



12 July 2015
Cail Young
Email: foi+request-1226-6eedd891@righttoknow.org.au

Dear Mr Young

**Review of Request
Contents of RSM Bird Cameron review of Producer Offset**

I refer to your Freedom of Information request dated 15 September 2015 in relation to your request to access the RMS Bird Cameron review of the Producer Offset (the Report).

Screen Australia has decided to set aside its decision dated 28 September 2015 and will provide you access to the Report (attachment A) under s55G(a) of the *Freedom of Information Act (1982)*(Cth).

The Australian Information Commissioner has been notified of the decision to provide you with the Report and is copied on this correspondence.

If you have any questions concerning the content of this letter please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'J. Supit', written over a horizontal line.

Jane Supit
Head of Legal Service

Follow Up Review of Internal Audit Report (2011)

Screen Australia

Producer Offset Rebate

April 2014

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1. Executive Summary

1.1. Performance of Review

In accordance with the approved Internal Audit Plan for Screen Australia, RSM Bird Cameron undertook an assessment of the implementation of recommendations arising from the Producer Offset Rebate Review conducted in May 2011.

This Internal Audit Report has been prepared by RSM Bird Cameron* for the purposes of reporting the result of internal audit activities.

* Internal Audit activities have been outsourced to RSM Bird Cameron.

1.2. Background

The Producer Offset Rebate contributes around \$200 million a year to Australian production. The Producer Offset was introduced in July 2007 as part of the Australian Screen Production Incentive (ASPI), the Australian Government's package of measures to boost support for the Australian film and television industry. One of the key aims of the Offset is to assist Australian producers to build stable and sustainable production companies.

1.3. Scope

The primary objective of the review was to **assess** the status of implementation of recommendations agreed with management from the May 2011 review.

Our assessment covered:

Pre-application: The adequacy of guidance and advisory resources, including:

- The status of documented policies, procedures, and templates
- Determining the currency of available information in relation to application requirements
- Assessing whether procedures are being followed

Application: The effectiveness of the application process, including:

- Assessing consistency of POCU documentation published on the website compared with internal procedural documentation
- Use of templates by assessors
- Whether spreadsheets reflect current application processes

Evaluation: How applications are assessed, including:

- Assessing the quality of assessment documentation
- Ensuring that approvals are documented appropriately
- Whether applications are being assessed on a timely basis

Certification: Provision of certificates or rejection, including confirming that certificates or rejections are being issued in accordance with documented decisions

Further details relating to our approach and information on the nature of work and testing that was conducted are included in Section 3.1.

1.4. Summary

Recommendation Category	Recommendation Total	Implemented	Not Implemented	Follow up Action Required
High	1	1	0	0
Medium	3	3	0	1
Low	1	1	0	0
Total	5	5	0	1

Our review confirmed that all recommendations contained in our May 2011 report have been implemented. We recommended in that report that periodic reviews of the Unit Manual should be performed in order to ensure currency of content. It is our understanding that some regulatory changes have occurred which have been reflected on the website and in application forms. However, the Unit Manual has yet to be updated for these changes.

Whilst we do not view that significant risks arise from this matter, it is appropriate that the Unit Manual be updated to reflect these regulatory changes. As part of the finalisation process for this report, we have been advised that the manual update has already commenced.

1.5. Principal Risk Owners

The principal risk owners for the matters contained in this report are:

Alex Sangston – Senior Manager, Producer Offset and Co - Production

1.6. Acknowledgements

We would like to thank all personnel who have assisted in this review. The personnel we have dealt with have provided candid feedback with a view to identifying improvements in the processes. We are grateful for their assistance and input.



Angus Dickinson
Risk Advisory Services
09 April 2014

2. Detailed Status Report of Action Plan

Reference (IA Report 2011)	Summary of Finding & Recommendations	Original Risk Rating	Status	Findings
3.1 Policies and Procedures	<p>Summary of Findings: There is limited documentation describing the Producer Offset Rebate processes, policies and procedures.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Develop a Producer Offset and Coproduction Unit Manual to include all process descriptions, policies, procedures checklists and templates relevant to the POCU. 2. Review and update the reference document on a regular basis by management to ensure that it remains current and relevant to POCU business requirements 3. Communicate the reference document and its location for further reference to all staff, and where relevant, external consultants. 4. Staff and external consultants to acknowledge and consistently adhere to the process, policies and procedures detailed in the reference document, in particular with regards to QAPE evaluation checklist. 5. Document controls in project file where relevant. Consider the extent to which the internal POCU administration, evaluation and approval processes should be disclosed to applicants to improve transparency of the process. 	M	Completed, but further action now required.	<ul style="list-style-type: none"> • POCU ("Producer Offset and Co-Production Unit") has developed a Unit Manual which includes policies, procedures, important checklists, and templates relevant to POCU. • The Unit Manual has been communicated to all staff of POCU and is accessible by staff and consultants while processing applications. • The Unit Manual was prepared in 2011. We understand from management that there have since been important regulatory changes that have yet to be reflected in the Unit Manual. Updates have been made to the web site and application forms to reflect the regulatory changes.

