's strategic management plans
  - (5) Providing reasonable opportunity for competitive local businesses to supply to Council
  - (6) Appropriate risk management
  - (7) Legislative compliance

### 2. SCOPE

This policy applies to:

- (1) All YPC procurement activities relating to goods and/or services, including tendering and contracting, irrespective of the value or complexity
- (2) All persons authorised, through appropriate delegation, to acquire goods and/or services for/on behalf of YPC.

### 3. DEFINITIONS

Definitions are provided in Attachment 1.

#### **4. POLICY STATEMENT**

##### **4.1 Procurement Principles**

Council apply the following principles in acquiring goods and/or services:

- Encouraging open and effective competition
- Value for Money

Value for Money is not restricted to price alone and must include consideration of:

- (1) How the goods/services meet the requirements of Council's strategic plans/direction
  - (2) Any relevant direct/indirect benefits to Council, both physical and non-physical
  - (3) Efficiency and effectiveness of the proposed procurement activity
  - (4) The performance history and quality, scope of services and support capabilities of each prospective supplier
  - (5) Suitability of the proposed goods/services for the intended purpose
  - (6) Whole of life costs
  - (7) Internal administration costs
  - (8) Technical compliance issues
  - (9) Risk exposure
  - (10) The value/impact of any associated environmental benefits/disadvantages
- Ethical, impartial, fair, independent and open behaviour that demonstrates probity, integrity and fair dealing in all discussions and negotiations

All potential suppliers will have the same opportunities to compete for Council's business and will be treated equitably based on their legal, commercial, technical, physical and financial abilities.

- Accountability and Transparency
- Legislative compliance
- Encouraging competitive local business and industry development. When evaluating suppliers, the following will be considered:
  - (1) Opportunities to encourage local employment
  - (2) Increased availability of local servicing support
  - (3) How convenient communications with the supplier will be for contract management
  - (4) Local economic growth
  - (5) Additional benefits to Council resulting from local business
  - (6) The short and long term impact of the procurement on local business
- Environmental protection  
Council will ensure:
  - (1) Natural resources are conserved
  - (2) Environmentally sustainable practices
  - (3) Recycled and environmentally friendly products are purchased wherever possible
  - (4) Minimise waste and energy use



- (5) Promote the development of products and services that have a low environmental impact
- (6) Lead and encourage, industry and the community in using environmentally sensitive goods and services

#### 4.2 Purchasing Methods and Limits

The way goods and services are purchased will also be determined in consideration of:

- Purchase value
- Potential benefits of a particular approach
- Specific circumstances and/or objectives
- Size of the market
- Availability of local suppliers
- Number of competent suppliers
- Previous experience with suppliers
- Council's leverage in the market
- Organisational capacity/capability
- Time constraints
- Associated risks

#### **Purchasing limits** (limits exclude GST)

Only persons with appropriate financial delegation can purchase goods and/or services for/on behalf of Council.

<b>Purchase Method</b>	<b>Specific Requirements</b>	<b>Purchase Value</b>	<b>Authority to Approve Exceptions</b>
Direct purchase	Purchase from a single supplier.	Up to \$5,000*	N/A
Quotations	A minimum of two written quotes must be obtained.	\$5,001 to \$20,000*	Director**
Quotations	A minimum of three written quotes must be obtained.	\$20,001 to \$50,000*	Chief Executive Officer (CEO)***
Selective Tendering	A minimum of three independent suppliers are invited to tender. Approved suppliers should be given equal opportunity to provide quotes.	\$50,001 to \$100,000*	Chief Executive Officer (CEO)***
Open Tendering	An open invitation is issued inviting suppliers to submit a tender.	Greater than \$100,001*	Council resolution required

\*Purchasing must be within the approved budget, where funds have already been allocated. Any request to purchase outside of the approved budget must be made in accordance with Council's Budget Reporting & Amendment Policy.

**\*\*SF\*\*** Purchasing Exceptions Authority Form must be completed by the relevant supervisor/manager and approved by a director.

