



Internal Report

To:	Mike Theelen
From:	Mariano Niveiro
Date:	Tuesday, 28 May 2024
Cc:	Stewart Burns; Gareth Noble
Subject:	Proposed Internal Assurance Plan Jan 2024 - Jun 2025

1 Background

The purpose of the Internal Audit Plan for the period January 2024 to June 2025 is to strategically guide and prioritize internal audit activities, ensuring alignment with organizational objectives and the dynamic risk landscape.

The plan aims to enhance the effectiveness of governance, risk management, and control processes across the organization. Through a systematic and risk-based approach, the plan seeks to provide assurance on the reliability of financial information, compliance with laws and regulations, and the efficiency of key operational processes.

Furthermore, the plan aims to identify emerging risks and opportunities, offering valuable insights to support informed decision-making and the continual improvement of organizational performance.

2 Structure

Activity	Content	Scope*
Risks Assurance Work	Procurement Analysis (DA). Jun-Dec/23	Compliance of procurement activities (DA) against the Procurement Policy and Guide. Procedure: planning, request, approval. Supplier selection and evaluation. Risk Management. Technology and Systems. Training
	Account Payable Analysis	Invoice and payment processing. Suppliers Management. Internal Controls. Compliance. Accruals and prepayments. Payment T&C. Grants and subsidies. Reporting and analysis. Technology and systems.
	Contracts Register Analysis	Accuracy and integrity verification. Compliance. Documentation and recordkeeping. Processes and procedures. Technology and systems. Continuous improvement.
	H&S Contractor Management System	Policy overall examination. Policy Implementation and Compliance. Compliance with legal and regulatory standards. Communication. Monitoring and enforcement. Risk management. Recordkeeping. Continuous improvement opportunities.
	Account Receivable Analysis	Invoicing processes. Revenue recognition. Credit management. Collections processes. Internal controls. Cash application. Customer data management. Compliance. Documentation and recordkeeping. Reporting and analysis. Systems.
	Building Services Analysis	Determine if compliance has been achieved with the requirements of the Building Regulations and Act. Technology and Innovation. Staff Training and Development. Internal Controls. Performance Metrics.
	Procurement Analysis (DA). Jan-Dec/24	Compliance of procurement activities (DA) against the Procurement Policy and Guide. Procedure: planning, request, approval. Supplier selection and evaluation. Risk Management. Technology and Systems. Training
	Payroll Process Analysis	Payroll data accuracy and integrity. Timesheet. Overtime and leave calculations. Reporting. Employee benefits administration. Compliance.

		Payroll reconciliation. Internal controls. Confidentiality and privacy. Payroll system Integration.
	Property Assets Management Analysis	Accuracy and integrity verification. Policy and regulatory compliance. Property maintenance practices. Impacts on other units. Technology integration. Contract management for maintenance services. Performance reporting.
Other Assurance Activity	Long Term Plan 2024-34 Assessment	The purpose of this internal audit is to critically assess the draft Long-Term Plan (LTP) 2024-34 of the Council. The audit aims to ensure compliance with regulatory requirements (LGA).
	Consultancy Work	Conduct responsive consultancy work unknown at the time of planning, as directed by senior management and including the provision of advice & information.
	Follow Up Work	Allowance to monitor and report on the implementation of agreed actions.
	Fraud Investigations	Where red flags are identified through assurance processes or raised through the Protected Disclosures (Protection of Whistleblowers) Reporting

*The review scopes are dependent on the availability of the team at the moment of the analysis.

3 Risks Assurance Work

Analysis of Procurements (Direct Appointments). Jun-Dec/23

Purpose

The purpose of this internal audit is to assess and enhance the effectiveness, efficiency, and compliance of the procurement processes related to Direct Appointment (DA) of suppliers within the council. The audit aims to provide assurance that procurement activities are conducted in alignment with established policies, procedures, and regulatory requirements. Additionally, the audit seeks to identify opportunities for improvement in risk management, cost-effectiveness, and overall procurement performance.