Reference (IA Report 2011)	Summary of Finding & Recommendations	Original Risk Rating	Status	Findings
3.2 Consistent Application of POCU documentation	<p>Summary of Finding: The POCU maintains and manages an extensive amount of internal or external documentation to support its provisional and final producer offset certificate processing activities.</p> <p>Recommendations: 1. Develop a document register listing all working documents supporting the POCU in its administration, assessment, approval and issuance of provisional and final certificates activities. The register should detail for each document, the purpose of the document, its final user (applicant vs. internal), the document owner within POCU, the version number, its location and next review date.</p> <p>2. Establish a document management standard which includes (non-exhaustive list):</p> <ul style="list-style-type: none"> • Document identification – naming conventions, author details, document owner etc. • Update history, versions, creation date and next review date • Formats / style to be used for each type of document • Authorities and recording of document approval; and • Documentation change management 	M	Completed	<ul style="list-style-type: none"> • POCU has developed a register that includes all working documents, procedures, policies for application, assessment, and approval of provisional and final certificates. • The document register is a working document and being updated regularly to accommodate changes in policies, procedures, regulations for Production Offset Rebate program. • The document register includes information about date of creation/amendment, version number, and link to documents on server. • A version number is provided to QAPE spreadsheet and this is also uploaded on website for applicant use.

Reference (IA Report 2011)	Summary of Finding & Recommendations	Original Risk Rating	Status	Findings
	<p>procedures.</p> <p>3. Review all POCU policy, procedural and template documentation and update where necessary to the agreed standard.</p> <p>4. Attribute a version number to QAPE spreadsheet and indicate current version number on the Producer Offset website to ensure that applicants use the correct version of the spreadsheet regardless of the QAPE spreadsheet being downloaded from the AZ Budgets or standalone versions.</p> <p>5. Include the document register in the Department Manual.</p>			
<p>3.3 Applicant Direct Feedback on Conflict of Interest</p>	<p>Summary of Finding: There is no evidence that the producers have actually confirmed to the production accounting company that no conflict of interest existed between them and the IFPC.</p> <p>Recommendations: When the application is prepared by a production accounting company in lieu of the Production company itself, consider requesting a copy of the email from the production company to the production accounting company confirming there is no conflict of interest.</p>		Completed	<p>An email request is sent out by the POCU team requesting declarations of Conflicts of Interest by Producer Accounting Companies and Production Companies. Conflict of Interest declarations are received by email and copies of these emails are maintained on the project files.</p>

Reference (IA Report 2011)	Summary of Finding & Recommendations	Original Risk Rating	Status	Findings
3.4 Evidence of Approval of Application	<p>Summary of Finding: Copy of the evidence of the approval for the project is not always available in the project file, committee papers file. The segregation of duties between assessment and approval functions may be perceived to be inadequate.</p> <p>Recommendations: Ensure evidence of approval is documented in both hard and soft copy. To avoid duplication of documentation, we would recommend to:</p> <ol style="list-style-type: none"> 1. Maintain the original of the approval in the project file, 2. Ensure the committee agenda and minutes are maintained to record all decisions taken by the committee, 3. Scan copies of approved and signed documentation in the soft copy project file on the server. <p>Ensure that assessment reports that are prepared by SMPOC and presented to the committee for approval are signed off by the General Counsel acting for the Chair of the Committee to substantiate the Committee review and approval.</p>	H	Completed	<ul style="list-style-type: none"> • We observed that approvals for issuance of certificate for Producer Offset Rebate are maintained in the project file. • Meeting records, committee agenda, and other important communication/records related to the application is maintained in the project file. • Scanned copies of approved decision and certificate are also maintained on the server. • The assessment report prepared by the Senior Manager – POC is presented to the committee for review and signed off in accordance with the delegation of authority.

