

TABLED DOCUMENT

Tabled at Audit-Risk 8 December 16

On 5 December 2016

Review	Approach
Local Government Act 2002 - Section 17A - Delivery of services review	Assess the effectiveness of processes undertaken to review cost effectiveness of Council's delivery of services and compliance with legislation.
Payroll (legislative compliance, accurate payroll calculations, system limitations)	Review of the controls in place over the completeness, accuracy and validity of payroll information and the segregation of duties.  Review of payroll processes to ensure that they are performed in line with council policies and good practice.
Service level agreement controls including shared services	Assess the controls specific to a service level agreement. This includes determining the business requirements of the service provider, identifying frameworks and methods used by the service provider, and reviewing key performance indicators, controls, and critical success factors used to ensure delivery of business requirements.
Fraud awareness, prevention and detection	Review of controls over processes subject to fraud risk. Includes the use of various tools to detect possible fraud that could be occurring.
Insurance	Review of the processes to secure insurance for the Council including asset valuation.
Taxation compliance (GST /FBT / etc)	Review Councils practices to ensure compliance with tax legislation.
Call center / customer interactions	Review of processes to handle first point of contact customer interactions including KPIs, organisational second level response, quality of responses, after hours services, Business interruption plans and use of technology tools. Also includes the processes for dealing with complaints Council wide.
Health and safety obligations arising from Health and Safety Reform Bill.	Assess processes to ensure legal compliance with health and safety legislation and assess the level of understanding of governance teams obligations.
Business continuity / IT disaster recovery	To assess existing business continuity plans, processes and controls and the level of compliance with these controls. To assess whether the plans in place provide comfort that required infrastructure and services can be restored. And assess the testing/ simulation arrangements.  Review of the processes in place to ensure backup and recovery of key information systems are in place.
Development and capital contributions	Assessment of the processes and controls being used to calculate, charge and collect contributions, including mechanisms used to levy developers, and their alignment with policy.  Will also include review of the policy and models used to determine DC contributions including accounting for and applying of proceeds.  The review will also include a review of discretionary write off process.
Asset management and planning	A review of the processes to ensure alignment between key planning documents relating to Council assets- Asset Management Plans, Activity Management Plans, LTP.

	Review of asset management planning and updating of data gathering processes, including review of the processes for reporting the variances between the AMP's and the 10 year plan.
Internal control in respect of asset management	Provide assurance over the adequacy and effectiveness of internal controls over asset management. Scope will cover: policy, procedures and legislation, reconciliation and access to ledger, revaluations and impairments, verification of assets, and disposals, write offs and depreciation.
Post implementation review of projects / system changes	An assessment of how the project performed against the benefits, objectives, scope, deliverables, schedule, expense and resource targets in project planning documentation.  A rating of the level of conformance against each of the project processes, including time, cost, quality, change, risk, issue, procurement, communications and acceptance management.  A full list of the project achievements.  Lessons learnt and recommendations for future projects.
New sources of revenue growth	Review processes to assess new sources of revenue.
Risk management framework assessment	To assess the design of risk management framework against good practice and an assessment of the monitoring and reporting functions. Review methods of identifying and managing emerging risks.
Policy framework	A review of policy and framework governing the drafting, review, approval, implementation and revision of management policies.
Project management framework	Perform a high level assessment of the design of project management framework and associated controls performed by Councils project management office, excluding IT project management.
Project management	Review of a sample of capital projects against Council policies and good practice in relation to project management and service performance.
People review – talent management and succession planning	Review current talent management processes in place for attracting and retaining key talent, including succession planning processes for key positions.
Accounts receivable	To assess the design and operating effectiveness, against good practices and according to Councils policies and procedures, the key controls within accounts receivable processes.
Workplace bullying and harassment	To assess the design and operating effectiveness, against good practices and according to Councils policies and procedures, the framework for identifying, assessing, reporting and managing workplace bullying and harassment
Time and attendance review.	Identify internal controls, evaluate systems, and monitoring practices that relate to the timekeeping and reporting of Councils payroll. Evaluate the effectiveness of said controls and systems in detecting errors, fraud, waste and abuse on a timely basis.
Overbilling / cost recovery	Review effectiveness of Councils practices of managing third party contracts in ensuring that it is not over-billed costs from contractors, vendors, shared services and or suppliers.

