

## **7.2. Audit Risk and Improvement Committee - Minutes 2 October 2020**

**AUTHOR:** Ian Curry, Manager Governance & Committee Services

**ENDORSED BY:** Margaret Palmer, Director Corporate Services

### **ATTACHMENTS:**

1. Minutes - 2 October 2020 [7.2.1 - 7 pages]
2. Payroll Attendance and Leave Management Audit Update Report [7.2.2 - 9 pages]

### **PURPOSE:**

Council is required to consider the Minutes of this Committee under the Code of Meeting Practice.

### **EXECUTIVE SUMMARY:**

This report presents the recommendations of the last meeting of the Audit, Risk and Improvement Committee held on 2 October 2020 for Council adoption. The minutes are attached for information.

### **FINANCIAL IMPLICATIONS:**

Nil.

### **RECOMMENDATION:**

1. **THAT** the 2020 Draft Audited Financial Statements be noted by the Committee. (AR01)
2. **THAT** the North Sydney Engagement Closing Report 2020 be received and noted. (AR02)
3. **THAT** the status of past internal audit recommendations be received and noted as progressing satisfactorily. (AR03)
4. **THAT** this report and the status of the 2020 internal audit plan be received and noted. (AR04)
5. **THAT** the survey results received regarding the effectiveness of the internal audit function be received and noted that there are no action plans to be developed based on the limited responses received, subject to any other feedback from the ARIC. (AR04)
6. **THAT** the survey results received regarding the effectiveness of the Audit, Risk & improvement Committee be received and noted that there are no action plans to be developed based on those responses. (AR04)
7. **THAT** the summary of the AONSW Credit Card management in Local Government report be received and noted. (AR04)

- 8. THAT** the Contract Management Internal Audit report be received and noted. *(AR05)*
- 9. THAT** the Council Owned Property Leased or Available for Lease report be received. *(AR06)*
- 10. THAT** the Committee note the progress in implementing the recommendations arising from the Payroll, Attendance and Leave Management Review. *(AR07)*
- 11. THAT** the InfoSec Working Group update be received. *(AR08)*
- 12. THAT** the information technology services update be received. *(AR09)*

## **LINK TO COMMUNITY STRATEGIC PLAN**

The relationship with the Community Strategic Plan is as follows:

### **5. Our Civic Leadership**

5.2 Council is well governed and customer focused

## **BACKGROUND**

In accordance with Council's Code of Meeting Practice:

*20.24 The minutes of meetings of each Committee of the Council must be confirmed at a subsequent meeting of the committee.*

In accordance with the Audit, Risk & Improvement Committee Charter:

*7. The endorsed Minutes of the Committee Meetings will be submitted to the next available Council meeting for adoption subject to any confidentiality requirements of specific items.*

## **CONSULTATION REQUIREMENTS**

Community engagement is not required.

## **DETAIL**

This report presents the recommendations of the last meeting of the Audit, Risk and Improvement Committee held on 2 October 2020 for Council adoption. The minutes are attached for information.

In respect of Item AR02, the Chair of the Audit, Risk and Improvement Committee noted that the June 2020 result was a very clean audit and this was commendable particularly in light of the changes to Accounting Standards for 2019/20.

At its meeting on 27 April 2020, Council resolved:

*8. THAT the Committee notes the recommendations within the Payroll, Attendance and Leave Management reports. (AR05)*

*13. THAT the report requested at Item 8 be provided to the full Council with the General Manager's comments.*

In accordance with this resolution, a copy of the following report is attached:

- *AR07 Payroll Attendance and Leave Management Audit Update*

The report was reviewed and endorsed by the General Manager.