Scope

The scope of this internal audit encompasses a comprehensive review of the procurement functions (only DA) within the council, including but not limited to:

- Compliance of Procurement Policy and Procurement Guide
- Procurement procedure: planning, request, approval
- Supplier selection and evaluation
- Cost and Budget Management
- Risk Management
- Procurement Performance Metrics
- Technology and Systems
- Training

Activity

1. Procurement Policy and Guide: Evaluate the adequacy and adherence to established procurement policy and guide, ensuring they align with industry best practices and regulatory standards.
2. Procurement Procedure: Assess the effectiveness of procurement processes, including:
 - a. Planning: needs assessment, demand forecasting, and budget alignment, plan in accordance with the procurement request.
 - b. Request: list of procurements categorized (type of form, period, suppliers, amounts range -close to threshold-, approvals, owners, business units). Attached documentation analysis: quotes, invoices, contracts. Forms analysis: blank fields in procurement forms (% of the total). Rationale. Accuracy. Integrity.
 - c. Approval: timeline, delegation, conflict of interest.

3. Suppliers Selection and Evaluation: Review the criteria and processes for selecting and evaluating vendors, ensuring fairness, transparency, and adherence to ethical standards. Compliance of the method of procurement according Procurement Policy.
4. Cost and Budget Management: Examine cost controls and cost-effectiveness in procurement processes, identifying opportunities for savings and efficiency improvements. Analysis of Whole Life Spend and its correct calculation.
5. Risk Management: Ensure assessing risk management practices within the procurement function. Treatment plans.
6. Procurement Performance Metrics: Review the measurement and reporting of key performance indicators (KPIs) related to procurement to ensure alignment with council goals.
7. Technology and Systems: Assess the utilization and effectiveness of technology and systems supporting procurement processes, including procurement software and data security measures.
8. Training: Evaluate the training programs and initiatives in place to enhance the skills and knowledge of procurement personnel.

Account Payable Analysis

Purpose

The purpose of this internal audit is to thoroughly examine and enhance the effectiveness, accuracy, and compliance of the Accounts Payable processes within the Council. The audit aims to provide assurance that financial transactions related to accounts payable are executed in accordance with established policies, procedures, and regulatory standards. Additionally, the audit seeks to identify opportunities for process improvement, risk mitigation, and overall efficiency in the accounts payable function.

Scope

The scope of this internal audit encompasses a comprehensive review of the accounts payable processes within the organization, covering key aspects such as:

- Invoice Processing and Payment Processes
- Suppliers Management
- Internal Controls
- Compliance with Policies and Regulations
- Accruals and Prepayments
- Payment Terms and Conditions
- Grant and Subsidy Review
- Reporting and Analysis
- Technology and Systems

Activity

1. Invoice Processing: Evaluate the efficiency and accuracy of invoice processing, including verification, approval, and timely payment. Applied credits and debits checks. Cancelled or edited movements in the system, logs. Segregation of duties (procurement requests, invoices processing, payments).
2. Suppliers Management: Assess the adequacy of supplier master data management, ensuring accurate and up-to-date information for all suppliers. Assess connections with external data and staff available information. Check blanks fields, phone numbers, addresses (vs Rates database -owner name vs supplier name-), bank accounts (new accounts, changes -log-). Conflict of interests. Consulting, Advisory, Memberships,

Licenses. Suppliers balance control (suppliers for balance against Council's one, conciliation).

3. Internal Controls: Review the effectiveness of internal controls in place to prevent fraud, errors, and unauthorized transactions within the accounts payable processes.
4. Payment Processes: Examine the efficiency of payment processes, including methods of payment, adherence to payment terms, and management of early payment discounts. Bank accounts management (open, edit, delete). Bank payments approvals, delegations, banks relations. Automatics debits and payments. Banks Fees and Interests.
5. Compliance with Policies and Regulations: Ensure compliance with internal policies as well as external regulations and standards governing accounts payable activities.
6. Accruals and Prepayments: Assess the accuracy and completeness of accruals and prepayments within the accounts payable function.
7. Payment Terms and Conditions: Review contracts and agreements with vendors to ensure that payment terms and conditions are accurately reflected in the accounts payable processes.
8. Grant and Subsidy Review: Evaluate the compliance of policies and procedures governing the receipt and payment of grants, subsidies, and other funds.
9. Reporting and Analysis: Evaluate the reporting and analysis of accounts payable data, including key performance indicators (KPIs) and financial metrics.
10. Documentation and Recordkeeping
11. Technology and Systems: Assess the utilization and effectiveness of technology and systems supporting accounts payable processes, including accounting software and data security measures.

