

Thames-Coromandel District Council
External Audit / Review Recommendations – Action Schedule

Meeting Date ¹	Audit NZ - Recommendation	Agreed Action	Action By ²	Date dd.mm.yy	Progress to Date	√ ³
21.12.12	<p>Internal Audit (IMR-2012)</p> <ul style="list-style-type: none"> Management give consideration to the Auditor-Generals expectations regarding the internal audit function. That Council makes a decision on the having an internal audit function or an alternative mechanism in place as soon as possible. 	<p>Audit Committee to confirm its role and direction.</p> <p>Audit Committee to confirm Risk Management Framework March 2013</p> <p>Process for appointment of an internal auditor will then commence.</p>	CFO	31.3.14	<p>In February 2013 Audit Committee confirmed its role and direction.</p> <p>Councils' previous internal auditor has been engaged to undertake a review of three significant capital works projects.</p> <p>Staff propose to commence tender for this work early in 2014 following sign-off of a work programme by the Committee.</p> <p>Paper on 18 February 2014 Agenda regarding proposed process for appointment of internal auditor</p>	
01.10.13	<p>Assessment of areas susceptible to fraud: (IMR-2012)</p> <p>Councils' fraud policy sets out the requirement to undertake regular reviews of transactions, activities or locations that may be susceptible to fraud.</p> <p>That the audit Committee review periodically expenditure approved by employees in sensitive positions to provide an aspect of objectivity over such payments.</p>	<p>Audit Committee to determine a list of "sensitive positions" they would like to review expenditure approval of.</p>	CFO	On-going	<p>CFO presented a sample of expense claims to December 2013 meeting</p> <p>A further Sample will be presented at the February 2014 meeting</p>	
21.12.12	<p>Payroll and Creditors Masterfile change reports. (IMR-2012)</p> <p>Recommend that that payroll and creditors</p>	<p>Current practice is for payroll masterfile changes to be reviewed and signed off by</p>	CFO	On-Going	<p>The Accounts Payable masterfile audit report documents who updated the file</p>	

¹ Date presented to Audit Committee

² Referenced at end of document

³ Action Completed – will be deleted from Action Schedule following Audit Committee review

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	<p>masterfile change reports are reviewed by someone independent of the payroll creditor's function. Evidence of the review (date and signature of the reviewer) should be recorded on the reports,</p>	<p>Finance team member (Accounts Payable Officer) who is also back-up for the payroll function. Creditor's masterfile changes are reviewed and signed off by payroll Officer who is also backup for the payroll Accounts Payable function.</p>			<p>within the system, as such the reviewer signature evidenced on the Audit report confirms segregation of duties in this area - as such no change to current process envisaged. Still current practice Unfortunately the same report for the Payroll system masterfile does not record who made the change within the system so we are unable to confirm that that person is in fact different to the reviewer. As such as an interim measure from 1 March 2013 the Payroll masterfile changes audit report will be signed off by the HR Advisor who does not have access to Payroll masterfile maintenance. The HR Advisor now has access to the payroll system as a backup for that function. Therefore there is no independence. But current practice is that the Payroll Officer prepares a maintenance form for any master data changes. This is checked off by the Accounts Payable Officer/HR Advisor when checking the payroll prior to processing of the payroll. This form is signed by the checker. Once the payroll is processed the Datacom reports details changes that have been made within that payrun. The checker again checks back to the</p>	

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					maintenance form and signs off the datacom report as correct. Staff are investigating if the Payroll upgrade scheduled for later in the year will address this issue. After the upgrade the process will be reviewed.	
21.12.12	Purchase Orders (IMR-2012) Recommend that approval of all expenditure be on a one-up basis and independent of the person incurring the expenditure.	Council is in the process of implementing an electronic purchase order system these recommendations will be incorporated into that process. Capital expenditure will be first to go through this process. It will then need to be extended to operating expenditure. At this time the one up policy is being implemented for Capex expenditure	CFO	30.06.2014	In the short term until purchase order system is implemented in Track 24 Council has switched on one up invoice approval for Capital expenditure invoices inside of Track 24 this commenced 18 March 2013. At present Purchase Orders originating from T24 are being trialled within parts of Infrastructure. This will require one up PO approval. The expected go live date for implementation of T24 PO generation Staff are working towards an implementation date of 1 June 2014. Raising of PO's for OPEX with remain manual until CAPEX PO's, out of T24, is successfully operational.	
21.12.12	Payroll Instances have occurred where leave has been approved after it was taken. At times this took place in a different pay-cycle to that in which the leave was actually taken. Audit Noted that payroll officer runs a leave report each Monday before completing the pay run. It is recommended that the process be formalised and the report dated and signed by		HRA	30.09.2013	This matter is currently under discussion with staff at time of writing this report. Successfully avoiding any late leave approval is a training issue requiring constant reinforcement to Managers. Action taken by Payroll and HR	