**NORTH SYDNEY COUNCIL**

**REPORT OF AUDIT, RISK & IMPROVEMENT COMMITTEE**

**SUBJECT: PROCEEDINGS OF COMMITTEE AT MEETING HELD IN THE SUPPER ROOM AT THE COUNCIL CHAMBERS, NORTH SYDNEY, ON FRIDAY 2 OCTOBER 2020 AT 10.00AM.**

**PRESENT**

Brian Hrnjak, Independent Chair and Ron Switzer, Independent Member  
Councillor Mutton (attended remotely)

**Council Staff:**

Ken Gouldthorp	General Manager
Margaret Palmer	Director Corporate Services
Garry Ross	Manager Financial Services
Darren Goode	Manager Accounting Services
Jon Paul Agnew	Manager Risk
Ian Curry	Manager Governance & Committee Services (Minutes)

**Visitors:**

Susan Leahy	Head of Internal Audit North Shore Councils (External)
Alex Hardy	Associate Director, Audit & Advisory, Prosperity Advisers Group (External Auditor)
Unaib Jeffrey	NSW Audit Office (attended remotely)

**Apologies:**

Councillor Barbour

**17. Minutes**

The Minutes of the previous meeting held on 26 June 2020, copies of which had been previously circulated, were taken as read and confirmed.

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*This is Page No 12 of the Minutes of the Audit, Risk & Improvement Committee Meeting of the North Sydney Council held on 2 October 2020.*

**18. AR01: 2020 Draft Audited Financial Statements**

Report of Garry Ross, Manager Financial Services

As per provision 6.6 of the North Sydney Council Audit, Risk 7 Improvement Committee Charter, the roles and responsibilities of the Committee in relation to external audit, requires an independent assessment and feedback on the financial statements.

The independent Auditor's report will be incorporated into the draft Audited Financial Statements when presented to Council on 26 October 2020.

The net operating result for the financial year is a \$5.1 million deficit (including capital grants and contributions). This was attributed the following:

- The COVID-19 pandemic and the subsequent restrictions had a detrimental effect on some of Council's revenue streams during the final four months of the financial year of approximately \$5.3 million.
- The North Sydney Olympic Pool incurred an accelerated annual depreciation expense of an additional \$6.2 million due to the impending redevelopment plans.
- The adoption of mandatory international accounting standards (AASB 15 & AASB 1058) had a negative impact on Council's revenue of \$4.2 million.

The financial result would have been a surplus of \$10.6 million had it not been impacted by the abovementioned financial implications. The original budget forecast for the financial year was a \$7.8 million surplus.

**Recommending:**

**1. THAT** the 2020 Draft Audited Financial Statements be considered by the Committee.

**Resolved to recommend:**

**1. THAT** the 2020 Draft Audited Financial Statements were considered, discussed and recommended for adoption by Council.

Voting was unanimous.

**19. AR02: North Sydney Engagement Closing Report for Year Ending 30 June 2020**

Report of Garry Ross, Manager Financial Services

The North Sydney Engagement Closing Report for the year ending 30 June 2020 by the Audit Office of NSW has been received from the independent Auditor.

The Auditor and a representative from the Audit Office of NSW will attend the meeting to answer any queries from the Committee.

**Recommending:**

**1. THAT** the North Sydney Engagement Closing Report 2020 be received and noted.

Alex Hardy from Prosperity Advisers Group and Unaib Jeffrey from the Audit Office of NSW addressed the Committee on this Item.

It was noted that it is a very clean audit and much improved from June 2019.

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*This is Page No 13 of the Minutes of the Audit, Risk & Improvement Committee Meeting of the North Sydney Council held on 2 October 2020.*

**Resolved to recommend:**

1. **THAT** the North Sydney Engagement Closing Report 2020 be received and noted.
2. **THAT** year on year improvements in audit processes and preparedness raised by the Audit team be noted.

Voting was unanimous.

Alex Hardy from Prosperity Advisers Group and Unaib Jeoffrey left the meeting at 10.59am.

**20. AR03: Internal Audit Recommendations Status Report**

Report of Susan Leahy, Head of Internal Audit

Report on the progress of previous recommendations made.

At the completion of each audit, an Action Plan for Implementation of Report Recommendations is provided to Council management for comment and determination of accountabilities. Prior to each Audit & Risk Committee (ARIC) meeting an updated status is sought from management.

**Recommending:**

1. **THAT** the status of past internal audit recommendations be received and noted.

**Resolved to recommend:**

1. **THAT** the status of past internal audit recommendations be received and noted as progressing satisfactorily.

Voting was unanimous.

