

Audit New Zealand Final 2017 Management Report to Council

Implementation Progress Status - December 2017

The following table is a summary of issues raised by Audit New Zealand in their final management report to the Council received November 2017, together with management comment, responsibility and status of any implementation where implementation is required. Future quarterly updates will include updated progress in achieving the agreed action. It includes from the report only those items requiring action. The November 2017 report includes only issues raised from previous reports where implementation is continuing.

The “Agreed Action” is a summary from the report. That report should be referred to for the full recommendation and basis for that recommendation.

Audit reference	Agreed Action	Person responsible	Target date	Status
2.1	<p>Actual renewals and capital expenditure below forecasts -</p> <ul style="list-style-type: none"> continue to implement the action plan, internal audit’s findings from 2015/16, our review recommendations on procurement, contract management, and project management (refer 2.2); and review the capital budgets of projects going into the next LTP to ensure these have realistic timeframes. 	<p>General Manager, City Networks</p> <p>Waste & Water Services Manager</p> <p>Roading Manager</p> <p>Parks & Property Manager</p>	Ongoing	<p>Management comment</p> <p>It is recognised that continued implementation of the action plan is essential for further improvement. Increasing project requirements, including in obtaining approvals and consultation, mean further increases in capital expenditure may be limited by resources available.</p> <p>With the LTP now being prepared capital programmes included are being reviewed to ensure that they are appropriate and have realistic timeframes.</p> <p>Update December 2017</p> <p>Action plan continues to be implemented including improving monitoring reporting. Programme timeframes are being reviewed as part of inclusion in the draft LTP.</p>
2.2	<p>Review of procurement, contract management, and project management –</p> <p>Within procurement that conflict of interest declaration forms are properly completed; staff who are involved in procurement are aware of the</p>	<p>General Manager, City Networks</p>	30 November 2017	<p>Management comment</p> <p>A review of Procurement Policy MT70, the Contract Administration Manual and Council’s Procurement Strategy for Activities funded through the National Land Transport Programme (currently in draft form</p>

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	<p>different types of conflict of interest and how these should be managed; declaration forms be treated as a live document and updated numerous times throughout the procurement; a procurement strategy or plan to be completed for every significant project prior to tendering; an analysis of procurement risk as part of procurement planning; there is evidence that the processes at key stages has been conducted fairly and appropriately. For contract management within the audit process include a review of the data that is being placed there and formally documenting the required documents that are needed in the contract management system. Recommendations made by internal audit continue to be progressed with changes formally documented and staff made aware of these.</p>	<p>Waste & Water Services Manager</p> <p>Roading Manager</p> <p>Parks & Property Manager</p>		<p>and to be submitted for NZ Transport Agency approval in October 2017) will be conducted. A bi-annual audit of contract management records and files and formally documenting required contract file information will be actioned. Internal Audit recommendations will continue to be progressed with changes to be documented and staff advised.</p> <p>Update December 2017 Timing of implementation to be finalised.</p>
2.3.1	<p>Current performance framework - As part of the LTP process, review performance measures to ensure they are appropriate and measurable.</p>	Head of Community Planning	Complete	<p>Management comment All LTP KPIs are currently being reviewed.</p> <p>Update December 2017 KPIs have been reviewed to ensure they are appropriate and measurable for the draft LTP.</p>
2.3.2 Appendix 2	<p>Mandatory performance measures - Continue to make improvements to the collection, integrity of and changes to data, reporting and review of data. This includes incorporation of DIA guidance issued and audit of inputs of contractors.</p>	<p>Roading Manager</p> <p>Waste & Water Services Manager</p> <p>Head of Community</p>	To determine	<p>Management comment Consideration will be given within existing resources. This may include exploration of a further module (K-Base Workflow) to the K- Base system to address the timeliness of the sign-off procedure. With the LTP KPIs currently being reviewed, procedures and business rules plus any DIA guidance requirements will also be reviewed and incorporated as appropriate.</p>

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		Planning		<p>Update December 2017 Timing of implementation to be finalised.</p>
2.5	<p>Rates legislative compliance - Seek independent legal advice over the rating process given the importance of rates funding and the increased public scrutiny and legal challenges being seen throughout the country.</p>	Strategy Manager Finance	June 2018	<p>Management comment The importance of the rate setting process is recognised and independent legal advice will be obtained at appropriate times through the development of the LTP.</p> <p>Update December 2017 No change.</p>
Appendix 2	<p>Business Continuity Plan - Business Continuity Plan should be finalised and re-tested. Plans be regularly updated and tested.</p>	Information Manager Head of Emergency Services	Ongoing	<p>Management comment BCP is tested regularly. The current BCP is under review so that improvements can be made. Kestrel Consulting are currently gathering requirements from each unit relating to resources they need to continue to deliver service, as well as acceptable recovery times (RTO). Currently the Information Management Division operate a disaster recovery plan that enables failover of systems to another location, the current baseline for RTO is set at 60 minutes and is tested regularly. There is currently a roadmap being developed that will improve RTO further through the introduction of cloud services such as Office 365.</p> <p>Update December 2017</p>

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				All relevant BCPs have now been completed by the external consultant Kestrel and are being reviewed by management. Training is programmed for early 2018.
Appendix 2	<p>Financial statement reconciliations All financial statement reconciliations should be prepared in a timely manner and independently reviewed. During the final audit reconciliations were up to date and being reviewed periodically.</p>	Finance Manager	Completed	<p>Management comment All reconciliations are currently up to date and reviewed periodically.</p> <p>Update December 2017 No change.</p>
Appendix 2	<p>Presentation of the financial overview in the annual report 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. Improvements have been made, however it is not ideal having non-GAAP table in financial overview, even if it is reconciled to the GAAP statements.</p>	Financial Accountant	30 June 2018	<p>Management comment Disclosures are reviewed annually as part of preparing the annual report. The table is considered appropriate in reporting against how rates are determined.</p> <p>Update December 2017 Financial overview will be reviewed as part of review of the 2017/18 annual report format although limited change is considered necessary given that the basis of determining rates in the 2017/18 annual budget is unchanged.</p>
Appendix 2	<p>Contract management The City Council consider whether a whole of Council contract management system would be useful. It is agreed that a central contracts management system would be a preferred approach. The system used is under review because it is not</p>	Information Manager	Completed	<p>Management comment This has been added to the list of processes to review in terms of replacing the current process with a fit for purpose software solution. In the interim an online contracts register has been developed, this collects specific information about the contract and creates an alert that advises when</p>

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	fulfilling all of the needs of the group using it, and one of the desirable requirements is to move away from a document based service management approach to one that also takes into account other parts of the organisation.			<p>contracts require reviewing and/or renewing.</p> <p>Update December 2017 A contracts register and supporting business process has been created to enable PNCC staff to monitor and manage contracts they are responsible for. There are also reports available which show the details of contract owners, values and expiry and renewal dates. A degree of automation has also been applied so that contract owners are notified when contracts need reviewing prior to these dates.</p> <p>Further enhancements of this process are underway with the development of a contracts analysis dashboard which will make it visually easier to gain an overall status view of PNCC contracts, values, suppliers etc.</p> <p>This work is dependent on the completion of the rollout of new business intelligence tools currently underway, expectation is this will be available in second quarter of 2018.</p>