



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

## Freedom of Information Publication Coversheet

The following information is provided pursuant to section 28 of the *Freedom of Information Act 2016*.

FOI Reference: CMTEDDFOI 2018-0177

Information to be published	Status
1. Access application	Published
2. Decision notice	Published
3. Documents and schedule	Published
4. Additional information identified	No
5. Fees	N/A
6. Processing time (in working days)	31
7. Decision made by Ombudsman	N/A
8. Additional information identified by Ombudsman	N/A
9. Decision made by ACAT	N/A
10. Additional information identified by ACAT	N/A

From: [REDACTED]  
To: [CMTEDD.FOI](#)  
Subject: [REDACTED]  
Date: Wednesday, 18 July 2018 1:45:21 PM

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To the FOI coordinator,

I write under the Freedom of Information Act 2016 to request the following documents in possession of the Chief Minister, Treasury and Economic Development Directorate:

- Protiviti's Review of Internal Financial Management of Floriade 2017, dated July 13.

While I have been provided with the executive summary of this document, it does not provide any detail about how the \$1.2 million overspend at last year's event occurred.

The purpose of the ACT's new freedom of information laws is to enable the public to participate more effectively in government processes and to promote improved decision making within government.

The laws are also supposed to allow or assist inquiry into possible deficiencies in the conduct or administration of an agency or public official.

Given the limits acknowledged by Protiviti in their audit, I believe releasing the full report will allow the public to help identify any areas of further concern in the management of the ACT's events, if they exist.

Please email the documents to this address. If there are any issues with my request, feel free to ring me on [REDACTED]

Thanks for your help!

[REDACTED]

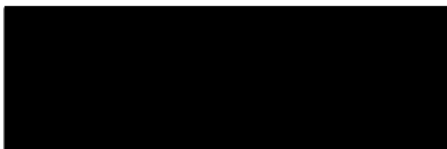
[REDACTED]




**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

Our ref: CMTEDDFOI 2018-0177



via email: 

Dear 

### **FREEDOM OF INFORMATION REQUEST**

I refer to your application under section 30 of the *Freedom of Information Act 2016* (the Act), received by the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) on 18 July 2018, in which you sought access to a copy of Protiviti's Review of Internal Financial Management of Floriade 2017, dated July 13 2018.

#### **Authority**

I am an Information Officer appointed by the Director-General of CMTEDD under section 18 of the Act to deal with access applications made under Part 5 of the Act.

#### **Timeframes**

In accordance with section 40(2) of the Act, CMTEDD is required to provide a decision on your access application by 5 September 2018.

#### **Third Party Consultation**

In making this decision, I completed consultation with a relevant third parties in accordance with section 38 of the Act. The views of the identified third party's were taken into account in making this decision.

#### **Decision on access**

Searches were completed for relevant documents and 1 document was identified that falls within the scope of your request.

I have decided to grant partial access to that document. The information redacted in the documents I consider to be information that would, on balance, be contrary to the public interest to disclose under the test set out in section 17 of the Act.

I have included as Attachment A to this decision the schedule of relevant document. This provides a description of the document that falls within the scope of your request and the access decision for that document.

My access decisions are detailed further in the following statement of reasons and the documents released to you are provided as Attachment B to this letter.

In accordance with section 54(2) of the Act a statement of reasons outlining my decision is below.

### **Statement of Reasons**

In reaching my access decision, I have taken the following into account:

- the Act;
- the content of the documents that fall within the scope of your request;
- the submissions made by the relevant third party's; and
- the *Human Rights Act 2004*.

### **Exemption claimed**

My reasons for deciding not to grant access to components of the document is as follows:

#### Legal Professional Privilege (Schedule 1 of the Act)

Page 11 of Protiviti's Review of Internal Financial Management of Floriade 2017 contains advice provided by the Government Solicitor's Office (GSO). I consider the advice to be subject to legal professional privilege as it was brought into existence for the dominant purpose of providing a legal opinion in relation to an agreement between EventsACT and a supplier of services to Floriade. I am satisfied that the communications were made in circumstances of confidentiality and were provided by an independent legal adviser satisfying the requirements to attract legal professional privilege. For this reason, I have decided to exempt this information from release.

#### Public Interest

The Act has a presumption in favour of disclosure. As a decision maker I am required to decide where, on balance, public interests lies. As part of this process I must consider factors favouring disclosure and non-disclosure.

In *Hogan v Hinch* (2011) 243 CLR 506, [31] French CJ stated that when 'used in a statute, the term [public interest] derives its content from "the subject matter and the scope and purpose" of the enactment in which it appears'. Section 17(1) of the Act sets out the test, to be applied to determine whether disclosure of information would be contrary to the public interest. These factors are found in subsection 17(2) and Schedule 2 of the Act.

Taking into consideration the information contained in the documents found to be within the scope of your request, I have identified that the following public interest factors are relevant to determine if release of the information contained within these documents is within the 'public interest'.

#### Factors favouring disclosure (Schedule 2.1)

Taking into consideration the information contained in the documents found to be within the scope of your request, I have identified that the following public interest factors are

relevant to determine if release of the information contained within these documents is within the 'public interest':

- (a) *disclosure of the information could reasonably be expected to do any of the following:*
- (i) *promote open discussion of public affairs and enhance the government's accountability;*
  - (ii) *contribute to positive and informed debate on important issues or matters of public interest; and*
  - (iv) *ensure effective oversight of expenditure of public funds.*

Having considered the factors identified as relevant in this matter, I consider that release of the information within the scope of your request may promote open discussion of public affairs and enhance the government's accountability by allowing you to see the outcomes of Protiviti's Review of the Internal Financial Management of Floriade 2017. I consider release of this information may contribute to positive and informed debate on important issues or matters of public interest, namely the financial management of Floriade 2017. The document provides information on process deficiencies and cost overruns in the 2017 Floriade event. I consider there is public interest in increasing transparency of the Directorate, particularly noting that this event was held using public funds.

I am satisfied that these factors favouring disclosure carry significant weight. However, this weight is to be balanced against the factors favouring non-disclosure.

#### Factors favouring non-disclosure (Schedule 2.2)

Taking into consideration the information contained in the documents found to be within the scope of your request, I have also identified the following public interest factors in favour of non-disclosure are relevant to determine if release of the information contained within these documents is within the 'public interest'.

- (a) *disclosure of the information could reasonably be expected to do any of the following:*
- (viii) *prejudice the protection of an individual's right to privacy or any other right under the Human Rights Act 2004; and*
  - (xi) *prejudice trade secrets, business affairs or research of an agency or person.*

In considering the documents for release, I have considered the impact of releasing personal information contained in the audit report may have on individuals involved. I am satisfied that identifying details of staff that were responsible for the financial management of Floriade 2017 should be exempt from release. Given the context in which the information appears, the nature of the information, and the circumstances in which it was gathered, I consider it would be unreasonable for this information to be released as it could give rise to unjust and negative criticism of staff and in this case I believe this would intrude on their right to privacy under the *Human Rights Act 2004*. I also consider it is unreasonable to release the name and contact information of individuals who are not government employees which in this instance is the name and contact details of the author of the report.

I have also considered the impact that the release of some parts of the information contained in the documents may have on relevant third parties. In reviewing this information, I have taken into account the submissions put to me by the relevant third parties in accordance with section 38 of the Act. In the case of *Re Mangan and The Treasury* [2005] AATA 898 the term 'business affairs' was interpreted as meaning 'the totality of the money-making affairs of an organisation or undertaking as distinct from its private or internal affairs'. I am satisfied that some of the information contained in the documents could impact the money making affairs of the third parties as it would disclose financial and other business information that is not currently publically available. Accordingly, I have decided to withhold from release this type of information.