**\*\*\*SF\*\*\*** Purchasing Exceptions Authority Form must be completed by the relevant director and approved by the CEO.

Where more than one purchase is to be made from a single supplier, the purchase value is calculated on the total of annual value of the purchases and not individual purchases. Purchases must not be split to bring the value of the purchase within a lower purchase value for any purpose. For example, spending \$4,000 per month with the same supplier means a total of \$48,000 per annum is spent with this single supplier and a minimum of three quotes is required along with a contract.

All requests for exception approval must be recorded into the RO\*\*\* Purchasing Exceptions Approval Register, regardless of whether or not the exception is approved.

The Director, Corporate and Community Services is responsible for the RO\*\*\* Purchasing Exceptions Approval Register and will provide a quarterly report to the Corporate Management Team.

### **Purchase Orders**

Official Council purchase orders, generated by Council's On Line Requisitioning (OLR) system, must be used for all goods and services purchased and must be issued prior to an invoice being received, unless otherwise approved by a director, with the exception of:

- Purchases made using corporate credit cards, fuel cards and petty cash. Receipts must be obtained and submitted to Council's Financial Accountant in accordance with the relevant process for each type of purchase.
- Reimbursement of approved, work related general expenses incurred by individuals i.e. parking costs, meals, taxi fares, Elected Member travel expenses etc.
- Vehicle registrations
- Bank service fees
- Statutory Government charges
- Postal service fees
- Utilities charges e.g. SA Water, telephone service suppliers, electricity supplier charges
- Taxes
- Legal advice under retainer arrangements
- Salary/wages expenses

### **Standing Purchase Orders**

A single purchase order can be raised, generally at the start of each financial year, to purchase goods from Approved Suppliers under a contract for supply, for example hardware and office supplies. For each purchase the person making the purchase must complete and submit a **SF\*\*\* Contract for Supply** to the supplier at the time of taking possession of the goods. Contracts for supply that involve standing purchase orders must be approved by the CEO. All purchases made under this standing order must be made strictly in accordance with the terms expressed in the Contract for Supply. Any purchase outside these terms must be approved individually in accordance with this policy.

A single purchase order can be raised for services provided under a signed contract that is not limited to a single task, for example under a contract for road sealing individual purchase orders can be issued for each seal undertaken based on the agreed terms.

#### 4.3 Expressions of Interest

Suppliers may be invited to **register** an interest for the supply of goods and services in order to be short listed for a selective tender process.

#### 4.4 Tender Evaluation Panel

All tender submissions (selective and open) will be evaluated by the Tender Evaluation Panel utilising the YPC **Tender Matrix SF\*\*\***.

The Tender Evaluation Panel is the relevant Director and Manager, a Worker, as determined by the Director, Contract Owner (if the contract owner is not the Director or Manager) Governance Officer (or in the absence of the Governance Officer, a member of the Executive Services Business Unit as determined by the CEO), the Manager Financial Services or the Director Corporate and Community Services and any additional workers/relevant stakeholders or experts, to a maximum of six, as deemed necessary by the CEO.

The Tender Evaluation Panel will submit the completed YPC Tender Matrix to the CEO for consideration of the recommended supplier. In the case that two suppliers are equally evaluated as the leading suppliers by the Tender Evaluation Panel, the YPC Tender Matrix will be submitted to the CEO showing this.

The CEO will select a supplier to be recommended to Council for selection, which may or may not be the supplier(s) recommended by the Tender Evaluation Panel.

The relevant department director will submit a confidential report to Council recommending the supplier, as determined by the CEO, for selection and include the YPC Tender Matrix along with any other relevant information/justification in support of the decision.

#### **Open Tendering**

The Tender Evaluation Panel for the Open Tender Process consists of two Elected Members (as determined by Council resolution at any point in time), the relevant Director and Manager, a Worker, as determined by the Director, Contract Owner (if the contract owner is not the Director or Manager) Governance Officer (or in the absence of the Governance Officer, a member of the Executive Services Business Unit as determined by the CEO), the Manager Financial Services or the Director Corporate and Community Services and any additional workers/relevant stakeholders or experts, to a maximum of eight, as deemed necessary by the CEO..

