Audit management report for year ending 30 June 2018

Suggested management responses

Control environment

4.3	**Review charges to Water Billing Report** From our review of this process when the upload creates an Excel Schedule this will be checked against the update in Magiq. The schedule printed off will be signed and dated by the Financial Services Team Leader as evidence that the reasonableness review has been undertaken. The process will be documented and put in to ProMapp.
4.4	**Prior year internal control recommendations** *(Noted in Appendix 1)*

Other recommendations

5.1	**Input of data into the client relationship management system** Training has been provided to customer services staff, to ensure that the information received by the after-hours contractors (Alarm Watch) is entered into the correct fields of the service request system. This will ensure that the time recorded is the actual arrival time the assigned staff member arrives at the location of the reported problem not the time when the assigned staff member is informed about the problem. Service request input is now reviewed on a monthly basis to ensure the procedures are being followed. When a mistake is found, it is corrected and taken up with the staff member who made it.
5.2	**High annual leave entitlements** Leave balances will be monitored on a quarterly basis so that managers/team leaders are aware of (and manage) staff with high leave balances.
5.3	**Compliance with the Local Government Elected Members (Certain Local Authorities) Determination** Future calculations of salaries for Elected Members from new determinations from the Authority or altered responsibilities within Councillors will be verified by the Team Leader, Financial Services, before being passed to payroll for action

Appendix 1

Open recommendations

Recommendation	Status
Inconsistent procedures for adding and removing users from systems	The procedures for arriving and departing staff have been developed but not consistently used. HR will follow up with the relevant manager/team leader to ensure that the forms are completed and submitted in time.

Process for removing Manawatu District Council staff from the Council's IT systems when they leave	The request to MDC HR to formally advise staff resignations to RDC HR will be reiterated. This means that the IT team can disable access at 5.00 pm on the staff member's final day Until that is achieved, the present default procedures used by the IT team will continue to be applied – i.e. accounts are frozen after three months if inactive.
Virus and Patch Management	Sophos was engaged to undertake a review of virus protection; this is now being done automatically. At present patch protection is being done manually by the IT Team, but the proposed WSUS server will automate this. The firewall was replaced during the year.
Monthly capital works in progress reconciliations	The monthly financial report to the Finance/ Performance Committee includes a Statement of Capital Works specifying (for each relevant General Ledger code) the year-to-date actuals, the year-to date budget, and the full year budget. Monthly project reporting to the Assets/Infrastructure Committee (which typically shows % completion) will be expanded to include, in each instance, the project budget, the amount committed and the amount spent.
Capital works in progress	We are continuing to work with Manawatu to address this issue.
Carry forward of capital expenditure	Council must approve (by resolution) proposals to carry forward capital expenditure to the next financial year (or beyond). Delays in assessing applications for wastewater discharge consents is a significant contributor to the need for making such requests to Council: carry-forwards of such projects to the next financial year confirms (for Horizons Regional Council and the community generally) Council's continuing commitment to them. Approved carry-forwards mean the projected interest (and thus rating) costs are postponed to the subsequent year.

In progress recommendations

No regular testing of business continuity and IT disaster recovery plans	While written plans have not been formalised, Council is confident of its ability to recover its IT systems in the event of a disaster to within 15 minutes of the last transaction. All staff would be able to log in remotely. A functional asynchronous server has been set up.
IS policies are not up to date	The misalignment between the policies in SharePoint and in the staff handbook will be addressed.

Lack of controls around MagiQ staff access to Council's systems	Establishing a user log-in system (as is done by IT staff in other Council systems) is difficult in MagiQ because of the way the superuser is profiled in the system. An ex-MagiQ employee could access Council's system only if they still had access to MagiQ's own system. *Council accepts this risk, on the basis that the risk is very low and liability for any unauthorized access will sit with MagiQ.*
Reviews of MagiQ users access levels	This would best be done by developing a matrix of roles and access.
Performance measure rules	See 5.1 above.
Review of procurement practice	The outcome of the workshop with Councillors will be formalised through a report and updated policy to Council.
Succession planning	The Chief Executive has reiterated that priority needs to be given to work on ProMapp, and that he will provide additional resources where necessary.
Contract management	The development of this policy will be a project for the first half of 2019.
Sensitive expenditure approvals	Close monitoring of claims (and associated tax invoices) will be continued.
Monitoring of contractor performance	This will be associated with the development of a contract management policy (above). In addition, there is ongoing monitoring relating to health and safety compliance.
Requests for service	See 5.1 above
Project management	Council has indicated its desire to see more robust project management and the Chief Executive has undertaken to deliver that. Project proposals will be accompanied with an initial project management plan, to be refined and reported on as the project proceeds. The new Bulls Community Centre has a clearly defined project management structure.
Marton Pool	Council will look into ways in which an objective measure is obtained of numbers using the pool and/or takings from users to provide a more certain basis for verifying that's the invoiced amounts are in accordance with the contract.
Creditors Masterfile maintenance review	This process as indicated now functions effectively. In regard to the Finance Officer who provides the report to

	the Financial Services Team Leader, the access levels will be changed to a view only as suggested by Audit.
Conflict of Interest policy	Council's Management Team is reviewing examples of specific conflicts of interest policies as a basis for confirming and implementing a RDC-specific policy.
Update to staff handbook	The prohibitions suggested will be included in a review of the staff handbook.

28 November 2018