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	<p>payroll officer and independent reviewer.</p> <p>Under current employee connect system there are situations where leave can be approved in excess of an employee's entitlement. Negative leave balances are not recognised by Datacom and will result in the system resetting itself to zero. It is recommended that adjustments made to the program to ensure negative leave balances are not lost between data transfer from "employee Connect" and "Datacom"</p>	<p>This issue is planned to be remedied in the upgrade of employee connect.</p>	HRA	31.03.2013	<p>staff are. Fortnightly reminders are put in splash before each payrun. There are instructions within employee connect for both the staff member and the Manager on how to enter and approve leave. Before any long weekend or holiday period and again after the break payroll/HR remind staff to enter all leave to be taken or taken. HR remind Managers at all managers forums that all leave is required to be entered into employee connect. HR are aware that this is an education issue with the onus on Managers Payroll staff are aware of most staff absences and will ring and remind staff to apply for leave if not already done so</p> <p>While this issue will be resolved with the scheduled upgrade to employee connect. The upgrade is now currently underway</p>	
21.12.12	<p>Self-Review of Component Reports (MR-2013) Some projects in Track24 had the same person set up as the project manager and Asset Manager which effectively allows a self-review.</p>	<p>A list of all projects within Track24 has been compiled. Any project identified as having the same project manager and activity manager has been highlighted and the relevant person notified.</p>	CFO	31.03.2014	<p>A list of all projects within Track24 is to be compiled by the key user group in March 2014. Any project identified as having the same project manager and activity manager will be highlighted and the</p>	

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					relevant person(s) notified in order to rectify the issue. No issues were identified in the previous report run in June 2013. Ensuring separation between these two roles has been formalised within Council's Project Management Framework. It should be noted however that this framework is yet to be ratified by Council.	
21.12.12	Development Contributions (MR-2012) Due to current economic situation Council has experienced a substantial drop in revenue from development contributions. Audit concerned if this situation continues for more than the short term the interest position may grow to significant levels and create affordability issues.	Agreed Council continues to monitor this closely. Future Additional Capacity Capital works projects are deferred if growth is not eventuating. However Council also has significant historical investment for infrastructure to facilitate growth which has not materialised.	CFO	on-going	Staff attended development contributions workshop in Auckland in February 2013 to review central governments discussion paper on development contributions. Staff have held discussions with Deloitte and Rob Bates on this matter in April 2013. Staff presented a discussion document to Audit Committee workshop on 11 June 2013, and Council workshop held on 13 June 2013. Staff presented an options paper on funding the interest burden on development contributions to Council on the 5 th of December 2013 for	

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					<p>incorporation into the draft 2014/15 Annual Plan.</p> <p>Council is a member of Local Government Development Contributions Working Party who have submitted to the Bill on behalf of the sector in relation to the proposed changes local Government amendment Bill No.3.</p> <p>Development Contributions Staff conducted a workshop with the Audit Committee on proposed changes to the Development Contributions Policy on the 16th of December.</p> <p>Statement of Proposal included in the Draft Annual Plan for 2014/15</p>	

²GMRE Group Manager, Regulatory
 GMSD Group Manager, Service Delivery
 GMSS Group Manager, Support Services
 CFO Chief Financial Officer
 GMSS Group Manager, Support Services

A Accountant
 CM Communications Manager
 FA Financial Accountant
 MIT Manager, Information and Technology
 GSM Governance Support Manager
 HRA HR Advisor

RdM Roading Manager
 RM Revenue Manager
 SPTL Strategic Planning - Team Leader
 Planner/Analyst
 UAM Utilities Asset Manager
 HRM Human Resources Manager

IMR-2012 Audit NZ Interim Audit Management Letter

MR-2012 Audit NZ Final Audit Management Letter