

Chairperson and Subcommittee Members
AUDIT AND RISK SUBCOMMITTEE

1 DECEMBER 2015

Meeting Status: **Public**

Purpose of Report: For Information

REGULAR PROGRESS UPDATE ON 2014-15 KEY AUDIT FINDINGS

PURPOSE OF REPORT

- 1 This report provides the Subcommittee with a progress update against Ernst & Young's Report on Control Findings for the year ended 30 June 2015.
- 2 This report also provides the Subcommittee with a progress update against Ernst & Young's previous recommendations arising from their review of the Council's Information Technology General Controls (ITGC) environment.

DELEGATION

- 3 The Audit and Risk Subcommittee has delegated authority to consider this report under the following delegation in the Governance Structure, Section C.3.
 7. Without limiting the generality of this delegation the Subcommittee has the following functions, duties and powers:

Internal Control Framework

- 7.1 *Review whether management's approach to maintaining an effective internal control framework is sound and effective.*

External Audit

- 7.13 *Receive the external audit report and review action to be taken by management on significant issues and audit recommendations raised within.*

BACKGROUND

- 4 On 7 January 2015, Ernst & Young (Audit) reviewed the Council's ITGC environment and reported a number of control findings for consideration by management.
- 5 Audit issued their Report on Control Findings for the year ended 30 June 2015. Council accepted these findings and developed action plans and work programmes to respond to all of the matters raised.

ISSUES AND OPTIONS

OVERALL PROGRESS

- 6 A total of 12 issues were identified for corrective action. Good progress is being made with all corrective actions on track to be completed within the prescribed timeframes.

KEY FINDINGS FROM THE 2015 AUDIT

- 7 None of the seven issues identified were considered to be high risk. However, three of the issues were rated as moderate, requiring substantial improvement, ideally within 6 months. Corrective action for these three issues is on track to be completed by March 2016.
- 8 The remaining four issues were classed as low risk, requiring corrective action to be implemented within 6 to 12 months. Corrective action for these four issues is on track to be completed by September 2016
- 9 A consolidated report comprising Audit's recommendations, Council's action plans for addressing each finding and progress to date, is attached as Appendix 1.

KEY FINDINGS FROM REVIEW OF THE ITGC ENVIRONMENT

- 10 Audit identified five issues during its review of the ITGC environment.
- 11 Three issues were rated as high risk, requiring immediate corrective action. One has been completed and the other two are on track to be completed by December 2015.
- 12 The fourth issue was rated a moderate risk, requiring substantial improvement, ideally within 6 months. The corrective action for this issue is on track to be completed by March 2016.
- 13 The fifth and final issue was rated a low risk, requiring corrective action to be implemented within 6 to 12 months. The corrective action for this issue is on track to be completed by September 2016
- 14 A consolidated report comprising Audit's recommendations, Council's action plans for addressing each finding and progress to date is attached as Appendix 2.

Financial Considerations

- 15 Financial considerations have been covered as part of this report.

Legal Considerations

- 16 There are no legal considerations associated with this report.

Consultation

- 17 There are no consultation issues associated with this report.

Policy Implications

- 18 Policy considerations have been covered as part of this report.

Tāngata Whenua Considerations

19 There are no tāngata whenua considerations.

Publicity Considerations

20 There are no publicity considerations.

SIGNIFICANCE AND ENGAGEMENT

Degree of significance

21 This matter has a low level of significance under the Council Policy.

RECOMMENDATIONS

22 That the Audit and Risk Subcommittee notes the progress made against the action plans developed to remedy the control findings arising from the 2015 audit, as set out in Appendix 1.

23 That the Audit & Risk Subcommittee notes the progress made to address the ITGC issues raised by Audit, as set out in Appendix 2.

Report prepared by:

Approved for submission:

Approved for submission:

Mark de Haast
Financial Controller

Wayne Maxwell
Group Manager Corporate
Services

Stephen McArthur
Group Manager
Strategy and Planning

ATTACHMENTS

Appendix 1: Summary of Control Findings for the year ended 30 June 2015

Appendix 2: Summary of ITGC Environment Findings for the year ended 30 June 2015