

ACTION PLAN – RESPONSE TO VICTORIAN AUDITOR GENERAL'S OFFICE (VAGO) FRAUD & CORRUPTION AUDIT 2019

The following plan combines the actions from:

1. the Victorian Auditor General's Report 'Fraud and Corruption Control - Local Government, June 2019'
2. Council resolutions at its Special Meeting of 2 July 2019
3. Council's Audit Committee recommendations from its 5 July 2019 meeting.
4. Input from the internal working group formed to implement this plan.

VAGO RECOMMENDATION	WHAT WE WILL DO	TIMELINE	CURRENT STATUS	PROOF WE HAVE DONE THE WORK
1. Require councillors to certify that their expense claims are incurred in the context of relevant legislative provisions. Councils must require councillors to provide stronger evidence to support their claims, in particular for mileage reimbursements, including records pertaining to the claim and details of the business reason and who benefited from the expense.	Revise the Councillor Expenditure Policy. The policy will be reviewed by Council's Audit Committee before being considered at a Council meeting for adoption.	To be presented to the Audit Committee 12 September 2019	Underway Reviewed policy being drafted.	
2. Review credit card policies and improve controls to ensure only allocated cardholders use their cards and there is appropriate segregation of duties over expenditure approvals.	Review the Purchasing Card policy for review by the Audit Committee and adoption by Council.	Review by Audit Committee at its December 2019 meeting		
3. Ensure the council's chief financial officer or equivalent approves chief executive officer expenditure and report all expenditure by, or on behalf of, the chief executive officer to the Audit and Risk Committee and/or the council for periodic review.	Revise all relevant policies and procedures to ensure independent review of expenditure and claim forms.	As policies are reviewed by Audit Committee and adopted by Council	Underway The draft Councillor Expenditure Policy will include new independent checking processes.	

VAGO RECOMMENDATION	WHAT WE WILL DO	TIMELINE	CURRENT STATUS	PROOF WE HAVE DONE THE WORK
<p>4. Document and develop formalised reporting over credit and fuel card use and incorporate, where appropriate, data analytics to identify anomalies.</p>	<p>Include details of reporting and auditing processes in all reviewed policies.</p>	<p>As policies are reviewed by Audit Committee and adopted by Council</p>	<p>Underway The draft Councillor Expenditure Policy will include a section on auditing and public reporting.</p>	
<p>5. Improve the Fleet Policy's fuel card controls by:</p> <ul style="list-style-type: none"> • requiring staff to confirm they understand the terms of use and consequences of misuse • assigning each fuel card to a specific vehicle or equipment • maintaining accurate motor vehicle and fuel card listings • updating cardholder names with fuel suppliers when the council reassigns a vehicle and fuel card to another employee • collecting fuel transaction data as accurately as possible, including odometer readings • having regular, routine processes to monitor fuel card use • conducting data analytics over fuel card transactions • conducting periodic internal audits on fuel cards as a fraud and corruption control. <p>Also review the Policy's requirements for staff contributions towards private use of vehicles and to ensure equity and consistency.</p>	<p>Revise the Fleet Management Policy and its fuel card provisions for review by the Audit Committee and adoption by Council.</p>	<p>Review by Audit Committee at its December 2019 meeting</p>		

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<p>6. Review and, as necessary, revise council policies on the purchase and reimbursement of meals and alcohol considering community perceptions, and require, for transaction approval, clear evidence of the community benefit from this expenditure and appropriate supporting documentation.</p>	<p>The Discretionary Expenditure Guide has been amended in response to this recommendation. Staff alcohol expenses are not to be reimbursed under any circumstances.</p>		<p>Completed</p>	<p>Revised Discretionary Expenditure Guide published February 2019 Doc395119</p>
<p>7. Ensure that annual reports accurately capture expenses relating to senior management remuneration packages including vehicle contribution amounts.</p>	<p>Expenses will be calculated and presented for the 2016-17 and 2017-18 Annual Reports as specified by the Local Government Act (Planning and Reporting) Regulations 2015. Calculations will be posted on the website once independently reviewed by Andrew Frewin Stewart & Associates Pty Ltd (AFS) and approved by the Audit Committee.</p>	<p>Calculations to be independently reviewed by AFS in August 2019. Audit Committee to review calculations at its 12 September 2019 meeting prior to publication on the Shire's website.</p>	<p>Underway Provisional calculations will be forwarded to AFS for review the second week of August 2019.</p>	
<p>8. Ensure all council staff and councillors receive fraud and corruption awareness training at least every two years.</p>	<p>Diarise training for all staff and Councillors. Ensure fraud and corruption training is part of the Councillor Induction process following elections and for staff when they commence employment with the Shire.</p>		<p>Completed</p>	<p>Training diarised for staff through HR database.</p>