Contracts Register Analysis

Purpose

The purpose of this Internal Audit is to assess the effectiveness, accuracy, and compliance of the Contract Register within the Council. The audit aims to identify strengths and weaknesses in the management of contracts, ensuring adherence to relevant policies, procedures, and regulatory requirements. This examination will contribute to enhancing transparency, minimizing risks, and improving overall governance.

Scope

This Internal Audit will encompass a comprehensive review of the Contract Register maintained by the Council. The scope includes, but is not limited to:

- Integrity and Accuracy Verification.
- Compliance.
- Documentation and recordkeeping.
- Processes and procedures.
- Technology and Systems.
- Continuous Improvement Opportunities

Activity

1. Integrity and Accuracy Verification: Verification of data accuracy and completeness in the Contract Register.
2. Compliance: Assessment of compliance with internal policies and procedures governing contract management.
3. Documentation and recordkeeping: Examination of documentation supporting entries in the Contract Register.

4. Processes and procedures: Evaluation of controls in place to prevent errors, omissions, or unauthorized modifications.
5. Technology and Systems: Review of the overall effectiveness of the Contract Register in facilitating informed decision-making.
6. Continuous Improvement Opportunities: Identification of potential areas for improvement in contract management processes.

H&S Contractor Management System

Purpose

The purpose of this internal audit is to evaluate the effectiveness, adherence, and impact of the H&S Contractor Management System within the Council. The audit aims to provide assurance that the policy is being implemented in accordance with its intended objectives, legal and regulatory requirements, and best practices. Additionally, the audit seeks to identify areas for improvement in the application, communication, and enforcement of the policy to ensure optimal governance and compliance.

Scope

The scope of this internal audit covers a thorough examination of the H&S Contractor Management System Policy, encompassing but not limited to:

- Policy Overall Examination
- Policy Implementation and Compliance
- Compliance with Legal and Regulatory Standards
- Communication and Awareness
- Monitoring and Enforcement
- Risk Management
- Recordkeeping and Documentation
- Stakeholder Feedback
- Continuous Improvement Opportunities

Activity

1. Policy Design and Objectives: Evaluate the clarity and relevance of the policy's design, ensuring that its objectives align with the strategic goals and values of the local government. Check overlaps and hierarchy.
2. Policy Implementation and Compliance: Assess the effectiveness of the implementation and compliance of the policy across relevant departments and functions within the local government.
3. Compliance with Legal and Regulatory Standards: Ensure that the policy aligns with and adheres to all applicable local and national laws and regulations.
4. Communication and Awareness: Evaluate the communication strategy and measures in place to ensure awareness and understanding of the policy among relevant stakeholders.
5. Training: Assess the effectiveness of training programs and initiatives designed to build the capacity of employees and stakeholders in understanding and complying with the policy.
6. Monitoring and Enforcement: Review the mechanisms in place for monitoring adherence to the policy and enforcing compliance, including any disciplinary measures for non-compliance.
7. Risk Management: Assess the policy's alignment with risk management practices, identifying potential risks associated with its implementation and ensuring appropriate mitigation strategies.

8. Performance Metrics and Reporting: Evaluate the existence and effectiveness of performance metrics and reporting mechanisms related to the policy, ensuring that key indicators are tracked and reported regularly.
9. Recordkeeping and Documentation: Review recordkeeping practices associated with the policy, ensuring that documentation is accurate, complete, and maintained for the required period.
10. Stakeholder Feedback: Collect and analyse feedback from relevant stakeholders, including employees, management, and the public, to gauge their perspectives on the policy's impact and effectiveness.
11. Continuous Improvement Opportunities: Identify opportunities for continuous improvement in the design, implementation, and enforcement of the policy to enhance its effectiveness and relevance.

Building Services Analysis

Purpose

The purpose of this internal audit is to systematically assess and enhance the efficiency, effectiveness, and compliance of the Building Services functions. The audit aims to ensure that all regulatory compliance obligations are fulfilled including BCA (Accreditation) Regulations. Additionally, the audit seeks to identify opportunities for improvements in managing the Council's building services.