**21. AR04: Internal Audit Function Status Report**

Report of Susan Leahy, Head of Internal Audit

This report provides a status on the Internal Audit Function in terms of resources, planned and completed audits.

In addition the report for this quarter includes a summary of survey results on the effectiveness of both the internal audit function and the ARIC and a summary from the recent AONSW report with some high level mapping of the findings identified back to the internal audit recommendations of expenditure management completed in 2019.

**Recommending:**

1. **THAT** this report and the status of the 2020 internal audit plan be received and noted.
2. **THAT** the survey results received regarding the effectiveness of the internal audit function be received and noted that there are no action plans to be developed based on the limited responses received, subject to any other feedback from the ARIC.
3. **THAT** the survey results received regarding the effectiveness of the Audit, Risk & improvement Committee be received and noted that there are no action plans to be developed based on those responses.

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*This is Page No 14 of the Minutes of the Audit, Risk & Improvement Committee Meeting of the North Sydney Council held on 2 October 2020.*

4. **THAT** the summary of the AONSW Credit Card management in Local Government report be received and noted.

**Resolved to recommend:**

1. **THAT** this report and the status of the 2020 internal audit plan be received and noted.

2. **THAT** the survey results received regarding the effectiveness of the internal audit function be received and noted that there are no action plans to be developed based on the limited responses received, subject to any other feedback from the ARIC.

3. **THAT** the survey results received regarding the effectiveness of the Audit, Risk & improvement Committee be received and noted that there are no action plans to be developed based on those responses.

4. **THAT** the summary of the AONSW Credit Card management in Local Government report be received and noted.

Voting was unanimous.

**22. AR05: Contract Management - Internal Audit Report**

Report of Susan Leahy, Head of Internal Audit

The internal audit of Contract Management has been completed. A copy of the full internal audit report is provided for the Committee's information.

Since the last internal audit was completed in 2013, there were a number of recommendations made to develop a contract management framework that led to the production of a detailed contract management manual ("the manual") and associated processes. Since then, there has been a proactive approach taken towards continuous improvement with the development of forms and processes.

**Recommending:**

1. **THAT** the report be received and noted.

**Resolved to recommend:**

1. **THAT** the report be received and noted.

Voting was unanimous.

**23. AR06: Council Owned Property Leased or Available for Lease**

Report of John Thomson, Manager Corporate Contracts

This report addresses a request from Councillor Mutton at the 26 June 2020 ARIC meeting (and endorsed at the Council meeting of 27 July 2020) to provide the following information:

- a. All Council "owned" Property that is leased or available to lease.
- b. With respect to each property:
  - The date and quantum of the last valuation
  - As regards each property that is leased:
    - The date and term of the lease; and
    - The quantum of the rent payable
  - As regards each property that is not presently leased:

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*This is Page No 15 of the Minutes of the Audit, Risk & Improvement Committee Meeting of the North Sydney Council held on 2 October 2020.*



- The date it became vacant

The attachments contain all the above information.

**Recommending:**

1. **THAT** the report be received.

**Resolved to recommend:**

1. **THAT** the report be received.

Voting was unanimous.

**24. AR07: Payroll Attendance and Leave Management Audit Update**

Report of Margaret Palmer, Director Corporate Services

In late 2019 the Director Corporate Services, in consultation with the General Manager, commissioned an independent consultancy, Centium, to conduct a review of Council's payroll, attendance and leave management processes and to provide its key findings and recommendations. The final report and recommendations were presented to the ARIC Committee meeting on 27 March 2020.

A high-level implementation progress report was presented to the ARIC Committee meeting on 26 June 2020. Attachment 1 provides a further implementation progress report, showing progress as at September 2020, the majority (81%) of the recommendation are either completed or are in progress/on track. Key achievements/progress includes:

- Centralised internal staff policy review process (Recommendation No. 2) is complete; all Staff Policies have been updated and reformatted. Subject to final approval they will be available via a consolidated central repository on the staff intranet.
- Transition to a fortnightly payroll (Recommendation No. 14) is underway, following endorsement by the Joint Consultative Committee, staff consultation is underway regarding the proposed move to fortnightly payroll.
- Investigate an employee self-serve system where employees can apply for leave; leave applications would then workflow to the manager for review; and then to the Pay Office, removing the risk of missing leave forms and providing an audit trail. Consider whether Council's existing document management system can accommodate leave workflows automation (Recommendation No. 20) is complete; an on-line leave form, including automated workflows is operational.