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9. Develop or maintain fraud and corruption incident registers to accurately record suspected incidents, their handling, and all relevant supporting documentation.	Develop a register and procedures as to how this is to be managed, which may require amendments to Council's Fraud Policy.		Underway Register created.	Register created in Infowise 8 May 2019 - folder 31935
10. Publish councillor expenses for the 2017-18 year on their websites immediately and ensure their 2018-19 annual reports comply with Local Government (Planning and Reporting) Regulations 2014.	Expenses will be calculated and presented for the 2016-17 and 2017-18 Annual Reports as specified by the Local Government Act (Planning and Reporting) Regulations 2015. In future summaries of Councillor and CEO expenses will be reviewed and authorised by Audit Committee.	Expenses will be calculated and presented for the 2016-17 and 2017-18 Annual Reports as specified by the Local Government Act (Planning and Reporting) Regulations 2015.		
11. Cease all sales and the provision of vehicles to council staff as part of exit packages.	Immediate cease of this practice.		Completed	Management Team directed by CEO to prohibit practice June 2019.

ADDITIONAL COUNCIL AND AUDIT COMMITTEE RECOMMENDATIONS

RECOMMENDATION	WHAT WE WILL DO	TIMELINE	CURRENT STATUS	PROOF WE HAVE DONE THE WORK
12. Letter and copy of the plan to be sent to Auditor General once the Audit Committee and Council has considered, and agreed to, the Action Plan.		Draft Action Plan to be considered at 12 September 2019 Audit Committee	Underway Draft action plan created.	
13. Draft a communications plan once the Council policies have been reviewed to adopt best practice in the provision of information and community engagement.	Create a VAGO Action Plan link on Council's website. Provide regular updates on progress of this Action Plan and links to relevant Council policies and procedures as they are adopted.	Ongoing	Underway Link to VAGO Action Plan created. Frist update provided week starting 5 August 2019.	
14. Audit Committee to review whether the number of independent members be increased from 3 to 4 at its September meeting.		To be discussed at 12 September 2019 Audit Committee.		
15. Internal audit implications: <ul style="list-style-type: none"> • Ensure there is an annual credit card audit • AFS to employ data analytics in forthcoming audits • VAGO actions to be added to audit status report • Undertake a fleet management audit as a priority • Review audit budget and program. 		To be discussed at 12 September 2019 Audit Committee.		

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16. Reimbursement of senior executive rental costs referred to the Auditor General and investigated by the internal auditors, AFS.	Referral of issue to AFS 1 July 2019.	To be discussed at 12 September 2019 Audit Committee.	Underway Advice received from AFS 19 July.	
17. Arrange meeting with Audit Committee following the Special Meeting of the Audit Committee on 4 July 2019 to discuss any other recommendations and to review the Committee's Charter.	Review Audit Committee Charter to include new responsibilities around review and authorisation of CEO, Mayor and Councillor expenses	Next meeting 12 September 2019.		
18. Meeting with VAGO on actions taken in response to audit by 1 July 2020.		1 July 2020		
19. Refer former senior executive's rent reimbursement to AFS (Council's internal auditor) for investigation and report back to Council.	Referral of issue to AFS 1 July 2019.	To be discussed at 12 September 2019 Audit Committee.	Underway Advice received from AFS 19 July.	
20. Review Petty Cash Spend Policy	Reinforce amendments to the Discretionary Expenditure Policy prohibiting purchase of alcohol and around the reimbursement of meals.	December 2019		

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21. Review disposal of Council Property Policy	Review policy to: <ul style="list-style-type: none"> • prohibit 'gifting' or selling of Council property (eg cars, IT equipment) to staff or Councillors • avoid Council being a part of the transaction to dispose property • cease all sales and the provision of vehicles to council staff as part of exit packages. 	December 2019		
22. Review Gifts Policy	Broaden policy to explicitly prohibit the purchase of gifts by Shire staff or Councillors for suppliers (such as meals and hospitality).	December 2019		