Item	Description/criteria	Audit score	Finding	Recommendation	Management comments	Management comments February 2023
Conflicts of Interest and Gifts						
1	Community and business funding assessments (including grants and sponsorships)	Medium	• This is a high exposure, high impact area for councils in terms of community scrutiny and risks of actual and perceived conflicts and bias. The current processes and system are maturing and require improvement for enhanced governance and probity. • Community and business funding programs (including assessments) are managed through the Smartygrants grants administration system, with policies in place for Community Funding, Sponsorships and Business Grants. • The Management Practice for Place Grants does not currently address Conflicts of Interest and the draft Management Practice Community Funding does not yet include satisfactory guidance on Conflicts of Interest and how conflicts are managed. However, the draft panel pack ("Report on Grant Panels") does cover identification, recording/documentation of disclosed conflicts and how these are to be managed.	• Management Practices for Community Funding and Place Grants should be reviewed to ensure guidance on conflicts of interest in the assessment of applications. • Ensure that these rules are incorporated into the forms and workflow in the grant administration system (Smartygrants). • Guidance on panel functions and membership should include the method and process for selecting and appointing panel members. • Terms of reference for the assessment panel should include a description of roles such as an independent Chair to ensure that the meetings are run fairly,	**Responsibility: Manager Community and Manager Place Planning** **Action due date:** **Start:** February 2021 **End:** 30 April 2021 **Management comments:** • Policy 114 Community Funding is being updated to include a provision to address lobbying of Elected Members and Town staff. Policy is going to the Policy Committee for consideration, and then OCM, pending support from Policy Committee. • Operating Subsidies Management Practice currently being reviewed and updated. Subsequently, other	Policy 114 – Complete. Operating Subsidies Management Practice – Draft complete. Management practices have been updated. A report is now being prepared to present all Management Practices to C-Suite for consideration. SmartyGrants portal – Complete.

Item	Description/criteria	Audit score	Finding	Recommendation	Management comments	Management comments February 2023
			• In the Smartygrants workflow, each panel member must declare whether they have a conflict of interest on the assessment form, and if yes, they are asked not to proceed with the assessment. However, there is nowhere on the form to describe the nature of the conflict where the answer is 'I do have a conflict of interest'. • There is a gap at present with applicants not being required to declare any conflicts of interest on the application form in Smartygrants. This has led to a conflict being identified after the fact at a Council meeting but should have been identified and reported at the application stage and noted. • Actual and/or perceived bias or conflicts may arise from situations where officers in roles which provide support and advice to funding applicants also assess those applications. Greater thought and care should be taken in the management of these scenarios.	efficiently and without bias, to manage any power dynamics that may be at play. • There should be a requirement on the assessment form in Smartygrants (with examples*) for the assessor to describe the nature of the conflict. • There should be a requirement (with examples*) for the applicant to declare any conflicts* such as any personal (friends or family) or professional relationships with employees and elected members of the Town, and to describe the nature of the conflict and propose how it is managed.	Community Funding Management Practices will be reviewed and updated based on Audit findings, and applicant / Elected Member feedback. • Smarty Grants portal being updated to reflect Conflict of Interest information and process for panel members. More refinements still to occur.	

Item	Description/criteria	Audit score	Finding	• Recommendation	• Management comments	Management comments February 2023
Integrity Snapshot & Fraud and Corruption						
2	1b. The Town has identified its integrity risks considering its work and operating context and records those risks.	Medium	There is currently no comprehensive list of fraud and corruption and related integrity risks across all the Town's functions.	• All functional areas should consider integrity risks as part of operational risk management. Ensure integrity risks in high-risk areas continue to be identified and recorded as operational risks in the risk register. • A documented fraud and corruption control plan should comprehensively address these identified risks by describing methods for prevention, detection and reporting.	• Undertake further risk education process to ensure that functional areas consider integrity risks (including fraud and corruption) as part of operational risk management. **Action start date:** July 2021 **Action due date:** December 2021 • Develop a fraud and corruption control plan. **Action start date:** January 2022 **Action due date**: June 2024	An ongoing process. Added to Corporate Business Plan for 2022-2023 for completion.
3	1c. The Town enacts controls to address identified risks	Medium	The Town does not currently have in place a documented risk-based fraud and corruption framework or control plan but has a number of other measures in place.	As part of an Integrity-based Governance Framework, document and implement a fraud and corruption control plan which formalises current fraud and corruption prevention, detection and response initiatives.	Develop a fraud and corruption control plan. **Action start date:** January 2022 **Action due date:** June 2024	Added to Corporate Business Plan for 2022-2023 for completion.

Item	Description/criteria	Audit score	Finding	• Recommendation	• Management comments	Management comments February 2023
4	3a. The Town ensures integrity training programs are up to date.	Medium	Discussions with stakeholders indicate areas of weakness include information management and computer security, with users/staff not often fully aware of their obligations and integrity risks around misuse and mismanagement of information, including security, access, confidentiality breaches and information-sharing.	Targeted and specialised fraud and corruption training should also include information management and computer security. This is given heightened vulnerabilities of fraud and corruption and cyber risks particularly at a time of crisis/pandemic.	Information on cyber risks to be added to the induction process. **Action start date:** August 2021 **Action due date:** October 2021	In progress, and ongoing continuous improvement.
Employment Practices Internal Audit Review						
5	Interview Assessments & Outcomes	High	Paxon examined appointment practices for a sample of employees appointed between November 2020 and October 2021. We tested six recruitment processes for compliance with the required processes as set out within Policy and Operational Policy. The results are summarized below: • Four assessment forms were not fully completed, including the interview summary and overall suitability for the role sections; • Identity of interviewer was not recorded on one form; • Not all assessment forms for the interview panel were provided for two applicant interviews; and • Only 4 of the 6 process summary and recommended appointment	Assessment Forms should be comprehensively completed by all members of the interview panel. Specifically, the "Interview summary" section of the Assessment Form must be completed as in this section an assessment is made of the information recorded during the interview and the candidate's overall suitability for the vacant position.	Agree interview notes are not completed with the detail that is required. We will work on educating relevant staff who sit on interview panels and all People and Culture team members to ensure interview documents are completed in entirety and will request additional information where required. **Target Completion Date** 31 July 2022	Complete.

