
Recommendations

Fraud Control Arrangements in Large Government Agencies and Universities (Ten Elements of Fraud Control) Page

- I recommend that government agencies and universities focus on improving their fraud prevention and detection systems. Specifically, they need to improve their fraud risk assessments, employee and consumer awareness programs and detection systems. Useful detection systems include data mining and early warning systems to receive information from staff, contractors, suppliers and the public about potential frauds. 3

Reporting of the State's Performance

I recommend:

- the annual planning process for the NSW State Plan Annual Report allow for a November tabling date. 8
- the Government ensure that the systems generating the data used in the State Plan Annual Report can be relied on. 9
- the Government formally respond to the Public Accounts Committee's recommendations. 9

Quality of Financial Reporting

- I recommend The Treasury mandate that agencies perform hard close procedures at 31 December and 31 March each year. This should improve the quality, reliability and timeliness of financial reporting across the Public Sector and enhance the annual budget process. 12

Universities Overview

I recommend:

- the University of Newcastle and Charles Sturt University implement total asset management plans to ensure their assets are managed efficiently and effectively 19
- each university include asset management performance reporting in their annual reports 19
- each university review governance arrangements for controlled entities to ensure risk exposures are understood, monitored and managed 20
- each university eliminate unnecessary controlled entities to reduce governance risks and compliance and assurance costs. 20
- each university review funding arrangements with controlled entities to determine the need for 'letters of comfort', if any 22
- each university confirm existing 'letters of comfort' represent better practice
- each university review foreign currency exposures and ensure they have appropriate policies to mitigate the risks associated with such exposures 23
- each university develop and implement effective policies to address and manage the ageing academic workforce 24
- the Vice Chancellor of each university collaborate and approach the Australian Government to negotiate an agreement to fund staff superannuation obligations 26

▪ each university review the effectiveness of their policies for managing excessive annual leave balances	28
▪ each university create and maintain a single register of all contract employees	30
▪ each university periodically review the roles and responsibilities of all contract employees to ensure:	30
□ reliance on contractors is not excessive	
□ use of contract employees instead of permanent employees is appropriate	
□ contractors do not become de facto employees by virtue of being with the university for an extended period of time	
□ use of contract employees continues to represent value for money.	
▪ DEEWR review its financial performance indicators to confirm their continuing relevance and appropriateness.	31

Charles Sturt University

I recommend the University:

▪ implement robust financial reporting processes and improve the quality control procedures over the preparation of its financial statements and supporting documentation	49
▪ improve its recording and accounting procedures for non-current assets. Its property, plant and equipment register should be updated continuously throughout the year to ensure the accuracy and completeness of its asset records	49
▪ continue to review and strengthen corporate governance, accounting and internal control procedures for its overseas campus	50
▪ review the effectiveness of its policies in managing its ageing academic workforce	50
▪ establish individual staff plans to reduce excessive annual leave balances within an acceptable timeframe	52
▪ create and maintain a record of all contractors engaged by the University	52
▪ should also periodically review the roles and responsibilities of all its contractors to ensure:	52
□ its reliance on contractors is not excessive	
□ using a contractor instead of a permanent employee is appropriate	
□ contractors do not become de facto employees by virtue of being with the University for an extended period of time	
□ using a contractor continues to represent value for money.	

Macquarie University

I recommend the University:

▪ review its corporate strategy to help ensure its corporate structure aligns with that strategy.	58
▪ review its processes for the selection of business partners and the identification of project risks. This will help reduce risks in future projects.	58
▪ review the effectiveness of its policies in managing its ageing workforce.	59
▪ review the effectiveness of its existing policies for managing excessive annual leave balances.	61

Southern Cross University

I recommend the University:

- review the effectiveness of its policies in managing its ageing workforce. 68
- continues to monitor and manage excessive annual leave balances. Strategies adopted to reduce the number of employees with excessive leave balances should continue during 2010. 70

The University of Sydney

I recommend the University:

- review the effectiveness of its policies in managing its ageing workforce 75
- create and maintain a single record of all contractors engaged by it 77
- periodically review the roles and responsibilities of all its contractors to ensure: 77
 - its reliance on contractors is not excessive
 - use of a contractor instead of a permanent employee is appropriate
 - contractors do not become de facto employees by virtue of being with the University for an extended period of time
 - use of a contractor continues to represent good value for money
- establish individual staff plans to reduce excessive leave balances within an acceptable timeframe 78
- review the financial arrangements it has with its controlled entities to satisfy itself that an appropriate financial structure is in place to support their ongoing operations. 81

University of New England

I recommend the University:

- review the effectiveness of its policies in managing its ageing workforce 84
- establish individual leave plans with employees to reduce leave balances within an acceptable timeframe. 86

University of New South Wales

I recommend:

- the University finalise a framework to identify and manage foreign exchange and interest rate exposures to minimise losses 91
- the University finalise its longer term cash flow forecast model to minimise the risk of not meeting operating and capital expenditure commitments and other liability obligations 92
- the University establish individual plans with employees to reduce excessive leave balances within an acceptable timeframe 94
- the University review the effectiveness of its policies in managing its ageing workforce 94

- the University maintains a central register for contractors not paid through the human resources systems to reduce the risk of non-compliance with taxation laws and regulations 96
- the University complete the liquidation of AGSM Limited and UNSW Asia School Limited during 2010 97
- UNSW Global Pty Limited establishes policies and procedures to review the group's overseas operations, including representative offices, to ensure compliance with local laws and regulations. 97

University of Newcastle

I recommend the University:

- conduct a comparative cost benefit analysis to the University of building a new city campus and relocating some of its operations versus upgrading its Callaghan campus 105
- review its ability to fund the proposed capital programs 105
- implement total asset management plans to ensure assets are planned and managed efficiently and effectively 105
- review the effectiveness of its policies in managing its ageing workforce 106
- create and maintain a single record of all contractors engaged by it 108
- periodically review the roles and responsibilities of all its contractors to ensure: 108
 - its reliance on contractors is not excessive
 - use of a contractor instead of a permanent employee is appropriate
 - contractors do not become de facto employees by virtue of being with the University for an extended period of time
 - use of contractors continues to represent value for money
- review its use of corporate credit cards and the internal control structure it uses to control and monitor spending on credit cards 108
- records any personal expenditure on credit cards as a debt owing to the University. This will ensure that the money is collected from the employee involved. 108
- raise a debt against the relevant employee for any spending not accounted for within two months of the credit card statement date. This will ensure all money is accounted for correctly or recovered from the relevant employee. 108

University of Technology, Sydney

I recommend the University:

- create and maintain a single record of all contractors engaged by it 117
- periodically review the roles and responsibilities of all its contractors to ensure: 117
 - its reliance on contractors is not excessive
 - use of a contractor instead of a permanent employee is appropriate
 - contractors do not become de facto employees by virtue of being with the University for an extended period of time
 - use of a contractor continues to represent good value for money.

University of Wollongong

I recommend:

- the University ensure that its subsidiary ITC Ltd improves oversight arrangements to ensure compliance with policies and procedures for its University of Wollongong in Dubai operations. 130
- the University review the effectiveness of its policies in managing excess annual leave. 132
- ITC Ltd implement a timetable to ensure financial statements are prepared and submitted, for each controlled entity, by the statutory deadline. Failure to submit financial statements within the specified timeframe is a breach of legislative requirements. 138