#### 4.5 Late Tenders

Late tenders will generally not be accepted.

All late tenders must be referred to the CEO for a discretionary decision as to whether or not to accept the tender.

#### 4.6 Approved Suppliers

Council will select suppliers from its Approved Suppliers Register, except for a single, direct purchase of goods up to \$5,000. Suppliers are subject to prequalification in order to become an “Approved Supplier” and must be able to meet the associated obligations including:

- Legislative requirements
- WHS requirements
- WorkCover registration requirements
- Public liability Insurance requirements

- Other insurance requirements (i.e. Professional indemnity, contract works, document insurance)
  - Risk management requirements
  - Participating in Council induction
  - Providing appropriate qualification and licence requirements
- before a contract can be entered into or any supply/work commences.

#### 4.7 Contracts/Agreements

Council purchases goods and services using various types of contracts/agreements recommended by the Local Government Association (LGA).

Appropriate contracts/agreements must be put in place with all suppliers as detailed in the table below, utilising standard Council templates, prior to supply/work commencing. These contract/agreements set out exactly what Council and the supplier expect from each other and:

- Formalise obligations and rights
- Control and allocate risk
- Secure the supply of goods and services
- Specify how exceptions will be handled

Details of all signed contracts are recorded into **Council's Contract Register** and then sent to Records Management to be stored.

Purchase Method	Specific Requirements	Goods	Contract Agreement Type	Authority to Approve Exceptions
Direct purchase	Purchase from a single supplier up to \$5,000	Purchase order	Purchase order Approved supplier Contract for service	CEO
Direct purchase	Purchase from a single supplier greater than \$5,000	Purchase order & Approved supplier Contract for supply	Purchase order & Approved supplier Contract for service	CEO

#### 4.8 Strategic Alliance Suppliers

Council may also select suppliers through contract arrangements put in place by collective Local Government groups including:

- LGA
- Local Government Corporate Services
- Yorke Regional Alliance
- Central Local Government Region

#### 4.9 WHS Contracting Principles (WHS)

YPC is committed to ensuring, so far as is reasonably practicable, that workers are provided with safe workplace environments, systems of work, plant and substances through a systematic approach to planning and implementation of WHS. Supplier WHS requirements are set out in Council tender and contract documents/agreements.

Council's WHS and Injury Management Policy and supporting procedures and processes specifically address these requirements.

YPC is committed to a contractor management system that ensures both contractors and Council have a clear understanding and commitment to their WHS roles and responsibilities.

Only contractors who can demonstrate appropriate WHS Management Systems and a capability to put these systems in place prior to commencing work will be utilised. Council's WHS Contractor Management Policy and supporting procedures and processes specifically address these requirements.

#### 4.10 Contracting for Services

Council will provide services to the community in the most effective manner possible, utilising an appropriate mixture of contractors and Council employees based on capability, the need for specialist short term skills and equipment against the need to maintain a strong skill base of Council employees in each circumstance.

#### 4.11 Risk Management

Risk management is integral in ensuring value for money and that procurement activities do not expose Council to increased/unnecessary risk.

Council's Risk Management Policy and supporting procedures and processes specifically address these requirements.

#### 4.12 Exemptions

##### **Emergency Purchases**

In emergency situations variations to this policy may be approved by the CEO (or delegate). Purchases must be within the purchaser's financial delegation and be limited only to what is required to alleviate the emergency situation.

A written report providing details of the purchase, including purpose and rationale, must be prepared by the purchaser and provided to the CEO within fourteen days of the purchase occurring. The CEO will prepare a report to Council as deemed necessary.

##### **Funding Agreements**

In the case that a funding agreement specifies that Council must follow a prescribed tendering process which differs from the requirements under this policy the CEO may determine that the project funded under that agreement is exempt.

The CEO will prepare a report to Council as deemed necessary.