Fees and charges revenue collection	Assess practices with respect to user fees, including effectiveness of controls over user fee recording, billing, and collection.
Revenue collection procedures relating to consenting.	Effectiveness of core revenue collection procedures relating to consenting.
Rates Income	<p>Assess rates strike for compliance with legislation, appropriateness of the rates strike, assess the integrity of the rates debtors system, assess determination of rates in advance and processes for doubtful debt provisions.</p> <p>Review of the process of updating rates database, rate determination, rate deferment decisions, collection of rates, rates rebates, refunds, rates remissions and monitoring of arrears.</p> <p>Review where applicable the process of amending valuation systems from land value to capital value.</p>
Use of reserves funds	Review documentation underlying reserve funds and their use and ensure that funds are actually used for the specific designated purpose.
Effectiveness of in house service provision vs external provision.	Review opportunities for performing service provision internally compared to outsourcing to a service provider.
Significant projects assurance	Provide ongoing assurance of significant projects.
Information management and security.	To review compliance with Public Records Act 2005 and the Act's provisions including the adequacy of Council record systems and procedures. This will include processes for property files, data management and those to retain the integrity of personal information.
Information (OAG review 2016/17)	Data quality and use, capability and capacity to analyse and manage information, review changes in information systems and practice, evidenced based decision making, cyber security.
Recruitment	An across the Council review to ensure compliance with Councils recruitment, induction processes and procedures. Review the effectiveness of Councils procurement practices.
Remuneration practices	A review of key aspects of the Council process for setting remuneration levels including non-financial recognition and benefits.
Change management processes	Review the effectiveness of processes used to restructure staff roles to improve service, productivity and cost effectiveness.
Capital Expenditure	Assessing the management, monitoring and reporting of capital expenditure.
Water Billing	Review the process for recording water usage, processing of invoices, debt collection and water leak remissions.
Property leases	Review of rents on Council owned properties including setting the rent, income collection, and renewals.

Grants	Review of the processes for making grants across the council to include assessment of consistency, criteria for giving grants, transparent decision making, managing conflicts of interest and monitoring of grants given for intended purposes.
Leave Management	Review of procedures for the accruing, recording, authorising, reporting and monitoring of leave.
Management reporting	Asses the design of performance reports submitted to Governance and executive team members to determine the effectiveness of the reports in enabling Council / Officers to carry out its mandate, roles and to inform decision making.
Legislative compliance	A review of the legislative compliance framework across Council activities and an assessment of the monitoring and reporting functions.
Delegations	Assess the appropriateness of delegations to ensure processes are safeguarded and adherence with policy. Audit to ensure compliance with delegations at all levels of the organisation.
Treasury management	To review the treasury policy to assess that it provides clear guidance to staff, reflects good practice and enables Council to anticipate and manage treasury related risks. Assess that the treasury function is operated in compliance with policy including the review of the monitoring and application controls over treasury activities.
External funding / grants	A review of the processes to ensure compliance with grant conditions, Council's ability to secure grant funding and the monitoring and recording of grants received.
Training and development	To determine the effectiveness of staff training and development processes in order to support the business achieving its objectives. Includes the Council's development of leadership capability.
Communications	The objectives of our audit were to evaluate the adequacy of controls and processes for stakeholder communications, and the extent to which controls have been applied, with a view to providing an opinion on the extent to which risks in this area are managed.
Communication tools	Review appropriateness of councils communication methods, both internally and externally.
Communications strategy	Review Councils communication strategy and the application of it.
Technology Network Security (Outsource)	Review of security controls in place within Councils network infrastructure. This includes: <ul style="list-style-type: none"> <li>• External network security preventing unauthorised external access attempts including prevention, detection and follow-up measures in place over both internet and dial-up network access</li> <li>• Internal network security preventing trusted insiders – employees or contractors gaining unauthorised access to the Council's network.</li> </ul>

