STATUS REPORT ON AUDIT NEW ZEALAND AUDIT ARRANGEMENTS AND PROGRESS AGAINST AUDIT NEW ZEALAND RECOMMENDATIONS

1. Purpose of Report

To update the Subcommittee on Audit New Zealand arrangements and progress in implementing the recommendations contained in the audit management letters presented to the Subcommittee.

2. Recommendations

Officers recommend that the Subcommittee:

1. *Receive the information.*

2. *Note the progress made in implementing the Audit New Zealand recommendations for the 2007/08 Financial Statement Audit.*

3. Summary of Recommendations and their Current Status

Issues from 2007/08	Responsibility	Priority	Current Status
During the period Audit New Zealand reviewed the processes in place to facilitate recording of members' interests and related party information for elected members, appointed members, committee members and senior management. They identified some potential limitations to the current systems and processes: • Only 12 of the 14 elected members returned their Register of Interests: Declaration form when asked to declare their interests in March 2008. • Council relies heavily on the honesty and good faith of its members to disclose relevant interests and related parties. There is no reasonableness check performed. We acknowledge that Council may become aware of potential interests though its directorates or business units and follow up potential interests with members. • There is no interest register kept for senior management. We acknowledge that Council asked members of the Management Board if they had any relevant interests prior to signing off the financial statements. Council intend to put in place an interest register for senior management. Audit recommend that Council: • Follow up with members who have not provided their declarations, and remind and educate members on the importance of members' interests. • Put in place an interest register for senior management.	**Svea Cunliffe-Steel**	**Medium**	Complete. We are satisfied that the current system in place is appropriate for ensuring all interests are recorded. At the time of writing this report all interest registers for councillors are up to date. A Senior Management interests register has been established.

During the period Audit assessed the risk around the overarching processes addressing IT Strategy and IT Governance, IT Processes and IT Controls. They identified two areas for improvement: • Council does not have one overarching IS/IT Security Policy. This potentially allows unauthorised access to systems and/or fraudulent, malicious or unintended transactions to be posted. • Council's Knowledge Solutions (KS) organisation is not aware of the extent of end-user applications and does not have controls in place to manage end-user computing. The risk around end-user computing applications (such as Excel spreadsheets and Access databases) is that they might be used for key business processes, and/or business decisions and/or reporting without (at the same time) being subject to the same level of controls as business key systems. Therefore, data in these systems may be incomplete or inaccurate. Audit recommended that Council • Develop and implement an IS/IT Security Policy as an overall statement of the importance of security to the organisation. • Develop and implement a policy for end-user computing as a basis for controlling the employment of end-user application. This also helps that adequate processes and controls for end-user application development, security, change management and operations are in place to ensure the reliability of these systems.	**David McLachlan**	**Medium**	This action will be added to our 2009/10 business plan and will be completed in conjunction with the new IBM Web-sphere implementation along with the refresh on our desktop environment. This is incorporated into the KS information management strategy and will be addressed as part of the "yet to be developed" Data Management strategy. The implementation of the Electronic Document Management System was the first phase of establishing controls over ad-hoc information and the Data Strategy will address controls over data and its management as part of a business process (or processes).

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Supporting Information

1)Strategic Fit / Strategic Outcome

The report supports Council's overall vision of Creative Wellington – Innovation Capital by ensuring that legislative compliance with GAAP (NZ IFRS) is appropriately managed.

2) LTCCP/Annual Plan reference and long term financial impact

The report has no specific Annual Plan reference. There is no long term financial impact arising from the report.

3) Treaty of Waitangi considerations

There are no specific Treaty of Waitangi considerations.

4) Decision-Making

There are no significant decisions required by the paper.

5) Consultation

a)General Consultation

There are no parties significantly affected by this paper.

b) Consultation with Maori

Maori are not significantly affected by this paper.

6) Legal Implications

This report has no specific legal implications.

7) Consistency with existing policy

This report is consistent with existing policy.