Most recommendations have been implemented at no cost and/or within existing budget allocations. Recommendation No. 25 involves cost implications which are currently being explored, including the following options:

- a) Upgrading Council's current payroll system inclusive of online timesheets, time and attendance, work patterns and online leave modules (relates to Recommendations No. 11 and 26) - cost is approximately \$50,000; further consideration is to be given to this option once the current Authority (Civica) upgrade is completed, which is due mid-2021.
- b) Invest in a new payroll HR system - indicative cost not yet known; research is underway/is dependent upon Option (a).

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*This is Page No 16 of the Minutes of the Audit, Risk & Improvement Committee Meeting of the North Sydney Council held on 2 October 2020.*

**Recommending:**

1. **THAT** the Committee note the progress in implementing the recommendations arising from the Payroll, Attendance and Leave Management Review.

**Resolved to recommend:**

1. **THAT** the Committee note the progress in implementing the recommendations arising from the Payroll, Attendance and Leave Management Review.

Voting was unanimous.

25. **AR08: InfoSec Working Group Update**

Report of Michael Macfarlane, Manager Information Technology and Jon Paul Agnew, Risk Manager

This report provides an update on the following business of Council's InfoSec Working Group (InfoSec):

- Information Security Management System (ISMS): The ISMS organises controls to protect Council's information assets. Its design has been streamlined and InfoSec is investigating certification to the related standard AS ISO/IEC 27001 *Information technology – Security techniques – Information security management systems – requirements* (ISO 27001).
- InfoSec membership: Following the recent departure of the Document Management Services Manager, the Customer Services and Records Manager has joined the Committee to ensure continuity of representation.
- Network security update: A summary of security controls and recent improvement activity in response to the threat of Business Email Compromise (BEC).
- Data Sharing Policy: InfoSec has contributed to the development of this policy by City Strategy's Integrated Planning and Special Projects team.
- Background checks: InfoSec has been consulted by Human Resources group on appropriate vetting of prospective users of Council's information assets.
- Development Application (DA) conditions about CCTV: This issue arose in connection with the Hume St public space redevelopment following input from NSW Police.
- Historical information assets: Valuable archive material has been returned to the custodianship of Community and Library Services (CLS).

**Recommending:**

1. **THAT** the InfoSec Working Group update be received.

**Resolved to recommend:**

1. **THAT** the InfoSec Working Group update be received.

Voting was unanimous.

**26. AR09: Information Technology Services Update**

Report of Michael Macfarlane, Manager Information Technology

This report provides an update on the progress of the following information technology services projects for the 20/21 financial year:

- Council's IT data center consolidation and infrastructure consolidation was completed as part of Council's IT Foundations program and infrastructure refresh program.
- Council has implemented a secure primary data center and a backup data center in separate locations. All sites are connected by independent internet and private fiber with backup data connections at each site. If the primary data center is unavailable, critical systems and data are designed to be available at the backup data center. Additionally, Council's corporate-wide phone system, with failover and forwarding capabilities, provides telephone communications.
- Electronic Content Management (ECM) business process automation. Full business lifecycle management, with workflow controls enables work to be delegated and escalated correctly and automatically.
- Azure authentication security enhancement project is the Azure solution for identity and access management. Azure AD is a multitenant, cloud-based directory and identity management service from Microsoft. It combines core directory services, application access management, and identity protection into a single solution.
- Authority upgrade. Council's Enterprise Resource Planning (ERP) solution upgrade. This upgrade is required to ensure we are on a supportable version of the system. It is also an improved user interface for a friendlier, more efficient experience for staff. Additionally, it combines new functionality for on demand reporting and financial analysis as well as a path towards the integration of our core system platforms.

**Recommending:**

1. **THAT** the information technology services update be received.

**Resolved to recommend:**

Voting was unanimous.

The meeting closed at 11.59am.

The next meeting will be held on Friday 13 November 2020 at 10.00am.