IT program and project governance (Outsource)	<p>High-level assessment of the controls and governance structures in place over the general computer environment and infrastructure including:</p> <ul style="list-style-type: none"> <li>• IT operational and security administration management</li> <li>• Change management (upgrades and enhancements)</li> <li>• Patch management</li> <li>• Problem management</li> <li>• Virus and incident detection.</li> </ul>
Security Controls Application (Outsource)	Assess the effectiveness of security controls associated with particular packages used by the Council. Review Council's vulnerability to cybersecurity attacks.
General IT Controls	High level review of the adequacy of general IT controls governing change management, access, security, disaster recovery for Councils systems.
Contract management	Council is monitoring the performance of contractors in line with contract / agreement requirements.
Procurement	<p>Assess the appropriateness and effectiveness of the management control framework in place to support contracting and procurement activities.</p> <p>Focus areas will include purchase orders / commitments monitoring.</p> <p>Review and assess the current end to end procurement processes in operation within each business unit for capital and operational procurement transactions.</p> <p>Controls in place over the completeness, accuracy and authorisation of purchase orders, accounts payable invoices.</p> <p>Review of controls to ensure that Council get the best value for money through its planning of procurements.</p>
Cash management and cash receipting	<p>Provide assurance that cash is received, controlled, accounted for, deposited in a timely manner and in compliance with applicable policy.</p> <p>Conduct spot checks at Council's cash handling sites managed by third parties for which revenue is received by Council.</p>
Sensitive Expenditure	Provide reasonable assurance that the management control framework* in place for sensitive expenditures is adequate, efficient and effective to ensure that all such expenditures is legitimate. * incorporating Council's fraud policy.
Forecasting and budgetary control	Review of the processes for forecasting operational and capital expenditure budgets, the budget setting and approval processes and the monthly budgetary control and reforecasting processes for completeness and accuracy.
Accounts payable	A review of the processes over receipting of goods and services, the timely processing of supplier invoices, cheque and electronic payment facilities and the maintenance of the supplier master file.
Social Media	Twitter, YouTube, and Facebook have effectively put every company in a fishbowl, so the company's culture and values, commitment to integrity and legal compliance, and brand reputation are on display all the time."

	Review of social media risks and processes in place to manage the risk, including awareness programs, policy and procedures, communication, security technology, risk assessment, time quotas and crisis management and mitigation.
Business case review	Review of business case and its internal governance process to assess expected benefits, validation of expected cost and related due diligence, review articulation of key strategic and project risks and management thereof, assess the identification of roles, responsibilities and accountabilities and assess the project governance process.
Emerging technologies	Review the framework against best practice for assessing emerging technology options.
Delivery of strategy across organisation	Review awareness of Councils strategy and identify where applicable opportunities to improve.
Change management when new iT solutions implemented	Assess effectiveness of change management processes applied for roll out of IT projects.
Rates affordability	Job creation, business retention, unemployment etc. reliance on dairy, high dollar exchange affecting exporters.
Asset recording and disposals	Review systems, policies, processes and procedures for capturing and processing information and their alignment with best practice. Review asset reconciliation processes and integration between the fixed asset register and general ledger.  Review of fixed assets practices against council processes including acquisitions, disposals, depreciation and capitalization.
Inventory control	The purpose of the control framework audit for Council inventory is to provide an independent assessment and assurance to senior management that: <ul style="list-style-type: none"> <li>▪ the inventory control framework is adequate and appropriate</li> <li>▪ existing controls were properly implemented</li> <li>▪ appropriate roles and responsibilities, including the segregation of duties, have been established</li> <li>▪ the procedures for ensuring accuracy of the information in the financial system are adequate</li> <li>▪ physical inventory requirements are properly justified, considering operational needs and technology options.</li> </ul>
Parking enforcement / collection	Review the parking revenue collection process under the third party contract arrangement.
Parking Infringement Process	Review of the ticketing processes and fine recovery process.
Community facilities - pools	Review the management of community facilities – pools including revenue and expenditure controls.
Community Housing	Review of the housing allocation, rental agreement, billing and collection processes. Review of rental applied will be conducted.
Stormwater Consents	Review billing and debt recovery processes for stormwater resource consents.