Scope

The scope of this internal audit aims to determine if compliance has been achieved with the requirements of the Building (Accreditation of Building Consent Authorities) Regulations and Act, encompassing but not limited to:

- Policy and Regulatory Compliance
- Building Permit Processing
- Technology and Innovation
- Staff Training and Development
- Internal Controls and Audit Trails
- Performance Metrics and Reporting

Activity

1. Policy and Regulatory Compliance: Evaluate the adherence of building services practices to BCA (Accreditation) Regulations.
2. Building Services Processing: Assess consistency and quality of building control outputs, decisions and record-keeping
3. Technology and Innovation: Assess the utilization of technology and innovative solutions in building services, including the use of permitting software, digital plan reviews, and online application systems.
4. Staff Training and Development: Assess training programs and professional development initiatives for building services staff, ensuring ongoing competency and awareness of regulatory changes.
5. Internal Controls and Audit Trails: Assess the adequacy of internal controls within building services, including audit trails to track and monitor changes to permit data and inspection records.
6. Performance Metrics and Reporting: Evaluate the measurement and reporting of key performance indicators (KPIs) related to building permit issuance, code enforcement actions, and overall effectiveness in building services.

Account Receivable Analysis

Purpose

The purpose of this internal audit is to systematically assess and enhance the effectiveness, accuracy, and compliance of the Accounts Receivable processes within the Council. The audit aims to provide assurance that financial transactions related to accounts receivable are conducted in accordance with established policies, procedures, and regulatory standards. Additionally, the audit seeks to identify opportunities for process improvement, risk mitigation, and overall efficiency in the accounts receivable function.

Scope

The scope of this internal audit covers a comprehensive examination of the accounts receivable processes within the local government, including but not limited to:

- Invoicing Processes
- Revenue Recognition
- Credit Management
- Collections Processes
- Bad Debt Provision
- Internal Controls
- Cash Application
- Customer Master Data Management
- Compliance with Policies and Regulations
- Documentation and Recordkeeping
- Reporting and Analysis
- Technology and Systems

Activity

1. Invoicing Processes: Evaluate the efficiency and accuracy of invoicing processes, including the generation, approval, and timely issuance of invoices.
2. Revenue Recognition: Assess the appropriateness of revenue recognition policies and practices for accounts receivable transactions. Analysis of:
 - a. Rates: types of rates, calculations, registers, admin, master data, targets. Policy. Process (manuals and documentation). Rates rebate. Ratepayers are paying what they must? Credits adjustment. QV contractor (check last update. Old vs New. Changes in owner. changes in rates, values, etc.). Onsite checks.
 - b. Fees and charges (Resource Consents; Building Consents; Dog Registration; Environmental Health; Solid Waste; etc.)
 - c. Parking infringement fines, petrol tax, rates penalties and concessions.
 - d. Dividends and Interest from Investments.
 - e. Income from special agreements -e.g. Skyline-.
 - f. Property sales, leases.
 - g. Libraries and Sports & Recreation revenues.
3. Payments received conciliation: controls, bank conciliations, policies. Reimbursements. Credit cards (fee, conciliations). Changes in bank accounts (logs, approvals).
4. Credit Management: Review credit management policies and procedures, including the assessment of creditworthiness and the establishment of credit limits.
5. Collections Processes: Evaluate the effectiveness of collections processes, including follow-up on overdue receivables, communication with debtors, and adherence to collection policies.
6. Bad Debt Provision: Assess the adequacy of provisions for bad debts and the accuracy of estimates related to potential uncollectible accounts.

7. Internal Controls: Review the design and effectiveness of internal controls governing accounts receivable, including segregation of duties, authorization processes, and reconciliation procedures.
8. Cash Application: Evaluate the accuracy and timeliness of cash application processes, ensuring that payments are appropriately applied to outstanding receivables.
9. Customer Master Data Management: Assess the accuracy and completeness of customer master data, ensuring up-to-date information for all accounts receivable transactions.
10. Compliance with Policies and Regulations: Ensure compliance with local government policies, accounting standards, and other relevant financial regulations governing accounts receivable activities.
11. Documentation and Recordkeeping: Establish and enforce a robust documentation and recordkeeping system for all accounts receivable transactions, ensuring completeness and accuracy.
12. Reporting and Analysis: Evaluate the reporting and analysis of accounts receivable data, including key performance indicators (KPIs) and financial metrics.
13. Technology and Systems: Assess the utilization and effectiveness of technology and systems supporting accounts receivable processes, including accounting software and data security measures.