#### 4.13 Delegations

Council is able to delegate some of its purchasing powers and functions under the Local Government Act and accordingly, delegation has been made to the CEO. The CEO has then sub-delegated some of those powers and functions to certain Council employees so that they can purchase goods/services, subject to pre-determined conditions/limitations, as part of their duties.

Only employees with the appropriate delegated authority can authorise payments and sign contracts.

Purchasing can only be made within the delegated authority. Details of the delegated powers and functions are available within [Council's Delegations Register](#) and **ISO\*\*\*\***.

#### 4.14 Records

Records relating to procurement are maintained in accordance with Council's Records Management Policy PO063 including:

- Contract documents
- Correspondence between the supplier and Council.
- Details of variation
- Evidence of appropriate insurances
- Invitations to tender
- Letters to un/successful suppliers
- Purchase orders
- Risk assessments
- Tender award documents
- Tender documents
- Tender evaluation
- WHS documents
- Written quotations

#### 4.15 Confidentiality

Council will discuss and consider tenders for supply in confidence to ensure that the commercial position of the suppliers is not prejudiced and that no other party can gain a commercial benefit by knowing the information.

Once the tender has been awarded the identity of a successful tenderer, the reasons why the successful tenderer was selected and the amount payable are no longer confidential and must be made publicly available.

Information provided between a supplier and Council will be treated as confidential to the extent provided by Law.

#### 4.16 Public Consultation

Where procurement activities will significantly affect members of the public or their properties, Council will ensure that adequate information and the opportunity to contribute to the decision making process is made available to them in accordance with its Public Consultation Policy.

#### 4.17 Conflict of Interest

Where a procurement activity potentially creates a conflict of interest or a perceived conflict of interest, the relevant interest must be disclosed and managed in accordance with the Mandatory Code of Conduct for Council Employees before proceeding.

### 5. **RESPONSIBILITIES**

#### 5.1 Corporate Management Team (CMT)

CMT are responsible for:

- Meeting legislative duties for procurement
- Ensuring expenditure is within the approved budget
- Setting and monitoring objectives, targets and performance indicators for procurement

- Ensuring that Managers/Supervisors are provided with adequate training to enable them to comply with legislative requirements and this policy
- Ensuring that workers have been provided with adequate information, training, instruction and supervision to enable them to comply with legislative requirements and this policy
- Ensuring all persons with financial delegation are competent persons
- Monitoring and reviewing the effectiveness of this policy
- Consulting with workers
- Directing/enforcing action as required

## 5.2 Managers and Supervisors

Managers and Supervisors are responsible for:

- Meeting legislative duties for procurement
- Ensuring expenditure is within the approved budget
- Ensuring that expenditure is within delegated limits or otherwise approved by a person with appropriate delegation
- Ensuring that only Approved and Competent Suppliers are utilised
- Ensuring appropriate, Council approved contracts/agreements are in place with all suppliers
- Supervising, monitoring and reviewing procurement activities undertaken by persons for whom they are responsible
- Ensuring appropriate records are made and retained
- Highlighting any matters of concern to the CMT
- Providing relevant reports and information to the CMT as required
- Ensuring that workers have been provided with adequate information, training, instruction and supervision to enable them to comply with legislative requirements and this policy
- Ensuring all persons with financial delegation are competent
- Consulting with workers
- Directing/enforcing action as required

## 5.3 All persons with financial delegation

All persons with financial delegation are responsible for:

- Legislative compliance
- Complying with the requirements of this policy
- Ensuring expenditure is within the approved budget
- Ensuring that expenditure is within delegation limits or otherwise approved by a person with appropriate delegation
- Using only Approved and Competent Suppliers
- Ensuring appropriate Council approved contracts/agreements are utilised
- Participating in consultation processes relating to this policy and providing comment/feedback when requested and within the specified timeframe



- Participating in training as required

## **6. INTERNAL CONTROLS**

This policy is subject to Council's Internal Control processes.

## **7. POLICY AVAILABILITY**

This policy is available for public inspection on Council's website and at any Council office.