Noting the pro-disclosure intent of the Act, I am satisfied that redacting only the information that is not in the public interest to release, while releasing the rest of the documents will ensure the intent of the Act is met and will provide you with access to the majority of information held by CMTEDD within the scope of your request.

Folios 1-2, 8-12 and 15 of the identified documents contain information that I consider, on balance, to be contrary to the public interest to disclose under the test set out in section 17 of the Act. Accordingly this information has been redacted.

#### **Documents subject to third party review**

Information on pages 12 and 15 has been withheld pending the third party review period. You will be provided with these documents at the end of the third party review period unless a review has been sought with the Ombudsman.

#### **Charges**

Pursuant to *Freedom of Information (Fees) Determination 2017 (No 2)* processing charges are not applicable for this request because the total number folio's to be released to you is below the charging threshold of 50 pages.

#### **Online publishing – Disclosure Log**

Under section 28 of the Act, CMTEDD maintains an online record of access applications called a disclosure log. Your original access application, my decision and documents released to you in response to your access application will be published in the CMTEDD disclosure log after 4 September 2018. Your personal contact details will not be published.

You may view CMTEDD disclosure log at:

<https://www.cmtedd.act.gov.au/functions/foi/disclosure-log>.

#### **Ombudsman Review**

My decision on your access request is a reviewable decision as identified in Schedule 3 of the Act. You have the right to seek Ombudsman review of this outcome under section 73 of the Act within 20 working days from the day that my decision is published in CMTEDD disclosure log, or a longer period allowed by the Ombudsman.

If you wish to request a review of my decision you may write to the Ombudsman at:

The ACT Ombudsman  
GPO Box 442  
CANBERRA ACT 2601  
Via email: [actfoi@ombudsman.gov.au](mailto:actfoi@ombudsman.gov.au)

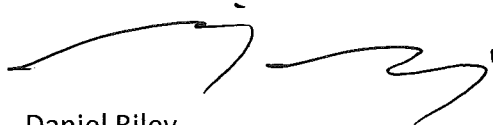
**ACT Civil and Administrative Tribunal (ACAT) Review**

Under section 84 of the Act, if a decision is made under section 82(1) on an Ombudsman review, you may apply to the ACAT for review of the Ombudsman decision. Further information may be obtained from the ACAT at:

ACT Civil and Administrative Tribunal  
Level 4, 1 Moore St  
GPO Box 370  
Canberra City ACT 2601  
Telephone: (02) 6207 1740  
<http://www.acat.act.gov.au/>

Should you have any queries in relation to your request please contact me by telephone on 6207 7754 or email [CMTEDDFOI@act.gov.au](mailto:CMTEDDFOI@act.gov.au).

Yours sincerely,



Daniel Riley  
Information Officer  
Information Access Team  
Chief Minister, Treasury and Economic Development Directorate

30 August 2018



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

## FREEDOM OF INFORMATION REQUEST SCHEDULE

NAME	WHAT ARE THE PARAMETERS OF THE REQUEST	Reference NO.
[REDACTED]	Protiviti's Review of Internal Financial Management of Floriade 2017, dated July 13	CMTEDDFOI2018-0177

Ref No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
1	1-22	Review of Internal Financial Management of Floriade 2017	13 July 2018	Partial Release	Sch 2 s2.2 (a)(ii), Sch 2 s2.2 (a)(xi), Sch 2.2(b)(ii)	Yes

**Total No  
of Docs**

1
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**ACT CHIEF MINISTER, TREASURY AND  
ECONOMIC DEVELOPMENT  
DIRECTORATE**

**REVIEW OF INTERNAL FINANCIAL  
MANAGEMENT OF FLORIADE 2017**

13 July 2018

**Sch 2.2(a)(ii)**

## Audit Sign-off

### Units Reviewed

Chief Minister, Treasury and Economic Development - Enterprise Canberra - Events ACT - Floriade and NightFest 2017 (referred to as Floriade 2017 throughout this report unless otherwise noted)

### Key Staff Consulted

Name	Title
Sch 2.2(a)(ii)	

### Timeline

Action	Date
Proposal Submitted	18 April 2018
Initial Planning Meeting	7 May 2018
Fieldwork Commenced	15 May 2018
Fieldwork Completed	25 June 2018
Draft issued for Management Review	29 June 2018
Final Report	13 July 2018

### Sign-off

I acknowledge the findings and recommendations enclosed in this report and undertake to have the agreed actions completed within the identified timeframe:

.....  
 Kareena Arthy, Deputy Director-General,  
 Enterprise Canberra  
 13 July 2018

.....  
 Sch 2.2(a)(ii) Protiviti  
 13 July 2018

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## 1. Executive Summary

### 1.1. Introduction

Enterprise Canberra, a part of the Chief Minister, Treasury and Economic Directorate (CMTEDD) is responsible for the co-ordination, management and delivery of key events on behalf of the Territory Government. These events include the Floriade and Floriade NightFest events which in 2017 celebrated its 30<sup>th</sup> birthday. CMTEDD has requested an internal review of the finances of the 2017 Floriade and Floriade NightFest events (Floriade 2017) in light of a potential significant overspend and possible deficiencies in the financial management procedures.

Specifically the objective of this review was to:

1. Review the financial management processes to identify where there have been deficiencies that contributed to the over-run of expenses; and
2. Provide assurance that the internal forecast of the final projected expenditure is reasonably determined and includes all reasonably foreseeable expenses incurred.

### 1.2. Overall Review Conclusions

The Review has made the following conclusions against each of the aforementioned objectives:

Objective	Assessment
1. Review the financial management procedures to identify where there have been deficiencies that contributed to the over-run of expenses	<p>There have been significant deficiencies in the financial management procedures of Floriade 2017 that may have contributed to the over-run of expenses. Specifically we found:</p> <ul style="list-style-type: none"> <li>▪ Directorate financial delegations were not adhered to</li> <li>▪ Lack of appropriate procurement activities and controls</li> <li>▪ Lack of adequate contract management controls</li> <li>▪ Weaknesses in budget development, documentation and approval processes</li> <li>▪ Lack of event specific financial reporting and re-forecasting</li> <li>▪ Lack of reconciliation and review of revenue sources</li> </ul>
2. Provide assurance that the internal forecast of the final projected expenditure are reasonably determined and include all reasonably foreseeable expenses incurred.	<p>The projected overspend for Floriade 2017 based on an Appropriation Allocation of \$3,045,102 and revenue target of \$1,405,000, is <b>\$1,254,971</b>. This figure is based on amounts recorded in financial systems, the internal projected overspend and adjustments for amounts noted as part of this Review.</p> <p>The risk of material continued expenses being received against Floriade 2017 is low given the time that since the event was held and the intervening work undertaken by staff since to identify and ensure all expenses have been recorded however a risk remains that additional expenses may be incurred.</p> <p>The Review noted that there were possible calculation errors made in a budget spreadsheet maintained separately to the Financial Management System that resulted in possible misunderstanding that the appropriation for Floriade 2017 was \$4,044,335, almost \$1m higher than the actual appropriation. This could have contributed to the overspend.</p> <p>The overspend noted above is solely in relation to Floriade 2017. We have not been in a position, within the scope of this Review, to understand the potential under/over spends across the other events managed within the EventsACT budget. The overspend above may be offset by increased revenues across other events managed during 2017-18 which were included within the same budget envelope as Floriade 2017. The Review also did not consider the over or under spends that may have arisen in Floriades in prior years.</p>

While this review was not a forensic investigation designed to identify potential fraud, we note that during the review we found no indicators of fraudulent activity.

