

## Audit New Zealand Final Management Report - 2015/16

### Implementation Progress Status - March 2017

The following table is a summary of issues raised by Audit New Zealand in their final management report received November 2016, together with management comment, responsibility and status of any implementation. Future quarterly updates will include updated progress in achieving the agreed action. It includes from the report only those items requiring action. Some of the issues raised this year were also the issues raised in the previous year's audit and updates implementation.

Audit reference	Agreed action	Person responsible	Target date	Status
2.1	<p><b>Actual renewals and capital expenditure below forecasts</b> - Continue to implement the action plan along with internal audit's recommendations around procurement, contract management, and project management.</p>	<p>General Manager, City Networks</p> <p>Waste &amp; Water Services Manager</p> <p>Roading Manager</p> <p>Parks &amp; Property Manager</p>	Ongoing	<p><b>Management comment</b> Implementation and development of systems, planning and completion of programmes is essential for improvement. Continued review and development of the action plan together with implementation remain a priority with improvements limited by resources available.</p> <p><b>Update March 2017</b> Improvements and enhancements to the with-in house software tool 'Project Status' enabling more accurate and robust project progress monitoring and reporting are in progress. Project Implementation and Planning reports have been completed for all major renewal and capital projects for the 2017/18 and the first 3 years of the 2018/28 10 Year Plan. Further work on improvement initiatives is continuing.</p>
2.2.2	<p><b>Mandatory performance measures -</b> Continue to review the effectiveness of current reporting and systems to accurately capture the underlying data and to ensure the data is complete.</p>	<p>Roading Manager</p> <p>Waste &amp;</p>	Exploration continuing	<p><b>Management comment</b> Consideration will be given to the recommendations and practicality within existing resources. Additional review will also occur in preparation of the 2018</p>

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	This includes: <ul style="list-style-type: none"> <li>perform a regular weekly quality review of data entered into the Request for Service system</li> <li>that there is a system in place to check contractor times recorded are accurate.</li> <li>ensure data fields include information to clearly show why data has been amended, re-categorised or excluded.</li> </ul>	Water Services Manager  Head of Community Planning		long-term plan performance measures and planned implementation of a new non-financial reporting system.  <b>Update March 2017</b> The mobile solution is operational for water and waste scheduled maintenance (around 30% of workload). Extending the mobile solution to reactive maintenance is in process but final rollout will await the availability of a new GIS capable version of the software to enable staff to view assets in the field. Extending the mobile platform to capture and schedule routine maintenance at the Water and Wastewater Treatment Plants will be advanced ahead of the reactive maintenance. Further enhancements will depend on a major upgrade to the KBase software platform.
2.6	<b>Wastewater resource consent</b> - The Council is due to apply for a new consent by June 2022. The current cost estimates for a new wastewater discharge consent in present day terms range between \$30 million – \$100 million. This will impact on affordability and will be the key point in the Council's next LTP.	Waste & Water Services Manager  Special Projects Manager	Ongoing	<b>Management comment</b> Consent requirements will continue to be monitored as part of the annual plan and long-term plan processes with any requirements and constraints incorporated into those plans and reported to Council. This will involve establishment of a project team to conduct a Best Practicable Option review. Options will be identified and engagement take place with Iwi and the community before Council decides by June 2021 on the Best Practicable Option to seek consents for.  <b>Update March 2017</b> The Wastewater Project has been initiated with

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				approval of the overall project structure and appointment of Technical Advisers by Council. Initial Project Steering Group meetings and workshops with Council to agree project objectives and terms of reference are scheduled for April and May. The appointment of a dedicated Council Project Manager has still to occur pending identification of a suitable candidate for the position. The first tasks of the Best Practicable Options Review will be initiated following completion of contract formalities with the successful consultant.
2.7	<b>Presentation of the Financial Overview in the annual report</b> - Ensure what is reported in the financial overview section of the annual report is a balanced summary for the year and that it does not take away from the results in the financial statements.	Financial Accountant	30 June 2017	<p><b>Management comment</b> GAAP prepared financial statements do not evidence how rates are calculated and applied. The financial overview illustrates the rates actually received and application with this considered an essential accountability requirement. A reconciliation is provided between that, the information in the service provision statements and financial statements. Each year this is reviewed to ensure accountability.</p> <p><b>Update March 2017</b> To be reviewed in conjunction with annual report planning.</p>
2.8	<b>Payment dates for targeted rates for water supply</b> - Review rates resolution and, if appropriate, seek independent advice over whether its resolution meets the requirements of section 24 of the Local Government (Rating) Act 2002 in relation to payment dates for targeted water rates.	Strategy Manager Finance	June 2017	<p><b>Management comment</b> The Council is aware of the interim judgment of the High Court. When preparing the rates resolution for 2017/18 this will be considered.</p> <p><b>Update March 2017</b> Updated information regarding invoicing and due</p>

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				dates for metered water targeted rates has been included in the draft Funding Impact Statement adopted as part of the supporting information for the proposed 2017/18 Annual Budget/(Plan). Similar information will be included in the rates resolution.
2.9	<b>No post input review of journals</b> - Implement an independent post input review of journal entries.	Finance Manager	Not deemed necessary	<p><b>Management comment</b>            Within any system there are processing risks. It is believed these are adequately compensated for through budget manager review of reports, management accountant review and reconciliation of all balance sheet accounts. These are considered sufficient with the additional staffing cost requirement of any review not warranted.</p>

The following are outstanding items raised from 2014/15 final and the 2015/16 interim management reports requiring further implementation:

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Appendix 4, 2016 final report	<p><b>Contract management register -</b>            The City Council is utilising the Oasis system as a contract management register for the whole of the Council. All contracts are now required to be added to the Oasis system. The system is being modified to ensure its functionality is appropriate for all types of contracts.</p>	Information Manager	Completed	<p><b>Management comment</b>            The existing contract process used in Oasis (EDRMS) has been modified to incorporate additional information. Once the existing data has been cleaned then the enhancements will be implemented.</p> <p><b>Update December 2016</b>            The data cleansing was completed and the</p>

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				enhancements to the contracts register were implemented early October.
Appendix 4, 2016 final report	<p><b>Business Continuity/Disaster Recovery</b> Business Continuity and IT Disaster Recovery plans should be finalised and re-tested. Plans be regularly updated and tested.</p>	Information Manager	Ongoing	<p><b>Management comment</b> The IM BCP plan has been finalised and is reviewed three monthly. The plan will be tested as part of the annual Council BCP test exercise – date to be confirmed for later this year. The IM Disaster Recovery plan will be finalised following the implementation of new backup software scheduled for Q2 2016/17 – following the implementation a DR test will be scheduled.</p> <p><b>Update March 2017</b> The completed IM BCP plan is with management team for review and sign off. The update to the DR plan has been completed and IM has carried out a successful BCP test of the data centre.</p>
Appendix 4, 2016 final report	<p><b>Balance sheet reconciliations</b> All reconciliations should be prepared in a timely manner, and independently reviewed.</p>	Finance Manager	On going	<p><b>Management comment</b> We will continue to monitor the timeliness of monthly financial statements reconciliations going forward.</p> <p><b>Update March 2017</b> The reconciliations were not all done in a timely manner in the reporting period. They were, however, all completed in April. Management is confident that with the suitable resource in place now, timeliness should no longer be a problem from now on.</p>

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