Copies will also be provided to members of the community upon request and may be subject to a fee, pursuant to Council's Fees and Charges Register.

## **8. COMPLAINTS**

Complaints about this policy can be made in writing to YPC's Governance Officer. Complaints will be managed in accordance with Council's Complaints Policy.

## **9. REVIEW**

This policy will be reviewed every four years and as deemed necessary in consideration of any changes to legislation and relevant standards, codes and guidelines. Elected Members and employees will actively participate in the review processes.

## **10. TRAINING**

This policy will be explained to all workers during induction.

Training needs will be identified through induction, performance reviews, audits and training needs analysis processes. Training will also occur as necessary, in response to any changes to legislation, relevant standards, codes and guidelines, audit findings, any corrective actions/controls arising from risk assessment and stakeholder feedback.

Council will ensure that persons required to undertake procurement and/or administer agreements for/on behalf of Council are adequately trained and competent.

## **11. RELATED COUNCIL POLICIES AND DOCUMENTS**

PO001 WHS&IM Policy  
PO006 - Contractor Management Policy V1.1  
PO007 - Consultation and Communication Policy  
PO015 Code of Practice for Access to Council and Committee Meetings and Documents  
PO057 Public Consultation Policy  
PO063 Records Management Policy  
PO072 Sale and Disposal of Land & Other Assets Policy  
PO084 Credit Card Policy  
PO089 Elected Member Facilities, Services and Expenses Policy  
PO091 Risk Management Policy  
PO138 Caretaker Policy  
PO139 Treasury Management Policy  
PO142 Budget Reporting & Amendment Policy  
PO146 Disciplinary and Performance Management Policy  
PO147 Complaints Policy  
PO148 Fraud and Corruption Prevention Policy  
PO150 Gifts and Benefits Policy  
R007 - Delegations Register  
R011 Fees and Charges Register



PFC014 Process for Managing Complaints and Breaches under the Employee Code of Conduct

PFC123 Process for Managing Complaints and Breaches under the Code of Conduct for Elected Members

## 12. REFERENCES AND LEGISLATION

Competition and Consumer Act 2010

Competition Policy Reform (South Australia) Act 1996

Criminal Law Consolidation Act, 1935

Environmental Protection Act 1993

Fair Trading Act 1987

Freedom of Information Act 1991

ICAC Act 2012

Local Government Act 1999

Local Government Elections Act 1999

Trade Practice Act 1974

Work Health and Safety Act 2012

Code of Conduct for Council Members

Code of Conduct for Council Employees

Local Government Association (LGA) Guide Procurement Policy

LGA Procurement Handbook

National Competition Policy (Commonwealth)

## 11. COUNCIL DELEGATION

<b>Delegate:</b>	Chief Executive Officer
<b>Sub Delegate:</b>	Refer ISO***

## 11. VERSION HISTORY

Archived Policy Name	Policy Number	Date Adopted	Last Reviewed
Purchase of Goods & Services Policy	PO058	07/04/2003	08/06/2010
Tender and Quotation Policy	PO080	07/04/2003	08/06/2010

## Definitions

## ATTACHMENT 1

Approved Supplier	A supplier who has agreed and demonstrated the ability to meet the supply conditions set by Council for a stated period.
Competent Supplier	An Approved supplier who has acquired through training, qualification or experience the knowledge and skills to carry out a task.
Competent Person	A person who has acquired through training, qualification or experience the knowledge and skills to carry out a task.
Contract/Agreement	A legally binding agreement between two or more parties, enforceable by law.
Contract Owner	The person determined by a Yorke Peninsula Council Director, responsible for a contract/agreement with a supplier, as having responsibility for the direct management of a contract/agreement between Council and a supplier. The contract owner may also be a Director/Manager.
Emergency	Any event that arises internally or from external sources, which may adversely affect persons, assets or the community generally, and which requires an immediate response and includes: <ul style="list-style-type: none"> <li>• Activation of the Business Continuity Plan</li> <li>• Activation of emergency procedures</li> <li>• Genuine concerns for safety</li> <li>• Avoiding major expense</li> <li>• Genuine concerns about significant asset damage</li> <li>• Security risks</li> <li>• Genuine concerns for breach of statutory obligations.</li> </ul>
Open tender	Tenders are invited by public advertisement.
Probity	Strong moral principles; honesty and decency
Procurement	The whole process of acquiring goods and/or services. <ul style="list-style-type: none"> <li>• It begins when a need is identified and continues through the processes of:</li> <li>• Risk assessment</li> <li>• Seeking and evaluating alternative solutions</li> <li>• Contract award</li> <li>• Payment</li> <li>• The ongoing management of a contract and the consideration of options related to the contract</li> </ul>