As the Review proceeded it became obvious that a more detailed and comprehensive scope would be required to identify comprehensively all deficiencies in the financial management procedures that contributed to the over-run in expenses for Floriade 2017. The Review has, within the budget and time available, identified significant issues and provided evidence for reaching the conclusions made.



Senior staff of EventsACT that were responsible for the operational and financial management of Floriade 2017 have since left EventsACT, and therefore were unable to be included in discussions for this review. It is possible that interviews with former staff may have identified additional or alternative information.

During the review, Protiviti noted that there has been an almost complete change in staffing within EventsACT since Floriade 2017, and significant changes made in the financial management controls. Additionally there appears to have been training activities undertaken to train staff in appropriate procurement processes and actions taken to ensure that procurement activities for future Floriade events are appropriate and comply with Directorate requirements. Reviewing and commenting on these changes is outside the scope of this review.

Given the nature and significance of the findings of this review, we have made a series of recommendations relating to the wrap-up of Floriade 2017 and to overarching financial controls for Enterprise Canberra. These relate to:

- Further review of transactional information, addressing poor comparability of expense treatment between years
- Conduct of a specific review of procurement processes and controls given the serious deficiencies identified in this review
- Conduct of a specific review of establishment and application of financial delegations in EventsACT given the serious deficiencies identified in this review
- Assessment of value for money of major contracts and components of the operations of Floriade, with a focus on long-standing arrangements
- Establishment of a suite of budget and financial reports for Floriade.

This report has been undertaken to address a specific objective defined by CMTEDD and is intended solely for the use by CMTEDD. Protiviti accepts no responsibility for reliance on this report by other parties.

### 1.3. Summary of Review Findings

The findings raised in this Review are summarised below.

Report Section	Finding
3.1	Directorate financial delegations were not adhered to
3.2	Lack of appropriate procurement activities and controls
3.3	Lack of adequate contract management controls <ol style="list-style-type: none"> <li>1. No contract register maintained</li> <li>2. Lack of contracts in place for significant expenditure</li> <li>3. Payment of amounts outside of contract amounts</li> <li>4. Unsigned Contracts / Memorandums of Understanding</li> </ol>
3.4	Weaknesses in budget development, documentation and approval processes
3.5	Lack of event specific financial reporting and re-forecasting
3.6	Lack of reconciliation and review of revenue sources <ol style="list-style-type: none"> <li>1. Catering rights</li> <li>2. Trade site revenue</li> <li>3. Ticket Revenue</li> </ol>

During the review, Protiviti noted that there has been an almost complete change in staffing within EventsACT since Floriade 2017, and significant changes made in the financial management controls.

### 1.4. Limitations

This report is intended solely for the use by CMTEDD and should not be distributed to any third party without the consent of Protiviti, which will not be unreasonably withheld.

## 2. Review Purpose and Approach

### 2.1. Background

#### Floriade and Floriade NightFest 2017

Enterprise Canberra, within the Chief Minister, Treasury and Economic Development Directorate (the Directorate) includes the EventsACT business unit that is responsible for coordinating, managing and delivering major events that are integral to the city and the community of the ACT. These events include Floriade and Floriade NightFest which since 1988 have become a celebration of Spring in Australia attracting many hundreds of thousands of attendees each year. A period of growth in scale and complexity culminated in Floriade's 30<sup>th</sup> birthday in 2017.

Floriade is managed and delivered by EventsACT on behalf of the ACT Government. The financial budget for Floriade is included within the annual funding allocation provided to EventsACT. In 2017 the budget allocated to Floriade and Floriade NightFest combined was \$3,045,102 with a revenue target of \$1,405,000. The revenue target, if achieved, is expected to be spent on the event. Combined this results in an expected spend for Floriade 2017 of \$4,450,102.

In the weeks prior to delivery of Floriade 2017 an Acting Director was appointed to EventsACT. It became apparent that the financial management processes and disciplines for Floriade 2017 were not as expected and that there was a potential overspend for the event. Since Floriade 2017 was delivered, eight staff have left EventsACT.

The internal projected overspend for Floriade 2017 based on the Appropriate Allocation of \$3,045,102 is \$1,836,958 before this Review and any adjustments that have arisen as a result of the work undertaken.

### 2.2. Review Objectives and Scope

#### Objective

CMTEDD has requested an internal review of the finances and financial management of the 2017 Floriade and 2017 Floriade NightFest events (Floriade 2017), specifically to:

3. Review the financial management processes to identify where there have been deficiencies that contributed to the over-run of expenses; and
4. Provide assurance that the internal forecast of the final projected expenditure is reasonably determined and includes all reasonably foreseeable expenses incurred.

It is specifically noted within the Terms of Reference and Plan that there is no requirement for recommendations in relation to existing Policies and Procedures or advice on how to improve Procurement and Contract Management protocols.

#### Scope

The Review included consideration of:

1. All aspects of financial planning, financial monitoring and financial controls over Floriade 2017; and
2. All financial and contractual information maintained by CMTEDD in connection with Floriade 2017, including comparison to prior years (going back to Floriade 2013).

The review is naturally based on what information could be accessed at the time of the Review.

The detailed approach is contained in Appendix A.

#### Scope Limitations

As the Review proceeded it became obvious that a more detailed and comprehensive scope would be required to identify comprehensively all deficiencies in the financial management procedures that contributed to the over-run in expenses for Floriade 2017. The Review has, within the budget and time available, identified significant issues and provided evidence for reaching the conclusions made. Further investigation and review is needed to comprehensively assess the financial management of Floriade 2017. Included at the end of this report is a discussion on recommended work that should be undertaken.

The scope of this review did not include a review of the financial management of other events managed by EventsACT other than Floriade 2017.

Senior staff of EventsACT that were responsible for the operational and financial management of Floriade 2017 have since left EventsACT, and therefore were unable to be included in discussions for this review. Discussions were held with current staff associated with EventsACT as indicated above however they were not responsible for the operational budget development and financial commitments of Floriade 2017. It is possible that interviews with former staff may have identified additional or alternative information.

Protiviti noted that there has been an almost complete change in staffing within EventsACT and significant changes made in the financial management controls. Reviewing and commenting on these changes is outside the scope of this review.

This review was based on sampling of transactions, and not all transactions, contracts and invoices were able to be reviewed and traced. The specific exceptions noted and documented in the Findings part of this report may not represent all instances of these occurrences.

The assessments made are being provided in good faith and in the belief that such statements and opinions are not false or misleading. Due to the limited duration of the Review, Protiviti has relied on information provided by management. Protiviti does not express an opinion as to whether the information supplied is accurate and no warranty of accuracy or reliability is provided. Furthermore, we are not implying and it should not be construed that we have verified the information provided to us, or that our enquiries could have revealed any matter that a more extensive examination might disclose.

Due to the inherent limitations in any internal control structure, and the limitations in the scope, timeframe and budget for this review, it is possible that errors or irregularities may exist in the financial management of Floriade 2017 and not have been detected in this review.

Please note that this review was not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests that were performed were on a sample basis. Any projection of the evaluation of the control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

This report has been undertaken to address a specific objective defined by CMTEDD and is intended solely for the use by CMTEDD. Protiviti accepts no responsibility for reliance on this report by other parties.

Unless otherwise stated all figures are GST exclusive.



### 3. Detailed Findings and Recommendations on Processes

#### 3.1. Finding 1: Directorate financial delegations were not adhered to

##### Finding

Financial delegations within EventsACT were not appropriately adhered to, with contracts being inappropriately signed by staff members outside of delegation.

##### Discussion

The *Public Sector Management Act 1994* (PSMA) provides the legislative framework regarding the powers and responsibilities for the majority of employees in the ACT Public Service. The Director-General of a Directorate may delegate to a public sector officer all, or any, of their powers under the PSMA via an Instrument of Delegations.

CMTEDD's delegations to enter in contracts according to the Instrument of Delegation\* include:

Table 1: Extract of Delegations Schedule for CMTEDD

Class	Division/Branch/Section/Position	Current Limitations	Other Limitations
<b>Delegation Schedule No 2.b Delegation of Authority to Enter into Commitments</b>			
Economic Development			
Deputy Director-General		Unlimited	To the extent of funds remaining in approved budget
Executive Director		Unlimited	To the extent of funds remaining in approved budget
Director		Unlimited	To the extent of funds remaining in approved budget

\* Economic Development Instrument of Delegations for the Purposes of Director-General Delegations dated 31 July 2017

During the Review, contracts were sought for major expenditure incurred for Floriade 2017. The Delegation of Authority to Enter into Commitments noted in Delegation Schedule No 2.b above dictates that contracts can only be entered into by a Director, Executive Director or the Deputy Director-General. A review of the contracts selected indicated that delegations as per Schedule 2.b were not adhered to. Contracts noted that were signed outside of delegations are noted below:

Table 2: Identified Contracts Executed Outside of Delegation

Date	Contractor	Description	Annual Contract Amount (inc GST)	Signatory and Position
03/09/13	Gema Group Holdings Pty Ltd	Catering Services Floriade and Floriade NightFest	\$160,000 + royalty payments	Sch 2.2(a)(ii)
24/05/17	Highwire Entertainment	Program Management Floriade 2017	\$49,500	Sch 2.2(a)(ii)
24/05/17	Highwire Entertainment	Program Management Floriade and NightFest 2017	\$70,950	Sch 2.2(a)(ii)
26/05/17	ShowPony Events	Program Management Floriade 2017	\$75,900 + 75% ticket revenue for ticketed events	Sch 2.2(a)(ii)
06/06/17	Foodish	Program Management Floriade and NightFest 2017	\$93,500 + 75% ticket revenue for ticketed events	Sch 2.2(a)(ii)
10/07/17	Jason Preston t/a First Aid Services	First Aid Services for Floriade and NightFest 2017-2019	\$66,000	Sch 2.2(a)(ii)
03/08/17	City Services Division, Yarralumla Nursery	Provision of Plant Material for Floriade 2017	\$130,568.61	Sch 2.2(a)(ii)



A number of contract extensions were also considered as part of the Review. Contract extensions are commitments for expenditure and delegations per Delegation Schedule No 2.b equally apply to these, therefore a Director or above should be approving. The following contract extension was noted as not adhering to the appropriate delegations:

Table 3: Identified Contract Extensions Executed Outside of Delegation

Date	Contractor	Description	Annual Contract Amount (inc GST)	Signatory and Position
12/5/17	Kaleja Pty Ltd t/a Waste Away	Provision of Waste Services	Not specified – original contract \$98,800 across all events	Sch 2.2(a)(ii)

It was not possible within the time frame for this review to obtain and test a representative sample of invoices for testing against the financial delegations Delegation Schedule No 2.a Delegation of Authority to Approve Expenditure. This was due in part to the nature of the financial management system and complexities involved with staff members not associated with the original transaction to obtain copies of invoices.

### 3.2. Finding 2: Lack of appropriate procurement processes and controls

#### Finding

During the Review, procurement documentation was requested for two contracts signed for services provided to Floriade 2017. Procurement documentation was not able to be provided for either contract. Procurement policies and procedures appear not to have been followed appropriately in relation to the procurement of goods, services or works for Floriade 2017.

#### Discussion

The Directorate, and therefore EventsACT, must comply with the requirements of the *Government Procurement Act 2001* (the Act), the *Government Procurement Regulation 2007* and policies issued by Procurement Solutions. These regulations require that the following processes be applied in relation to obtaining quotations:

Table 4: Procurement Requirements for Relevant Value Thresholds Applicable for EventsACT

Under \$25,000	The Directorate must seek at least 1 oral quotation from a supplier for the procurement of goods or services if the total estimated value of the procurement is less than \$25,000 (inc GST)
\$25,000 to \$200,000	The Directorate must seek at least 3 written quotations from suppliers for the procurement of goods, services or works if the total estimated value of the procurement is \$25,000 (inc GST) or more and less than \$200,000 (inc GST).
Over \$200,000	The Directorate must invite public tenders for the procurement of goods, services or works if the total estimated value of the procurement is \$200,000 or more. Purchases over \$200,000 (inc GST) should be referred to Shared Services Procurement.

During the Review, procurement documentation was sought for two contracts signed for services provided to Floriade 2017:

Table 5: Sampled Transactions for Procurement Compliance Testing

Contract Date	Contractor	Services Provided	Contract Value
2/8/17	W.R Electrical Pty Ltd trading as Affinity Electrical Technologies	Provision of Electrical Services at Floriade and Floriade NightFest for the period 2017-2020	\$98,394 (inc GST) per annum
10/7/17	Jason Preston trading as First Aid Services	First Aid Services for Floriade and Floriade NightFest 2017-2019	\$66,000 (inc GST) for 2017

EventsACT were unable to provide procurement documentation for either contract. Protiviti has come to the conclusion through discussions with senior EventsACT staff that there has been limited procurement activity undertaken in relation to Floriade 2017 and that it is unlikely that evidence of appropriate procurement processes is available. Further testing was not undertaken due to budget and time constraints and probable lack of evidence.

Since Floriade 2017, we understand that there have been training activities undertaken to train staff in appropriate procurement processes and actions taken to ensure that procurement activities for future Floriade events are appropriate and comply with Directorate requirements. The implementation of these changes is outside the scope of this review.

### 3.3. Finding 3: Lack of adequate contract management controls

#### Finding

The review found a lack of adequate management over contracts for Floriade 2017, including a lack of contract register, a lack of contracts in place for significant expenditure and unsigned contracts for a number of expenses.

#### Discussion

##### No contract register maintained

We were advised that no contract register is maintained for contracts for Floriade 2017.

##### Lack of contracts in place for significant expenditure

EventsACT engages with Transport Canberra and City Services (TCCS), another part of the ACT Government, to provide superintendence services for Floriade. These services include the installation, maintenance and restoration of garden beds and associated horticultural services at Floriade sites. A Memorandum of Understanding (MOU) is in place to provide structure to this arrangement and also to regulate the cost (although as noted below, this MOU was unsigned for Floriade 2017).

Under the MOU, EventsACT is responsible for procuring, with technical advice and assistance from TCCS, goods and services for the construction of Floriade, including:

- Supply of growing media for Floriade
- Supply and delivery of turf and/or site preparation and laying of turf grass
- Floriade construction and planting.

EventsACT is responsible for providing the budget for goods and services related to the above.

As part of the Review, it was noted that there are a number of suppliers that provide these services to Floriade at considerable cost. The arrangements with a number of these vendors were considered by this review.

TCCS acquired the services of Ford Earthmoving (cost for Floriade 2017 \$127,050) and Out and About Landscapes/M.J Quigley & N.G Quigley (cost for Floriade 2017 \$520,907) for the delivery of the horticultural services. Enquiries into contractual arrangements in relation to these suppliers noted that there do not appear to be contracts between TCCS and either supplier, CMTEDD and either supplier or EventsACT and either supplier. No further documentation was provided in relation to the arrangements with these suppliers. Time and budget constraints restricted further review of these suppliers to the invoice level.

##### Payment of amounts outside of contract amounts

A review of vendors against contracts was undertaken as part of the Review and a number of cases were noted where spend with a vendor was higher than the contracted amount. Constraints on the Review meant that not all variances could be considered in detail. The following were specifically noted.

McMahon's Lawn Turf and Maintenance supplied significant services to Floriade 2017 (cost for Floriade 2017 \$390,255). There is a signed agreement between EventsACT and McMahon's Lawn Turf and Maintenance and this was reviewed as part of the Review. Sch 2.2(a)(xi)

**Sch 2.2(a)(xi)**



Sch 2.2(a)(xi) . LPP - 2.2 (b)(ii)

## LPP - 2.2 (b)(ii)

Spend with the vendor Mandylights Pty Ltd to provide lighting for NightFest for 2015-17 is calculated to be \$446,939 for Floriade 2017. The contract amount was \$892,145 (exc GST) for the three years 2015-17 with spend across 2015 and 2016 calculated to be \$615,640. The remainder for Floriade 2017 under the contract was \$276,505 which results in an overspend of \$170,434. A Minute signed by the Senior Manager (SOGA) approved an overspend of \$89,280 however the basis of this approval was flawed with incorrect calculations included within the Minute and the approved overspend not equating to the expected overspend.

A contract with Kaleja Pty Ltd t/a Waste Away is in place for waste management services across all events managed by EventsACT. The total contract value for \$89,818.18 (exc GST) across all events with \$63,636.36 allocated to Floriade. Total spend with Waste Away for Floriade 2017 is \$83,218. This would appear to be a spend over the contract value. It is possible that costs have been invoiced and paid against Floriade 2017 and not incurred against other events under the contract. The scope of the Review was of Floriade 2017 only and the spend on other events has not been reviewed.

### Unsigned Contracts / Memorandums of Understanding

A number of contracts were requested during the Review and the contracts provided were unsigned at the time of Floriade 2017.

Table 6: Identified Unsigned Contracts and Memoranda of Understanding Relating to Floriade 2017

Date	Contractor	Description	Amount (inc GST)
15/05/17	Canberra Symphony Orchestra	Floriade Opening Concert 2017	\$77,000
22/08/17	The Village Festival of New Performance Inc	Floriade Fringe 2017 (Delivery inc Program Management)	\$220,000*
18/01/18	Transport Canberra and City Services Division (MOU)	Provision of Superintendence Services for Floriade 2017	\$438,900*

\* Contract / Memorandum of Understanding was signed post Floriade 2017 on the advice of the Government Solicitor when followed up by new EventsACT staff

### 3.4. Finding 4: Weaknesses in budget development, documentation and approval processes

#### Finding

Budget information provided as part of the Review was limited and lacked detailed supporting documentation. There was a lack of evidence of approval of the final operating budget for Floriade 2017.

#### Discussion

Floriade 2017 is accounted for as a project code within the EventsACT ledger. The budget itself is allocated as part of the total EventsACT budget and is distributed across events within the portfolio. There no documented procedure to explain how this occurs. Based on discussions in relation to the Floriade 2017, it appears that over/underspends against events that occur earlier in the financial year may be managed against events held later in the year.

The financial management system included a high-level budget for Floriade 2017, which agrees to the funding allocations that were made internally. No supporting documentation for this budget allocation was available. The phasing of this budget is inappropriate as it phases the majority of income and expenditure across the 12 months of the financial year, when Floriade 2017 occurred across September and October 2017 and the majority of transactions could be expected to have been finalised by December 2017. We have been advised that this budget was not entered into the financial management system until sometime after the start of the financial year, which limited its usefulness for comparison to actual spend.

### 3.5. Finding 5: Lack of event specific financial reporting and re-forecasting

#### Finding

There was no regular detailed financial reporting or analysis of actual revenue and expenditure against budget for Floriade 2017 during the year.

#### Discussion

In order to understand the extent of expenditure throughout the year and explanations of variances between budget and actuals for both income and expenses, we requested copies of all financial reporting and re-forecasting for the year for Floriade 2017. EventsACT were unable to provide any detailed reporting of this nature. Monitoring of expenditure for the event appears to have been limited to a spreadsheet which included basic budget allocations (as per Finding 4) and was used to track invoices as they were received and processed. There are variances noted in some instances and very limited notes on the spreadsheet against these variances however these variances do not tie back to the budget worksheets and therefore do not provide a useful analysis of spend incurred to date against the event budget.

We were advised that Executive Cost Management Reports (ECM Reports) are produced on a regular basis at an EventsACT level however these are not produced at a project code level (the level at which Floriade is accounted at). These reports include some variance analysis against budget. Review of these reports was outside the scope of this review.

### 3.6. Finding 6: Lack of reconciliation and review of revenue sources

#### Finding

EventsACT was unable to provide reconciliations or calculations of revenue to support the amounts recorded in the financial management system.

#### Discussion

Own-source revenue is received from a number of sources for Floriade 2017 including ticket revenue from NightFest, trade site rentals, royalties from the Floriade on-site shop, catering rights (upfront payment and percentage of takings), trade site rentals, amusements, training and seminar fees and sponsorship. There do not appear to be reconciliations or calculations of revenue received from a number of these sources.

#### **Catering rights (Floriade 2017 \$162,664 - 10.3% of total revenue)**

The contract with the catering provider (Gema Group Holding Pty Ltd) for Floriade 2017 provides for receipt of \$145,145 for catering rights for Floriade and NightFest and Sch 2.2(a)(xi)

Sch 2.2(a)(xi)

Sch 2.2(a)(xi) Accounting transactions note that catering revenue for Floriade 2017 was \$145,145 Sch 2.2(a)(xi)

Sch 2.2(a)(xi)

Revenue from catering rights has decreased over recent years (Floriade 2015 \$187,432; Floriade 2014 \$184,814) however there is no information available to provide explanations for this decrease. It is possible that additional revenue is receivable from Gema Catering however it is unlikely that it can be adequately proved (and therefore invoiced and received).

#### **Trade site revenue (Floriade 2017 \$412,888 - 26.11% of total revenue)**

Revenue is collected for rental of trade sites from various vendors during Floriade. These sites are rented at set rates and additional services provided at an additional charge. An analysis of transactions in the accounting system provided a list of the vendors for these sites however we were not able to obtain a reconciliation of sites and additional charges against the revenue recorded in the financial records, nor were we able to be provided with a list of debtors or outstanding amounts. The analysis that was undertaken for this review notes that revenue from Trade sites decreased from Floriade 2016 (\$496,698 – approximately 57 vendors) to Floriade 2017 (\$412,888 – approximately 49 vendors).

**Ticket revenue (Floriade 2017 \$611,140 - 38.65% of total revenue)**

Ticket revenue is collected through Ticketek and detailed settlement reports can be reconciled to the revenue received in the financial system. Floriade 2017 included ticketed revenue from NightFest, the opening Twilight concert and daily events and guided walks.

Ticketed daily events were managed under contract with Foodish and Showpony Events. These contracts include the provision for 75% of ticket revenue to be paid (25% of ticket revenue to be retained by EventsACT). Detailed reconciliations of ticket revenue do not appear to have been undertaken and could not be provided. Ticket revenue for daily events identified within income accounts amounts to \$26,465. Payments to vendors of ticket revenue identified within expenses amounts to \$15,560 which is lower than 75% of receipts (\$19,849). There is a possible amount payable to vendors however this has not been claimed nor adequately reconciled. This has been included in the analysis of the overspend calculation.

**Sponsorship Revenue (Floriade 2017 \$282,500 – 17.87% of total revenue)**

Total revenue from sponsorship was higher for Floriade 2017 than Floriade 2016 due to sponsorship from Singapore Airlines of \$120,000. Sponsorship revenue has fluctuated significantly over prior years.



## 4. Floriade 2017 Analysis of Projected Overspend

The Review reviewed the amounts recorded in the Financial Management System (Budget for 2017-18 and actual revenue and expenditure recorded year to date) and the Projected Overspend calculated internally by EventsACT to test that the final projected expenditure was reasonably determined and included all reasonably foreseeable expenditure.

The projected overspend for Floriade 2017 based on an Appropriation Allocation of \$3,045,102 and revenue targets of \$1,405,000 is \$1,254,971. This figure is based on amounts recorded in the financial systems, the internal projected overspend and adjustments for amounts noted as part of this Review. This reflects the budget amounts that were recorded within the Financial Management System.

A number of incidences of possible potential income and expenses were also noted during the Review however the likelihood of these occurring was not considered high enough to warrant adjustment to the projected overspend. These are noted separately.

### 4.1 Projected Overspend

Figure 1: Analysis of Projected Overspend for Floriade 2017

Floriade 2017 Analysis of Projected Overspend			
	2017-18 Budget	2017-18 Financial Records as at 20/6/18	2017-18 Projected Overspend provided 17/6/18
Revenue	(1,405,000)	(1,581,150)	(1,405,000)
Expenditure	4,450,102	6,253,701	6,287,060
Appropriation allocation	3,045,102	4,672,551	4,882,060
Projected Overspend		1,627,449	1,836,958
Additional revenue not included in Projected Overspend (1)			(176,150)
Potential expenses not accrued in Financial Records			
Invoices identified as outstanding from suppliers (2)		14,779	
Additional invoices not coded to Floriade 2017 (3)		18,580	
Financial Review costs not accrued (4)		20,500	20,500
		1,681,308	1,681,308
Amounts included in overspend that do not relate to Floriade 2017			
Floriade Fringe Festival costs (5)		220,000	
Prepayments for 2018 Floriade (6)		57,223	
2018 Floriade Bond (7)		60,000	
2016 Expense recorded in 2017 (8)		94,115	
		431,338	
Additional accrual for Floriade 2017 advised by EventsACT (9)		5,000	
Total Adjusted Overspend Projected		1,254,971	

#### Notes:

- (1) The calculation of the projected overspend was based on budgeted revenue and did not include actual revenue figures.
- (2) The calculation of the projected overspend includes a number of smaller invoices that have not been included in accruals within the financial management system.
- (3) Additional invoices have been identified with a recruitment agency for the supply of labour. These invoices have not been coded to Floriade 2017 and therefore need to be included. The

figure identified is the expected amount outstanding with the agency however there is a possibility it may be higher.

- (4) Costs incurred in undertaking this financial review have not been included in the financial management system or in the projected overspend.
- (5) The Floriade Fringe Festival was held from 19 to 21 October 2017 after Floriade 2017 had concluded. The planning, development, artistic direction and delivery was outsourced to The Village Festival of New Performance Inc. The anticipated cost for this was not included in the initial budget provided for Floriade 2017 however the actual costs have been included. This spend should not be included in assessment of the projected overspend for Floriade 2017.
- (6) A detailed review of the transaction listing for Floriade 2017 has identified a number of prepayments of Floriade 2018 costs, this includes a number of expenses that had been previously identified but not yet transferred due to the timing of the financial information provided. This listing may not be complete but all costs identified have been removed from the Floriade 2017 projected overspend.
- (7) Payment of a bond for Floriade 2018 has been identified and removed from the projected overspend for Floriade 2017.
- (8) An expense recorded against Floriade 2017 has been identified as a late payment for Floriade 2016 and should be removed for the Floriade 2017 total spend.
- (9) An additional accrual of \$5,000 was identified by EventsACT and has been added to the projected overspend.

The risk of continued expenses being received against Floriade 2017 is low given the time since the event was held and the intervening work undertaken by staff since to identify and ensure all expenses have been recorded however a risk remains that additional expenses may be incurred.

#### Additional Possible Income to be Received

Nature of possible additional revenue	Potential Revenue Identified
Catering Revenue – the contract with the catering provider (Gema Group Holding Pty Ltd) provides for receipt of \$145,145 for catering rights for Floriade and NightFest and Sch 2.2(a)(xi) [redacted] Sch 2.2(a)(xi) [redacted] [redacted] Total catering revenue for Floriade 2017 was \$ 162,664 Sch 2.2(a)(xi) [redacted] Sch 2.2(a)(xi) [redacted]). This has decreased over recent years (Floriade 2015 \$187,432; Floriade 2014 \$184,814) Sch 2.2(a)(xi) [redacted] Sch 2.2(a)(xi) [redacted].	Unknown

#### Additional Possible Expenses to be Paid

Nature of possible additional expense	Potential Cost Identified
Ticketed Events Commission – contracts with Foodish and Showpony Events for Program Management of Floriade and NightFest events include the provision for 75% of ticket revenue to be paid (25% of ticket revenue to be retained by EventsACT). Detailed reconciliations of ticket revenue do not appear to have been undertaken. Ticket revenue for daily events identified within income accounts amounts to \$26,465. Payments to vendors of ticket revenue identified within expenses amounts to \$15,560 which is lower than 75% of receipts (\$19,849). There is a possible \$4,289 still payable to vendors however this has not been claimed nor adequately reconciled.	\$4,289
EventsACT has a Memorandum of Understanding (MOU) in place with TCCS (Transport Canberra and City Services Division) for the provision of services in relation to Floriade 2017. A similar MOU has been in place for a number of years. The cost of services provided per the MOU is \$399,000 (exc GST). TCCS has consistently charged an average of \$375,520 over prior years and this is the amount included in Floriade 2017. This is an internal government charge and it is not expected to increase.	\$23,480

### Review of Vendors with Spend >\$100,000

In assessing the reasonableness of the overspend, a review of vendors with a spend greater than \$100,000 in one year over the last four financial years (23 vendors identified) was undertaken to ensure that there were no obvious unaccounted underspends. There were two vendors with spend materially lower than prior years:

National Capital Authority: average spend Floriade 2014-2016 \$126,805; Floriade 2017 \$84,629

Mashera Pty Ltd: average spend Floriade 2014- Floriade 2016 \$355,575; Floriade 2017 \$331,818

Discussions with current EventsACT staff indicated that the lower spend with National Capital Authority is most likely as a result of a smaller footprint, primarily the loss of car parking space, and a shorter period of occupancy before and after the event. We were advised that in 2017 a partnership arrangement with the NCA resulted in some costs associated with venue hire were waived and/or provided in-kind contributing to a lower cost. EventsACT have been in conversation with National Capital Authority and it does not appear that there is a risk of additional charges not already recorded for Floriade 2017 being incurred.

