

INTERNAL AUDIT QUARTERLY REPORT – SEPTEMBER 2017

PURPOSE

The purpose of this report is to update the Audit and Risk Committee on the delivery of the 2017/18 internal audit work programme and the status of management's response to identified audit issues.

RECOMMENDATIONS

That the Audit and Risk Committee:

1. Receive the report;
2. Note the status of the 2017/18 internal audit work programme; and
3. Note the status of management's action plans to resolve identified audit issues.

BACKGROUND

1. The purpose of the Audit and Risk Committee is to assist the Council to discharge its responsibilities for:
 - the robustness of the internal control framework to ensure appropriate controls to safeguard the Council's financial and non-financial assets;
 - the integrity and appropriateness of internal and external reporting and accountability arrangements;
 - the robustness of risk management systems, process and practices;
 - the independence and adequacy of internal and external audit functions; and
 - compliance with applicable laws, regulations, standards and best practice guidelines.
2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2017/18 INTERNAL AUDIT WORK PROGRAMME

3. The 2016/17 internal audit programme was revised in April 2017 to ensure the programme remained relevant and added value to Council operations. All internal audits as per the revised 2016/17 internal audit work programme have now been completed.

4. The approved internal work programme for 2017/18 is shown below with indicative dates of when the audits will be completed:

Audit	Planned	Rating	Ref	Audit & Risk
Cash handling & receipting	Complete	Effective	#5026621	11 Sep 2017
Rates	Aug - Sep	In Progress		
Liquor licensing	Oct - Nov	Planning		
Procurement	Nov - Dec			
Facility booking process	Jan - Feb			
Accounts payable	Feb - Mar			
Leave management	Apr - May			
Cost recovery in regulatory services	May - Jun			

STATUS OF AUDIT ACTIONS AND IMPROVEMENTS

5. As part of Council's agreed process to monitor the resolution of identified audit issues, this report also shows the status of management's action plan as at 31 August 2017.
6. The tables below show the following:
- **Table A** shows the number of audit issues not resolved at the beginning of the 2017/18 financial year, audit issues identified and resolved to date and the number of audit issues not resolved as at 31 August 2017.
 - **Table B** shows the time period (in months) in which management has agreed to resolve the outstanding audit issues.

Table A

Audit Issues	1 July 2017 to 31 August 2017			Total
	High	Moderate	Low	
Beginning of the period	0	8	10	18
Identified during the period	0	0	3	3
Resolved during the period	0	0	0	0
End of the period	0	8	13	21

Table B

Issues per audit area (* = audits finalised in the current period)	Action due in months					Total
	1	3	6	12	On Hold	
Moderate	1		2		5	8
Development Contributions			1			1
EY Control Findings 2016					2	2
Fleet Management			1			1

Issues per audit area (* = audits finalised in the current period)	Action due in months					Total
	1	3	6	12	On Hold	
Moderate	1		2		5	8
Property Leases					1	1
Sensitive Expenditure	1					1
Te Rauparaha Arena Review					2	2
Low	1	1	7	1	3	13
Cash Handling *		1	1			2
Development Contributions			2			2
Fleet Management			4			4
Land Information Memorandums *				1		1
Property Leases					1	1
Sensitive Expenditure	1					1
Te Rauparaha Arena Review					2	2
Total	2	1	9	1	8	21

7. As at 31 August there are no overdue issues.

8. Update on the issues on hold:

- EY Control Findings 2016 – two improvements relating to access and change management in the Finance One application are currently being verified by EY as part of the year-end audit. EY's control finding report should be tabled at the next Audit and Risk Committee meeting in December.
- Te Rauparaha Arena – a comprehensive review of the Arena's processes for delivering and managing events has been completed. A new operations manual is being drafted to establish standard core procedures for delivery of events and will include standardised documents and templates. The operations manual will be externally peer reviewed, prior to expected implementation in December / January. Other work is ongoing regarding a Council discounting policy, a review of pricing structures and how events will be monitored and reported on. All of the above work will inform the Arena's requirements for an event management / customer relation management (CRM) system, which will be included in the next LTP.
- Property Leases – the property team is now fully resourced and responsibilities are being clarified. The two issues are on the team's work plan to be addressed by the end of December 2017.

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