Payroll Process Analysis

Purpose

The purpose of this internal audit is to systematically assess and enhance the accuracy, efficiency, and compliance of the Payroll Process within the Council. The audit aims to provide assurance that payroll practices align with established policies, legal requirements, and ethical standards. Additionally, the audit seeks to identify opportunities for improvement in payroll controls, data accuracy, and overall effectiveness in managing the Council's payroll functions.

Scope

The scope of this internal audit covers a comprehensive examination of the Payroll Process within the Council, encompassing but not limited to:

- Policy and Regulatory Compliance
- Payroll Data Accuracy and Integrity
- Payroll Controls and Security
- Timesheet and Attendance Recording
- Overtime and Leave Calculations
- Tax Withholding and Reporting
- Employee Benefits Administration
- Payroll Processing Timeliness
- Payroll Reconciliation
- Compliance with Wage and Hour Laws
- Internal Controls and Audit Trails
- Employee Confidentiality and Privacy
- Payroll System Integration

Activity

1. Policy and Regulatory Compliance: Evaluate the adherence of payroll practices to local and national employment laws, tax regulations, and ethical standards.
2. Payroll Data Accuracy and Integrity: Assess the accuracy of payroll data, including employee information, hours worked, benefits, and deductions, ensuring precision in payroll calculations. Hours worked.

3. Payroll Controls and Security: Review controls and security measures in place to safeguard payroll data, prevent unauthorized access, and mitigate the risk of fraud.
4. Timesheet and Attendance Recording: Evaluate the accuracy and reliability of timesheet recording and attendance tracking systems, ensuring alignment with employee work hours.
5. Overtime and Leave Calculations: Assess the accuracy of calculations for overtime, leave accruals, and other special pay considerations, ensuring compliance with employment contracts and regulations.
6. Tax Withholding and Reporting: Review the accuracy of tax withholding calculations, including income tax, Social Security, and other statutory deductions, and ensure timely and accurate reporting to relevant authorities.
7. Employee Benefits Administration: Assess the administration of employee benefits, including health insurance, retirement contributions, and other fringe benefits, ensuring compliance with policies and legal requirements.
8. Payroll Processing Timeliness: Evaluate the timeliness and efficiency of payroll processing, including the distribution of payslips and adherence to established payroll schedules.
9. Payroll Reconciliation: Review processes for reconciling payroll data, ensuring that financial records align with payroll records and identifying and resolving discrepancies.
10. Compliance with Wage and Hour Laws: Ensure compliance with wage and hour laws, including minimum wage requirements, overtime rules, and other regulations governing employee compensation.
11. Internal Controls and Audit Trails: Assess the adequacy of internal controls within the payroll process and the existence of audit trails to track and monitor changes to payroll data.
12. Employee Confidentiality and Privacy: Evaluate measures in place to maintain employee confidentiality and privacy in the handling of payroll information.
13. Payroll System Integration: Assess the integration of the payroll system with other relevant systems, such as P&C and financial accounting, to ensure seamless data flow and accuracy.

Analysis of Procurements (Direct Appointments). Jan-Dec/24

Purpose

The purpose of this internal audit is to assess and enhance the effectiveness, efficiency, and compliance of the procurement processes related to Direct Appointment (DA) of suppliers within the council. The audit aims to provide assurance that procurement activities are conducted in alignment with established policies, procedures, and regulatory requirements. Additionally, the audit seeks to identify opportunities for improvement in risk management, cost-effectiveness, and overall procurement performance.

Scope

The scope of this internal audit encompasses a comprehensive review of the procurement functions (only DA) within the council, including but not limited to:

- Compliance of Procurement Policy and Procurement Guide
- Procurement procedure: planning, request, approval
- Supplier selection and evaluation
- Cost and Budget Management
- Risk Management
- