



# Hastings District Council

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OPEN

## A G E N D A

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### RISK AND AUDIT SUBCOMMITTEE MEETING

**Attachment for Item 9 (omitted from agenda)**

Meeting Date: **Monday, 6 May 2019**

Time: **10.00am**

Venue: **Landmarks Room  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings**

<b>Subcommittee Members</b>	Chair: Mr J Nichols <i>Ex Officio: Mayor Hazlehurst</i> Deputy Mayor Kerr (Deputy Chair) Councillors Nixon and Travers <i>(Quorum=3)</i>
<b>Officer Responsible</b>	Chief Financial Officer, Bruce Allan
<b>Committee Secretary</b>	Christine Hilton (Ext 5633)

## **Risk and Audit Subcommittee – Terms of Reference**

A subcommittee of the Finance and Risk Committee

### **Fields of Activity**

The Risk and Audit Subcommittee is responsible for assisting Council in its general overview of financial management, risk management and internal control systems that provide:

- Effective management of potential risks, opportunities and adverse effects; and
- Reasonable assurance as to the integrity and reliability of the financial reporting of Council; and
- Monitoring of the Council's requirements under the Treasury Policy

### **Membership (4 Members)**

Chairman appointed by the Council

The Mayor

Deputy Mayor

2 Councillors

An independent member appointed by the Council.

**Quorum** – 3 members

### **DELEGATED POWERS**

Authority to consider and make recommendations on all matters detailed in the Fields of Activity and such other matters referred to it by the Council or the Finance and Risk Committee

The subcommittee reports to the Finance and Risk Committee.

**HASTINGS DISTRICT COUNCIL  
RISK AND AUDIT SUBCOMMITTEE MEETING**

**MONDAY, 6 MAY 2019**

**Attachment for Item 9 (omitted from agenda)**

**VENUE:** Landmarks Room  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings

**TIME:** 10.00am

**A G E N D A**

- 9. Attachment (Updated Audit Action Sheet) for Item 9 of Risk and Audit Subcommittee meeting on 6 May 2019 - omitted from the agenda document**



**REPORT TO: RISK AND AUDIT SUBCOMMITTEE**

**MEETING DATE: MONDAY 6 MAY 2019**

**FROM: COMMITTEE SECRETARY  
CHRISTINE HILTON**

**SUBJECT: ATTACHMENT (UPDATED AUDIT ACTION SHEET) FOR  
ITEM 9 OF RISK AND AUDIT SUBCOMMITTEE MEETING  
ON 6 MAY 2019 - OMITTED FROM THE AGENDA  
DOCUMENT**

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**1.0 SUMMARY**

1.1 The purpose of this report is to have a way to attach the Updated Audit Action Sheet (Attachment for Item 9) and to then put it onto the website prior to the Risk and Audit Subcommittee meeting on 6 May 2019.

**2.0 RECOMMENDATIONS AND REASONS**

**That the Attachment 1 document be put onto the website prior to the Risk and Audit Subcommittee meeting on 6 May 2018 so it can be viewed by the members of the public.**

**Attachments:**

1 Audit Action Sheet (attachment for Item 9) CG-14-25-00082



Audit Action Sheet as at 2/05/19						FIN-07-02-18-100	2 May 2019
Recommendation	Officer Responsible	Priority	Start Date	By When	Comment	Completed pending Audit signoff	
<b>Audit New Zealand Recommendations</b>							
Review IT Policies and Procedures	Andrew Smith	medium	1/07/2017	Jun-19	HDC uses the 'Kaoni' developed IS Security Policy suite. HDC has a subscription with Kaoni to provide annual updates to the security policies and the latest update to the policy framework is expected in the latter part of 2018. During the current period the Council information security policies have been reviewed by the IM Team. When the updated policy framework from Kaoni is published it will be considered for potential updates. The target date for completing, approving and publishing the updated policy was 30 June 2018 but was ongoing at the time of our final audit. IT Policies have now been released based on greatest business risk. These policies are now available and accessible online and have been reinforced with strong internal staff communications. Policy awareness and understanding will be progressively communicated over the coming Months via a change communications program. Policies published and communicated to date include: <b>Password Management and Authentication:</b> This Policy describes the authentication requirements for accessing internal computers and networks and includes those working in-house as well as those connecting remotely. <b>Email:</b> The purpose of the Email Policy is to document how electronic mail systems and services are to be used. <b>Access Control:</b> The purpose of the Access Control Policy is to ensure that information systems resources and electronic information assets owned or managed by Hastings District Council are available only to authorised personnel. This Policy also deals with the prevention of unauthorised access through managed controls to create a secure computing environment. Additional IT Policies under review and in the process of being finalised include: • Mobile Phones & BYOD • Internet Usage • Laptops & Tablets • Information Privacy Target completion to have all IT Policies finalised and issued / communicated is June 2019.	🔔	
Implement Contract Management System	Sharon O'Toole	low	1/07/2017	Apr-19	A spreadsheet based contract management system has been established with ongoing refinement. A internal audit by Crowe Horwath of contract management has been completed with a number of recommendations made, these have been addressed in the internal audit report	🔔	
Reduce number of Staff have Local Administration Rights	Kevin Dresser	medium	1/07/2017	Mar-19	Council has adopted and complied with this recommendation, removing all users from the local PC admin group. The IM team have been progressively working to remove this capability over the past year. However, the remaining workstations in Marketing and Communications (approximately 10) have experienced difficulties in font availability and are yet to be changed. In order to be able to complete their jobs in relation to fonts changes these 10 workstations continue to have local administration rights.	🔔	
Purchase Card Use	Aaron Wilson	medium	1/05/2017	Mar-19	The management and oversight of Council's pCards has been allocated to a new staff member that will allow for greater oversight and compliance with policies. Staff have been reminded about what is appropriate pCard expenditure. The purchase of the Chief Executive's Koru Club membership is deemed to be a valid business expense and the operational policy is being updated to reflect this. We expect this to be resolved with the next Audit NZ audit report. This will be available for the June 2019 Risk and Audit meeting.	🔔	
Bank reconciliations	Aaron Wilson	medium	28/11/2018	Apr-19	A year to date calculation has now been built into the reconciliation process.	✅	
Improvements to financial systems and processes following Opal Taylor fraud	Aaron Wilson	medium	28/11/2018	Jun-19	We recommend that, following the Opal Taylor fraud, the District Council continues to refine its systems and processes to ensure that remaining internal and external audit recommendations are addressed.	✅	
Supporting documentation	Aaron Wilson	medium	28/11/2018	Jun-19	Council should review how information is pulled from the Financial Management Information System (FMIS) to ensure amounts reconcile correctly and fully supporting the figures included in the financial statements. This is around when the information is pulled for audit, and any changes that subsequently occur in the ledger. We have discussed with audit the process for this going forward.	🔔	
<b>PWC Accounts Payable &amp; Electronic Bank Transfer Internal Audit</b>							
Electronic Purchase Order (EPO) System Implementation	Bruce Allan	medium	23/05/2017	2019	Business case has been approved, with consultation and configuration work underway. It is expected to go live October/ November 2019	🔔	
Goods Receipted not Recorded when received (requires EPO)	Bruce Allan	low	23/05/2017	2019	Business case has been approved, with consultation and configuration work underway. It is expected to go live October/ November 2019	🔔	
Review PO / Invoice approval DFAs (requires EPO)	Bruce Allan	medium	23/05/2017	2019	Business case has been approved, with consultation and configuration work underway. It is expected to go live October/ November 2019	🔔	
<b>Crowe Horwath Fraud Risk Management Review</b>							
Develop in house training programme for fraud and corruption awareness and line manager responsibility for invoice approvals	Bruce Allan	high		Sep-19	Training programme to be developed - With the new onboarding induction for new employees, this is being covered, further development to be completed for existing employees.	🔔	
Implement use of credit checks for new staff where there are significant financial risks	Bronwyn Bayliss	low		Sep-19	To be investigated for senior roles where Council's exposure to risk is high	❌	
Review Protected Disclosures Policy	Regan Smith	high	23/05/2017	Sep-19	The Protected Disclosures Policy is to be separated from the Staff Policy and be established as a standalone policy that is better aligned with the Fraud Reporting Procedure and Fraud Awareness Policy. TBC. UPDATE 25/11/18: Policy revision with CFO.	🔔	
Internal Control - review cash collection method from remote sites	Regan Smith	medium	23/05/2017	Apr-20	Cash handling is now being rolled up into a wider project, where a revenue cash handling policy and procedure are being updated. This will cover all cash handling sites and will help mitigate risk.	🔔	