	<ul style="list-style-type: none"> <li>• Disposal of goods at the end of useful life</li> <li>• Ongoing monitoring and assessment of the procurement</li> </ul> <p>For the purposes of this policy, <b>it does not include:</b></p> <ul style="list-style-type: none"> <li>• Non-procurement expenditure (i.e. sponsorships, grants, funding arrangements, donations and employment contracts)</li> <li>• The disposal of land and other assets owned by the Council</li> <li>• The acquisition of land by the Council</li> </ul>
Select tender	The process of inviting selected suppliers to submit offers or proposals for goods/services.
Tender	A proposal, bid or offer submitted in response to request for tender.
Value for money	The best outcome achievable when taking into account all costs and benefits in respect of goods/services over their lifespan, such as installation, training, maintenance, disposal, resources and technology etc.
Whole of life cost	The total net cost of acquiring goods/services including initial purchasing costs, operating and maintenance costs, disposal costs and termination costs.
Workers	<p>A person who carries out work in any capacity for the Yorke Peninsula Council including:</p> <ul style="list-style-type: none"> <li>(a) an employee</li> <li>(b) a contractor or subcontractor</li> <li>(c) an employee of a contractor or subcontractor</li> <li>(d) an employee of a labour hire company</li> <li>(e) an outworker</li> <li>(f) an apprentice or trainee</li> <li>(g) a student gaining work experience</li> <li>(h) a volunteer</li> </ul>
Workplace	<p>A workplace is a place where work is carried out for/on behalf of Council and Includes:</p> <ul style="list-style-type: none"> <li>(a) any place where a worker goes, or is likely to be, while at work</li> <li>(b) a vehicle, vessel, aircraft or other mobile structure</li> <li>(c) any waters</li> <li>(d) any installation on land, on the bed of any waters or floating on any waters.</li> </ul>

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **8. EXTERNAL AUDIT MANAGEMENT LETTER AND DRAFT RESPONSE**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

Every year, as part of the annual audit program, Council's external auditors visit Council's offices ahead of the production of the Annual Financial Statements. This visit forms an integral part of the annual audit program and also serves to identify any likely issues prior to the preparation of the Annual Financial Statements and their end of year final audit visit.

#### **RECOMMENDATION**

That the External Audit Management letter from Dean Newbery and Partners be received and the Audit Committee endorse the updated draft response.

#### **COMMENT**

Dean Newbery and Partners audit team visited Council on the 28<sup>th</sup> and 29<sup>th</sup> May 2014.

As part of their 2013/2014 Audit Program the audit team undertook reviews in several areas including:

- Revaluation of Council building assets under AASB 13
- Transportation Infrastructure condition assessments and valuations
- Valuation of Council Water Schemes
- 2013/2014 Rates Generation
- Property Database Master File
- Payroll sample transaction testing
- Employee leave accruals
- Electronic Funds Transfer processes and controls
- Accounts Payable sample transaction testing
- Council tender processes
- Procurement policies
- General Ledger account reconciliations
- Internal Controls
- Asset Management procedures

A copy of the correspondence received is attached.

Council staff have prepared an updated draft response to all issues and comments made in the draft External Audit Management letter which is also attached.

## **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Audit Committee Terms of Reference

Division 4. Local Government Act 1999 – Audit.

## **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Review of the auditors concerns will assist in the management of Council's financial policies, procedures, processes and risks.