Item	Description/criteria	Audit score	Finding	• Recommendation	• Management comments	Management comments February 2023
			selection reports could be provided.			
6	Declaration of Confidentiality & Interest Forms	High	Paxon tested six recruitment processes to determine if the Declaration of Confidentiality & Interest Form had been completed by all interviewers and the results are summarized below: • Out of 19 interviewers on 6 interview and selection panels, only 9 forms were provided to Paxon. • Of these 9 only 1 contained the name of the applicant and 6 the applicant's position. The Declaration Forms only provide for recording a position title for the candidates being interviewed. The form does not provide for recording the identity of the candidates which is important to ensure clarity over the declaration. Paxon understands this process was introduced in January 2021 and all the processes tested were after this date.	Declaration forms should be comprehensively completed by all members of the selection panel prior to the interview of shortlisted candidates and formally recorded. The form should be amended to include the applicants name to avoid ambiguity.	This is a fairly new and manual process, therefore it does depend on the panel members completing the form appropriately. People and Culture will educate panel members and ensure all forms are returned for each new recruitment process on a timely basis. **Target Completion Date** 31 July 2022	Complete.
7	Criminal Record Screening	High	Criminal record screening is performed by the Town, but for 4 of the 6 appointment processes tested these appear to have been performed after the offer or signing	Criminal record screening should be completed and reviewed prior to making an offer to a selected candidate for a position.	Collection of police clearance is now automated through Big Red Sky and applicants have to upload copy	Complete

Item	Description/criteria	Audit score	Finding	• Recommendation	• Management comments	Management comments February 2023
			of a contract. The following delays were noted: • 1 day after acceptance of position; • 2 were after 2 weeks after acceptance; and • the fourth was approximately 8 months after acceptance. Although contracts include clauses with regards to the accuracy of applicant declarations and probation periods, the performance of checks prior to appointment would be preferable and was part of the amended process documented in response to the OAG Management Letter of 2019.		of national police clearance prior to commencing at the Town. New employees are also required to complete an annual declaration form prior to commencing and have to declare if they have had any criminal convictions. People and Culture will ensure police clearances have been uploaded to Big Red Sky and that new employees don't have any convictions prior to commencement. **Target Completion Date** 31 July 2022	
8	Reference Checks	Medium	Reference checks are performed by the Town and for the sample of 6 recruitment selection processes tested we noted the following: • 3 of the Reference Forms did not record which Town employee performed the referee interview; and • 3 Reference Form records did not confirm whether the interview	Reference Forms should identify the employee who conducted the interview and record whether the interview panel members were informed of the reference check results.	Agree that some forms may be incomplete of all the information due to a lack of attention to detail and will discuss with People and Culture to ensure the name of the interviewer is on the form and that the panel	Complete

Item	Description/criteria	Audit score	Finding	• Recommendation	• Management comments	Management comments February 2023
			panel was advised of the comments received (as required on the form).		members were informed of the outcome of the reference check. In saying this, as per the procedural requirements, two professional reference checks are completed for all potential employees. **Target Completion Date** 31 July 2022	
9	Qualification Checks	Medium	The Town's "Recruitment and Selection – Procedures" document, dated 22/07/2020 states in section 9.4 entitled: "Verification of Qualifications": *"Where necessary to the role, the preferred candidate must provide an original or certified copy of their certificate of qualification such as a degree, diploma or certificate. Further the qualification must be verified by the Town:* • *seeking confirmation from the institute that issued the qualification, or* • *engaging an external provider to verify the qualification."*	All key qualifications should be identified and verified. An autonomous qualification check should be performed by the Town or a third party regarding all job relevant qualifications.	Agree with the recommendation. Currently People and Culture ensure that a copy of the relevant qualifications are collected from the new employee but have not taken the next step to verify the qualification. People and Culture understand this was a recommendation from the auditor general report but have not	In progress, dependent on resourcing.

Item	Description/criteria	Audit score	Finding	• Recommendation	• Management comments	Management comments February 2023
			In other words, the Town's qualification check goes beyond a mere examination of original or certified records provided by the candidate. The Town's qualification check demands an autonomous qualifications check by the Town or a third party. No records were provided for examination purposes regarding the Town or a third party performing an autonomous qualifications check. We also noted for 5 of the 6 recruitment processes that: • A copy of a degree certificate was examined, but no proof was provided for examination purposes as to the two professional memberships; • A copy of a degree certificate was examined, but no proof was provided for examination purposes as to the diploma, certificates and training completed; • A "Statement of Academic Record" was examined regarding an MBA, but no proof was provided for		had the resources and time to implement this step. It will be a focus going forward. **Target Completion Date** 31 July 2022	

Item	Description/criteria	Audit score	Finding	• Recommendation	• Management comments	Management comments February 2023
			• examination purposes as to the certification and professional membership; • A copy of a degree certificate was examined, but no proof was provided for examination purposes as to the certification; and • A copy of a degree certificate was examined, but no proof was provided for examination purposes as to the MBA, construction white card and professional affiliations and memberships.			