Item **AR07** **AUDIT, RISK & IMPROVEMENT COMMITTEE** **2/10/20**

N O R T H S Y D N E Y C O U N C I L

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### Report to Audit, Risk & Improvement Committee

Attachments:

1. Payroll, Attendance and Leave Management Audit - Implementation Update Sept. 2020

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**SUBJECT:** Payroll Attendance and Leave Management Audit Update

**AUTHOR:** Margaret Palmer, Director Corporate Services

### EXECUTIVE SUMMARY:

In late 2019 the Director Corporate Services, in consultation with the General Manager, commissioned an independent consultancy, Centium, to conduct a *review* of Council's payroll, attendance and leave management processes and to provide its key findings and recommendations. The final report and recommendations were presented to the ARIC Committee meeting on 27 March 2020.

A high-level implementation progress report was presented to the ARIC Committee meeting on 26 June 2020. Attachment 1 provides a further implementation progress report, showing progress as at September 2020, the majority (81%) of the recommendation are either completed or are in progress/on track. Key achievements/progress includes:

- Centralised internal staff policy review process (Recommendation No. 2) - is complete; all Staff Policies have been updated and reformatted. Subject to final approval they will be available via a consolidated central repository on the staff intranet.
  - Transition to a fortnightly payroll (Recommendation No. 14) - is underway, following endorsement by the Joint Consultative Committee, staff consultation is underway regarding the proposed move to fortnightly payroll.
  - Investigate an employee self-serve system where employees can apply for leave; leave applications would then workflow to the manager for review; and then to the Pay Office, removing the risk of missing leave forms and providing an audit trail. Consider whether Council's existing document management system can accommodate leave workflows automation ( Recommendation No. 20)- is complete; an on-line leave form, including automated workflows is operational.
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Report of Margaret Palmer, Director Corporate Services  
Re: Payroll Attendance and Leave Management Audit Update

(2)

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**FINANCIAL IMPLICATIONS:**

Most recommendations have been implemented at no cost and/or within existing budget allocations. Recommendation No. 25 involves cost implications which are currently being explored, including the following options:

- a) Upgrading Council's current payroll system inclusive of online timesheets, time and attendance, work patterns and online leave modules (relates to Recommendations No. 11 and 26) - cost is approximately \$50,000; further consideration is to be given to this option once the current Authority (Civica) upgrade is completed, which is due mid-2021.
- b) Invest in a new payroll HR system - indicative cost not yet known; research is underway/is dependent upon Option (a).

**RECOMMENDATION:**

**1. THAT** the Committee note the progress in implementing the recommendations arising from the Payroll, Attendance and Leave Management Review.

Report of Margaret Palmer, Director Corporate Services  
 Re: Payroll Attendance and Leave Management Audit Update

(3)

## LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

- 5. Our Civic Leadership
- 5.4 Council's service delivery is well supported

## BACKGROUND

In August 2019 the Director Corporate Services, in consultation with the General Manager, commissioned Centium to review the Payroll, Attendance and Leave Management processes at Council and provide a report and recommendations.

On 27 April 2020, Council adopted the ARIC Committee Minutes of 27 March 2020 (Min. No. 82), resolving:

- 8. *THAT the Committee notes the recommendations within the Payroll, Attendance and Leave Management reports. (AR05)*
- 9. *THAT a further report on the implementation, progress and planning of the recommendations in this Review and an estimate of costings be submitted to the next Committee meeting. (AR05)*
- 13. *THAT the report requested at Item 8 be provided to the full Council with the General Manager's comments.*

In response to recommendation 9 above, a progress report was presented to the ARIC Committee Minutes of 26 June 2020. The minutes of which were ultimately adopted by the Council on 27 July 2020 (Min. No. 82), resolving:

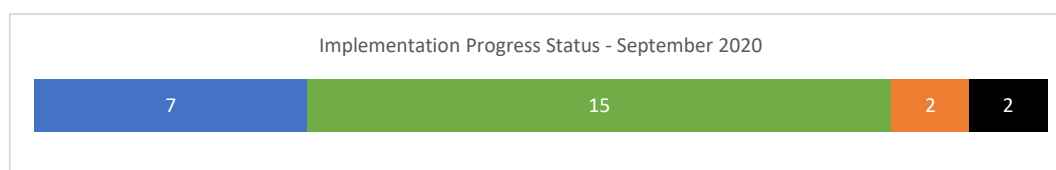
- 7. *THAT the Committee note the progress in implementing the recommendations arising from the Payroll, Attendance and Leave Management Review. (Item AR05)*

## CONSULTATION REQUIREMENTS

Community engagement is not required.