Building Services Revenue	Review of building consent processes to ensure that the Council charge the appropriate fees and accounting correctly for prepayments received.
Non-Financial Performance Measures	Review of the processes used to monitor, collate, record and report against the non-financial performance measures outlined in the Long Term Plan.
Contract Management (Health and Safety obligations)	Consider contractors compliance with health and safety aspects of the contracts.
Review on service delivery contracts with organisations receiving funding from Council	Review service delivery for compliance with contract requirements.
Liability management	Review of debt management to ensure that activities are in line with council policies and LTP.
Capital expenditure plan	Review of the capital expenditure programme to ensure that projects are conducted in accordance with the capital expenditure plan and Council's project management guidelines.
Consultant engagements	Review to ensure that OAG guidance, delegations and Council Policy is followed for the employment of consultants.
Contract management of CCO's	Review of the contract management process for CCO's to ensure appropriate monitoring and achievement of performance measures.
Earthquake strengthening	Review adequacy of and compliance with Council policy for earthquake strengthening of Council Buildings.
Electronic banking and funds transfers	Review of the processes and controls surrounding the use of electronic banking for making payments and receiving payments.  Review of controls and segregation of duties over electronic bank transfers.
Fleet management	Councils fleet management practices are appropriate and alignment to best practice.  Review compliance with Councils policies and procedures including disposals of vehicles.
Environmental health	Review of processes to ensure public health is maintained and Council guidelines, bylaws and legislation are adhered to and whether revenue is appropriately billed, collected and accounted for.
inventory	Review of the processes to ensure complete and accurate inventory is maintained.
Reconciliations	Review of month end reconciliation procedures for timeliness and appropriateness.
Internet usage	Includes a review of current internet usage on an across Council basis and the frequency of usage by individuals is reported to GMs (ie every six month or on request).
P cards	To ensure compliance with the Council's P-Card expenditure policy.

Council decision making processes	To perform a risk assessment of this activity and to review the processes and controls in place to manage this area. Processes will be benchmarked against any guidelines issued by the OAG and other best governance practice.
NZTA Claims	Review of the controls for making claims from Land Transport NZ and for compliance with the prescribed procedures.
LIMS	Review of the processes over recording of land information, controls over maintenance and the updating of information accurately including consents, contamination recording and boundaries. Review changes to process made to meet Risk Pool requirements.  Relationships with other related bodies (e.g.Horizons) for effective land information management will also be considered.
Property purchases and disposals	A review of the procedures for the purchase and disposal of property. This will include delegations, assessment of values and recording processes.
IT Program and project governance	High-level assessment of the controls and governance structures in place over the general computer environment and infrastructure including: <ul style="list-style-type: none"> <li>• IT operational and security administration management</li> <li>• Change management (upgrades and enhancements)</li> <li>• Patch management</li> <li>• Problem management</li> <li>• Virus and incident detection.</li> </ul> We will compare with best practice and make recommendations for improvements where necessary.
Kerb side refuse / recyclables collection:	To perform a risk assessment of this activity and to review the processes and controls in place to manage this area. This may include review of performance monitoring, any revenue recoveries, response to customer requests, quality of standard operating procedures, and management of the collection and composting contracts.
Parks related activities	To perform a risk assessment of this activity and to review the processes and controls in place to manage this area. Key areas of concern are: <ul style="list-style-type: none"> <li>• Maintenance contract management and the related maintenance contract management plans.</li> <li>• Customer service request management and systems, including close out of customer requests for service.</li> </ul>
Transport activities:	To perform a risk assessment of this activity and to review the processes and controls in place to manage this area.  Key areas of concern are: <ul style="list-style-type: none"> <li>• Maintenance contract management and the related maintenance contract management plans</li> <li>• Customer service request management and systems, including close out of customer requests for service.</li> </ul>



Customer service request management	Review customer service request management and systems, including close out of customer requests for service and assess against best practice.
Contact centre / customer service interactions	Review of processes to handle first point of contact customer interactions including KPIs, organisational second level response, quality of responses, after hours services, Business interruption plans and use of technology tools. Also includes the processes for dealing with complaints Council wide.