Spend for Mashera Pty Ltd is lower than average compared with prior years it is higher than the per annum cost included in the contract which is a five year contract for Floriade 2015-2019. Savings in annual spend are required to remain within the total cost allowable under the contract therefore it is not expected that there will be additional charges for Floriade 2017.

The full list of vendors identified is at Appendix B

### Review of Vendors with >\$5,000 spend for Floriade 2016 with no or lower spend for Floriade 2017

A review was undertaken of vendors where greater than \$5,000 was spent in Floriade 2016 however there was no spend or lower spend for Floriade 2017. The full list of vendors identified is at Appendix C. Given time and budget each of these vendors would be investigated to ensure that there are no further costs outstanding however this has not been possible. The risk that there is still significant outstanding costs owed to these vendors is low given the time that has passed since the conclusion of the event.

### Capital Transfers

Expenses of \$303,000 were transferred as capital and applied against the Floriade capital budget allocation. It was outside the scope of this review to consider the appropriateness of the capitalisation of these expenses or the amounts that were capitalised. There is a low risk that these expenses, upon audit, are not considered to be capital in nature and may be transferred back to the Floriade 2017 operating expenditure. This would result in an increase to the overspend of Floriade 2017.

### Potential offset of projected Floriade 2017 overspend against other EventsACT managed events

The overspend noted above is solely in relation to Floriade 2017. We have not been in a position, within the scope of this review, to understand the potential under/over spends across the other events managed within the EventsACT budget. The overspend noted above may be offset by underspends across other events managed during 2017-18 which were included within the same budget envelope as Floriade 2017.

### Errors in allocation of funding in budget spreadsheet

An initial budget has been entered into the financial management system and reflects the allocation of funding to Floriade 2017 within EventsACT. This budget amount has been used in the analysis of the projected overspend for Floriade 2017 above.

As noted in Finding 4, a spreadsheet has been provided as part of the Review which includes a high level operational budget. It appears that this may have been the budgetary assumptions that were being utilised for management of Floriade 2017. The spreadsheet includes misassumptions in relation to the funding allocations. The funding allocations included assumptions of revenue targets for both Floriade and NightFest for 2017. It would appear that errors in this spreadsheet have resulted in these revenue targets being added to funding allocations resulting in the assumption that funding to be received for Floriade 2017 was up to \$1.0 million higher than it actually was.



Figure 2: Analysis of Budget Spreadsheet Error for Floriade 2017

Floriade 2017 Analysis of Budget Spreadsheet Error			
	2017-18 Budget per Financial Records	2017-18 Budget Spreadsheet Calculations	Variance
Revenue	(1,405,000)	(1,455,000)	50,000
Expenditure	4,450,102	5,499,335	(1,049,233)
Appropriation allocation	3,045,102	4,044,335	(999,233)
Interpretation of budget spreadsheet calculations			
	<b>Floriade</b>	<b>NightFest</b>	
Appropriation	3,696,000	577,000	
Revenue	855,000	600,000	
Total available to be spent	4,551,000	1,177,000	
Budgeted expenditure	4,514,835	984,500	
Surplus over appropriation intended	36,165	192,500	

These calculations are based on Protiviti's interpretation of the spreadsheet and the interpretations of EventsACT staff who were not involved in the development of these figures. There were no explanations or notes available on the spreadsheet that detailed assumptions or how figures were calculated. It is therefore an assumption that these figures were used as a base for the Floriade expenditure however it does contribute to an explanation of how the overspend could have resulted.

## 5. Recommendations

### 5.1. Comparability of financial information

This review relied upon information obtained from the financial systems of EventsACT. The information obtained for Floriade 2017 was not able to be easily compared with financial information from prior financial years as there was significant changes in coding to accounts with the majority of costs being coded directly to Contractors (59% compared with 38% in 2016-17 and 31% in 2015-16). Further there was a lack of consistency of coding with instances noted of costs associated with the same vendor under the same contracted being recorded across different accounts. If continued analysis of the financial results for Floriade 2017 is to be undertaken it is advised that the coding of costs being reallocated to ensure that like costs are being compared with like.

### 5.2. Review of procurement processes and controls

Procurement processes were included as part of this review and as part of understanding the overspend on Floriade 2017 however an in-depth review of processes and procedures was not possible in the time and budget constraints of this project. The findings of this review indicate that there were serious deficiencies in the procurement practices at EventsACT during Floriade 2017. Discussions with current staff indicated that this has been identified and acted upon however we recommend that a specific review of Procurement Processes and Controls be undertaken to ensure that procurements are undertaken according to the *Director-General Financial Instructions 2.2 Procurement of Goods and Services*, the *Government Procurement Act 2001* (the Act), the *Government Procurement Regulation 2007* and policies issued by Procurement Solutions.

### 5.3. Review of application of financial delegations

This review considered the appropriateness of financial delegations and found via review of contracts that financial delegations were not adhered to appropriately. The nature of the findings of the Review, the complexity in accessing invoices, and time and budget constraints did not allow this testing to be extended to approval and payment of invoices for Floriade 2017. Discussions with current staff indicate that there has been training undertaken to ensure that staff and delegates are aware of their obligations under Financial Delegations however we recommend that there be a review undertaken of Financial Delegations within EventsACT.

### 5.4. Review of value for money

EventsACT has an obligation to pursue value for money as part of managing its events whilst having regard for probity and ethical behaviour, management of risk, open and effective competition, and optimising whole of life costs. The review of Floriade 2017 has shown that there are a significant number of vendors (>10) that have been providing services at over \$100,000 value since 2014-15 with limited review of the services undertaken or the value for money received. We recommend that a review of the commercial (value for money) aspects of the operations of Floriade be undertaken to ensure that EventsACT are optimising value for money and ensuring open and effective competition in its dealings. We understand that this has commenced in a limited way for Floriade 2018 with some changes in Catering operations and attempts to implement some tender processes however this has been limited by necessity due to time restrictions.

### 5.5. Regular financial reporting for each event

During the course of the Review we were advised that there was no regular reporting of operating financial results or budget vs actual through the course of Floriade 2017 and that there is limited reporting available from the financial reporting system individual projects (such as Floriade). A suite of standard budget and financial reporting templates should be designed to be utilised for reporting of all events. The total of all event templates should be reconciled against the EventsACT regular monthly reports to ensure that each event report is complete and accurate. These reports can then be utilised to monitor and report on all over/under spends on an event by event basis and be used to ensure that these are taken into account for events that occur later within the financial year. We understand from discussions that this is being developed.