## DETAIL

This report responds to the Council resolution of 27 April 2020, that a further report on the implementation, progress and planning of the recommendations in the *Payroll, Attendance and Leave Management Audit Review* and an estimate of costings be submitted to the ARIC Committee. Attachment 1 provides an implementation progress update as at September 2020 using traffic light reporting. As shown in the following graph, the majority (81%) of the recommendations are either completed or are in progress/on track:



Report of Margaret Palmer, Director Corporate Services  
Re: Payroll Attendance and Leave Management Audit Update

(4)

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Key achievements/progress includes:

- Centralised internal staff policy review process (Recommendation No. 2) - is complete; all Staff Policies have been updated and are now available via a central repository available on the Staff Intranet. Periodic review cycle established.
- Transition to a fortnightly payroll (Recommendation No. 14) - is underway, following endorsement by the Joint Consultative Committee, staff and Union consultation is underway regarding the proposed move to fortnightly payroll. Following initial consultation, the effective date of the final transfer may be deferred to July 2021. This will avoid FBT issues, with prepayments/repayment options for staff to facilitate the transition, avoids the planned upgrade of Authority and the Christmas period with some staff already incurring impacts with partners being out of work as a result of COVID 19.
- Investigate an employee self-serve system where employees can apply for leave; leave applications would then workflow to the manager for review; and then to the Pay Office, removing the risk of missing leave forms and providing an audit trail. Consider whether Council's existing document management system can accommodate leave workflows automation ( Recommendation No. 20)- is complete; an on-line leave form, including automated workflows is operational.

Additionally, as previously advised, the Review identified the need for greater clarity of responsibility and integration between the Human Resources Department and the Payroll function. In response, in principle agreement was given to transfer the Human Resources Department back under the Corporate Services Division (from the City Strategy Division where it was relocated from mid-2014), so that there is single point of accountability at the Director level for these functions and improved collaboration between the two. This was implemented following the necessary consultation for workforce change, as required under the Local Government (State) Award and commenced from 1 July 2020.

As a result of progress made to date in implementing the Audit's recommendations, Council has improved its governance and oversight of payroll information and transactions. Council is actively working to resolve the four outstanding recommendations, of which are in progress.

Most recommendations have been implemented at no cost and/or within existing budget allocations. Recommendation No. 25 involves cost implications which are currently being explored, including the following options:

- a) Upgrading Council's current payroll system inclusive of online timesheets, time and attendance, work patterns and online leave modules (relates to Recommendations No. 11 and 26) - cost is approximately \$50,000; further consideration is to be given to this option once the current Authority (Civica) upgrade is completed, which is due mid-2021.
- b) Invest in a new payroll system - indicative cost not yet known; research is underway/is dependent upon Option a).

A further implementation progress report will be provided to ARIC in mid-2021.

## Attachment 1

## Payroll, Attendance and Leave Management Audit - Implementation Update, September 2020

Key:

- Completed
- On track - in terms of deliverables, scope, and timeframe
- Delayed - but can get back on track. Remedial action needs to be taken
- Not progressing
- Discontinued/not feasible

No.	Recommendation	Lead	Timing	Status	Management Comments
<b>Governance</b>					
1.	Design and implement a Policy template for internal policies, addressing issues related to approval versus endorsement. Ensure the policy clearly articulates applicability.	Human Resources Department	June 2020		Revised Staff Policy template is under review pending finalisation of the <i>Corporate Standards &amp; Style Guide</i> .
2.	Design a centralised policy review process to capture all internal policies and their detail (i.e. owner, review date), including a Policy Register. Noted. This will be carried out in conjunction with Recommendation 1.	Human Resources Department	June 2020		Staff Policy, Procedures & Guidelines Manual is available on the intranet and in hard copy. Ongoing updating of the Staff Policy listing on the intranet, as required.
3.	Ensure that all HR and Payroll policies are reviewed every two years to ensure currency and ongoing relevance.	Human Resources Department	April 2020		A review of all policies is underway including a register of policies and review date added.
<b>Appointments</b>					
4.	Clarify additional documentation requirements for the requisition of temporary and casual staff to minimise future delays in the requisition process.	Human Resources Department	April 2020		Move from paper based to online requisition requests implemented as of Aug 2020. This provides an automated approval chain to minimise delays - with the ability to identify the status of an online request and who/where a delay may be.