Reference (IA Report 2011)	Summary of Finding & Recommendations	Original Risk Rating	Status	Findings
3.5 Performance Monitoring Tools	<p>Summary of Finding: The report does not indicate Key Performance Indicators such as timeframe for the processing of applications.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Consider developing the existing management reports to reflect the timelines achieved to issue the certificate. 2. Identify reasons in the report justifying certificate issuance delays when the period from submission of a complete application is longer than 6 weeks to issue a provisional certificate and longer than 10 weeks to issue a final certificate. 3. Ensure that POCU assessors record their name to the project Producer Offset certificate application in Filemaker as part of the assessment review process. The assessor should also use the relevant field to provide information on the identified reason causing delays in the processing of applications. 	M	Completed	<ul style="list-style-type: none"> • A report is developed in Filemaker to track actual processing time against a standard timeframe. • Reasons for delays in processing application files are incorporated in the report. • POCU assessors record their name to provide evidence of review.

3. Review Approach and Ratings

3.1 Approach

The approach adopted in performing this review consisted of the following activities:

- Meeting with key staff to understand procedures and practices.
 - Opening meeting with Senior Manager – Production Offset and Co-Production to define scope of the work.
 - Discussion on policies with key process owners of Production Offset and Co-Production team.
- Reviewing plans, specifications, correspondence policies and procedures:
 - Review of scope for the assignment and preparation of audit plan.
 - Review of policies and procedure provided by management.
- Conducting on-site field work at the Ultimo office of Screen Australia:
 - Onsite review and discussion of policies with key management.
 - Selection and testing of samples to review effectiveness of policies.
- Interaction with management and staff:
 - In-depth discussion with key staff to discuss Production Offset policies and procedures.
- Discussing findings and recommendations implementation status with management and obtaining comments on findings:
- Incorporating management comments into the report:
 - Review and discussion of comments with management and update of draft report.
- Final report inclusive of management responses and agreed actions submitted to stakeholder.

3.2 Applicable Standards

This review has been performed in accordance with the principles set out in the Standards issued by the Institute of Internal Auditors. These Standards address:

- The Attributes of organisations and individuals performing internal auditing; and

- The nature of internal audit and quality criteria against which the Performance of these services can be measured.

3.3 Risk ratings

Each finding raised is assigned a risk rating to indicate our assessment of the degree of exposure of the issue to Screen Australia and this determines the urgency of required action. A summary of the risk ratings are:

Very High	VH	Immediate action required
High	H	Senior management attention needed
Moderate	M	Management Responsibility must be specified
Low	L	Manage by routine procedures.
Very Low	VL	Monitor change/variances in the likelihood and consequences

3.4 Responsibilities

Management Responsibility

The Management of Screen Australia is responsible for maintaining an effective internal control structure to enable risks to be managed effectively. This responsibility includes designing, implementing and maintaining internal controls appropriate to managing the risk exposure.

Internal Audit Responsibility

The overall scope of Internal Audit activities encompasses:

- The examination and evaluation of the adequacy and effectiveness of systems of internal control, risk management, governance, and the status of ethical behavior.
- Ascertaining conformity with the goals and objectives of Screen Australia.
- Assessment of the economic and efficient use of resources.
- The examination of compliance with policies, procedures, plans and legislation.
- Assessment of the reliability and integrity of information.
- Assessment of the safeguarding of assets.
- Any special investigations as directed by the Audit and Risk Committee.
- All activities of Screen Australia, whether financial or non-financial, manual or computerised.

Internal Audit is not responsible for operational activities on a daily basis, or in the detailed development or implementation of new or changed systems, or in internal checking processes.

3.5 Inherent Limitations

Due to the inherent limitation of any internal control structure, it is possible that fraud, error or non-compliance with policies and procedures, laws and regulations may occur but not be detected. The scope of this engagement is not designed to detect all weaknesses in control procedures and the tests performed on the control procedures are on a sample basis.

In performing our engagement, we are also reliant upon Screen Australia, its employees, representatives, and other involved personnel providing all relevant information to us on a timely basis.

Any assessment of control procedures for future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or the degree of compliance with them may deteriorate.

3.6 Purpose of Report

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Our one-firm structure enables us to provide strong connections and a focus on client relationships. Clients can readily connect to our national and international expertise and networks, our extensive understanding of Australian business and to our senior advisors. With RSM Bird Cameron you really are... Connected for Success

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