## Appendix A – Approach to the Review

The Review included the following approach:

Objective	Approach
1. Review Planning	<ul style="list-style-type: none"> <li>▪ Obtain a briefing from relevant Floriade 2017 management on the circumstances and experiences regarding financial management and financial outcome of Floriade 2017</li> <li>▪ Obtain and review established Directorate requirements in relation to financial management               <ol style="list-style-type: none"> <li>a. Documented Policies and Procedures (not available for EventsACT or Floriade 2017)</li> <li>b. Director General Instructions</li> <li>c. Delegations</li> <li>d. Procurement documentation for key procurements</li> <li>e. Agreements with any partners or major sponsors</li> <li>f. Any other appropriate documentation that is identified during the Review</li> </ol> </li> <li>▪ Obtain and review in detail the financial information available for the financial years from 2013-14 to 2017-18 involving:               <ol style="list-style-type: none"> <li>a. System generated information available (TM1 and Transaction Listings made available – understanding the information that is included within these and any additional information that may be obtained); and</li> <li>b. Invoices/contracts/agreements/procurement documentation in relation to Floriade 2017 and financial reporting that may be available throughout the period of Floriade 2017.</li> </ol> </li> <li>▪ Obtain and understand current net position and estimated expenditure in relation to Floriade 2017 deficit.</li> </ul>
2. Review Fieldwork – Objective 1	<ul style="list-style-type: none"> <li>▪ Through discussion and review of relevant documentation (if any), understand the key processes and controls over the finances for Floriade 2017, including (but not limited to):               <ol style="list-style-type: none"> <li>a. Budget development and approval (revenue and expenditure)</li> <li>b. Procurement activities and controls</li> <li>c. Contract negotiation, approval and registration controls</li> <li>d. Contract management controls</li> <li>e. Financial delegations</li> <li>f. Cost accumulation, pre-payment arrangements and accrual controls</li> <li>g. Re-forecasting and reporting</li> <li>h. Pre-event revenue recognition and collection (inc Trade site revenue and Catering Revenue)</li> <li>i. On-site revenue recognition and collection (managed through Ticketek)</li> </ol> </li> <li>▪ Where there are weaknesses identified in existing controls, they will be documented.</li> <li>▪ We will workshop with relevant management the findings from this fieldwork, with a view to:               <ol style="list-style-type: none"> <li>a. Confirming veracity of identified processes and control issues; and</li> <li>b. Identifying any known additional process and control issues.</li> </ol> </li> </ul>
3. Review Fieldwork – Objective 2	<ul style="list-style-type: none"> <li>▪ Work with the financial management team to conduct an independent extract of cost and revenue records associated with Floriade</li> <li>▪ Review of revenue and expenditure recorded and provided for Floriade for financial years from 2013-14 to 2017-18 to assess reasonableness/completeness of Floriade 2017 figures – extrapolation of figures across years to make reasonable assumptions on possible underspends or excessive spending during 2017 Floriade (this will require detailed understanding of the nature of expenditure recorded for those financial years).</li> <li>▪ From the above analysis identify major costs (likely to be contractors) and review supporting primary documentation for a sample of these costs against Directorate requirements in relation to financial management identifying any areas where these requirements do not appear to have been complied with.</li> <li>▪ Review any Financial Reporting available prior to and during Floriade 2017 to identify areas that Directorate requirements may not have been met and to identify potential missing expenditure, revenue and/or on-going liabilities.</li> <li>▪ Review Floriade 2017 projected deficit, assumptions and calculations.</li> <li>▪ Throughout fieldwork note any possible fraudulent/negligent activity and/or indications that further detailed investigation should be undertaken.</li> </ul>

Objective	Approach
4. Reporting	<ul style="list-style-type: none"><li>▪ Findings on the financial management of Floriade 2017 detailing apparent compliance, or lack thereof, with Directorate requirements in relation to financial management.</li><li>▪ A level of assurance that the internal forecast of the final projected expenditure are reasonably determined and include all reasonably foreseeable expenses incurred in connection to Floriade 2017.</li></ul>



## Appendix B – Vendors with spend > \$100,000

The following vendors were identified as having a spend greater than \$100,000 in one year over the last four financial years (23 vendors identified) was undertaken. This list was sourced from the full transaction listing from the financial system for financial years 2014-15 to 2017-18. This list was sorted and sub-totaled to identify the appropriate vendors. The full list of vendors identified is below:

	2014-15 Total	2015-16 Total	2016-17 Total	2017-18 Total
Broersen Bulbs	156,167	191,922	215,139	288,045
Coates Hire Operations	105,932	92,370	107,192	107,238
Dentsu Mitchell Media Australia	-	-	-	109,245
Ford Earthmoving	68,912	94,350	89,000	127,050
Highwire Events and Entertainment	1,450	4,450	8,650	111,804
M.J Quigley & N.G Quigley / Out and About Landscapes	301,819	290,861	316,671	520,904
Magnum & Co	-	-	78,801	107,859
Mandylights	309,863	294,882	320,758	446,939
Martins Fertilisers	181,110	164,274	195,371	263,520
Mashera	353,863	367,658	345,205	331,818
McMahon's Lawn Turf and Maintenance	185,345	222,130	285,504	390,255
National Capital Authority	104,685	155,851	119,879	84,629
Nova Multimedia	112,654	117,989	137,373	161,103
Oasis Horticulture	83,481	97,309	87,393	131,437
Showpony Events	-	-	1,200	125,394
Spacelab Studio	6,250	81,000	83,830	109,295
Strathayr Pty Ltd	-	4,800	140,235	253,532
TCCS (Transport Canberra and City Services) / TAMS	374,328	376,740	376,600	374,411
Universal McCann	104,584	-	-	-
Village Festival of New Performance	-	-	-	220,000
Yarralumla Nursery	109,474	117,342	115,113	118,699
SNP Security	237,664	-	-	-
Sydney Night Patrol and Inquiry Co Pty Ltd	-	244,895	256,313	301,448
	<b>2,797,579</b>	<b>2,918,821</b>	<b>3,280,225</b>	<b>4,684,625</b>

## Appendix C – Vendors with spend >\$5,000 in 2016-17 and lower or no spend in 2017-18

A review was undertaken of vendors where greater than \$5,000 was spent in Floriade 2016 however there was no spend or lower spend for Floriade 2017. This list was sourced from the full transaction listing from the financial system for financial years 2014-15 to 2017-18. This list was sorted and sub-totalled to identify the appropriate vendors. Given time and budget each of these vendors would be investigated to ensure that there are no further costs outstanding however this has not been possible. The risk that there is still significant outstanding costs owed to these vendors is low given the time that has passed since the conclusion of the event. The full list of vendors identified is below:

	2016-17 Total	2017-18 Total
American Express Australia	24,053	15,828
Bamboozled Family Trust	50,963	-
Branded Ideas	26,672	66
Canberra Southern Cross Club	22,018	-
Canberra's Property Shop	13,215	-
Citywide Service Solutions	11,846	1,091
Commonwealth Broadcasting Corporation	16,035	-
Deneefe Signs	13,709	9,471
Dept of Industry, Innovation and Science	5,909	-
Emily Buttle	17,700	2,300
Eye Candy Animation	34,726	-
Fairfax Media Publications Pty Ltd	40,724	-
Festive Factory	9,000	-
Flowers by Mercedes	12,000	-
KSM-Kitchen Stage Management	17,109	-
Mashera Pty Ltd	345,205	331,818
Matilda's Farmyard Nursery	20,900	-
Motivator Media Pty Ltd	69,378	-
National Capital Attractions Assoc Inc	12,530	-
National Capital Authority	119,879	84,629
Nationwide News Pty Ltd	6,000	-
Newstate Media Pty Ltd	48,524	7,130
Pacific Magazines	54,693	49,740
Phiris Pty Ltd T/A Wheelchair Factory	15,800	-
Reptiles Inc	16,800	15,000
Repucom International	22,660	11,330
Shared Services ICT	12,875	-
Strathayr Pty Ltd	140,235	4,232
TAMS / Territory and Municipal Services/TCCS (	376,600	374,411
The Fool Factory	13,700	-
The Gecko Gang	5,182	-
Thorpes Prestige Plumbing Services	7,585	7,409
Tropical Plant Rentals	9,996	-
WIN Television Network / WIN TV / WIN Televi	70,119	59,999