No.	Recommendation	Lead	Timing	Status	Management Comments
<b>Separations</b>					
5.	Investigate the development of an on-line separation form, including automated workflows, to facilitate the timely (and concurrent) notification of all relevant parties.	Human Resources Department	April 2020		HR is working with the IT Department to develop an online form with automated workflows.
6.	Clarify who can formally accept resignations. Once clarified, ensure all managers are aware of the nominated acceptor and the corresponding process.	Human Resources Department	April 2020		Resignation Policy is currently under review. Resignations can be accepted by Manager/Supervisor and then provided to HR. With the development of the online form (refer to item 5) this will be an aspect of workflow.
7.	Remind line managers of their obligation to provide timely notification to the Pay Office regarding separating employees. Develop an escalation and/or reporting mechanism to report tardy notifications to the senior management team. (in the interim)	Human Resources Department	April 2020		Reminder to managers sent which has been formalised in the Resignation Policy. Next step is to roll out the process.
8.	Consider whether it is appropriate to rely on payroll system leave balances for separating staff with uncomplicated working patterns and shorter tenures with Council (e.g. less than three years' full-time service). (in the interim)	Pay Office	April 2020		Determined not feasible. There is difficulty in ascertaining whether a termination is without investigating history. In addition, Council is not prepared to take the risk of potential audit issues if it adopts a lesser approach to the checking and authorising of employee termination payments.
9.	Consider implementing a self-serve solution where employees can update personal, low risk details in real time; this would significantly reduce Pay Office processing/checking.	Pay Office	June 2020		This is being addressed in the current HR/Payroll system review, currently in progress.
<b>Payroll Variations</b>					
10.	Consider reducing checking processes relating to low-risk Masterfile changes that do not impact pay (e.g. deductions; changes to bank account details etc.).	Pay Office	April 2020		Change of bank details is not seen as a low risk Masterfile change. If bank details are not checked and pay is sent to the incorrect bank account, there is a high risk of not recovering funds or employee's pay could be delayed.
<b>Timesheets</b>					
11.	Investigate an automated time and attendance system that captures time worked; variances from rostered hours; leave taken; project job-based costing; evidence of manager review; and interfaces with the payroll system to reduce the volume of manual data entry.	Pay Office	April 2020		This will form part of the analysis of current system (upgraded) vs new system required, in progress.

No.	Recommendation	Lead	Timing	Status	Management Comments
12.	Clarify and remind staff and managers of their roles and responsibilities regarding: timesheet certification and/or review; frequency of time recording in flex sheets (including when staff are on long term leave); completing time worked and leave taken within the flex sheet; recording and monitoring leave; and notification of payroll variations i.e. long term leave or changes to working patterns. (in the interim)	Human Resources Department	April 2020		All Managers and staff reminded of current flexi sheet procedures, including recording lunch break duration taken in the Attendance book. MANEX endorsed the continued use of Attendance books with Human Resources having responsibility ensuring usage. Related policy and procedure under review.
13.	Consider amending the timesheet design to include the name and position of the reviewers (in addition to their signature and date) to evidence review. (in the interim)	Pay Office	April 2020		Template updated.
14.	Consider conducting the payroll on a fortnightly basis and amending the timesheet design to cover two weeks.	Pay Office	June 2020		Transition to fortnightly pay is underway. Endorsement by the Joint Consultative Committee has been obtained and staff/Union consultation is progressing.
<b>Flex Sheets</b>					
15.	Redesign the flex sheet so that prior periods cannot be modified/ overridden. (in the interim)	Pay Office	June 2020		Rather than redesign the current flex sheet format, all Managers are required to regularly check/monitor the flex sheets of their staff/accrued balances which will resolve the issue, as interim measure, until such time as an automated system is introduced.
16.	Design a system whereby managers retain a printed or PDF copy of previous flex periods for monitoring and official recordkeeping purposes. Consider whether Council's existing Document Management System can be used to manage workflows/automation.	Pay Office	June 2020		Determined not feasible. This is being addressed in the current HR/Payroll system review, currently in progress.
17.	Introduce independent regular monitoring of all flex sheets (including reporting of long-term leave and "non-compliance" to the senior management team). Such review could be introduced for a short term and results assessed to determine ongoing suitability.	Pay Office	May 2020		Adhoc review is conducted of flexi-sheets by payroll to identify leave not processed and flexi-time availability. This is supported by the Attendance books. Reporting will be addressed in the current HR/Payroll system review, currently in progress.

No.	Recommendation	Lead	Timing	Status	Management Comments
<b>Sign In/Out Book</b>					
18.	Review the ongoing relevance and need for an Attendance Book. If a decision is made to retain the book, ensure that the roles and responsibilities of managers and staff are clearly defined.	Human Resources/ Risk Department	April 2020		Until a more sophisticated methodology is implemented, MANEX endorsed retention of the Attendance Books for indoor staff and ensure organisation wide consistent use. Duration taken for lunch break is now also recorded on the book.
19.	Ensure all time and attendance records are retained in accordance with <i>State Records Act/GA39</i> requirements.	Customer Services & Records Management Department	May 2020		Sign in books to be stored by the Records Management Section in accordance with <i>State Records Act</i> , when they have been replaced by a systemic solution.
<b>Leave Recording</b>					
20.	Investigate an employee self-serve system where employees can apply for leave; leave applications would then workflow to the manager for review; and then to the Pay Office, removing the risk of missing leave forms and providing an audit trail. Consider whether Council's existing document management system can accommodate leave workflows automation.	Pay Office	June 2020		Online Leave Application form introduced which includes automated workflows. This is an interim solution.
<b>Excess Annual Leave</b>					
21.	Document excess leave management expectations and ensure adequate monitoring to track compliance. Ensure any correspondence regarding excess leave obligations is sent to both the affected staff member and their manager.	Human Resources Department	April 2020		Leave Management Guidelines have been discussed at Divisional Manager meetings and information to be sent to staff. Annual leave plans have been completed as a requirement of PPAs and sent to HR to be recorded. All Directors and Managers have received a list of staff with excess leave.
<b>Overpayments</b>					
22.	Design a control process to prevent the recurrence of overpayments. Such a process should be incorporated into an Overpayment Policy that defines key roles and responsibilities as well as proceedings to recover the funds from the effected staff member. Establish an Overpayments Register to track overpayment trends and lessons learned.	Pay Office	April 2020		Existing Payments Register is in use, registered in Council's document management system. Existing documented has been reviewed. The repayment process is managed between Payroll and the employee.

No.	Recommendation	Lead	Timing	Status	Management Comments
<b>Payroll Payment</b>					
23.	Consider implementing a <i>bona fide</i> report for all staff on autopay. Such a report would need to be circulated prior to, or within a few days of each pay run, for full effectiveness.	Pay Office	May 2020		Weekly reports are distributed to General Manager and Directors the day after the pay is run.
<b>Other Common Issues</b>					
24.	Ensure all hard copy payroll records are registered in personnel files in a timely manner, i.e. within 1-2 pay cycles given current weekly pay cycle (Note: This issue may be resolved via the implementation of an automated time and attendance system/self-serve solution for some transactions).	Customer Services & Records Management Department	May 2020		Leave forms registration now automated as part of online leave application. Links to Recommendation No. 20.
25.	Consider testing the market to see if a different payroll system is more suitable for the needs of Council.	Human Resources/ Payroll	June 2021		Exploration of alternate payroll systems is under consideration.
26.	Review current arrangements to see if system upgrades would be more suitable for the needs of Council.	IT Department	June 2020		Upgrade of Authority (Civica) is underway. ETA mid-April 2021.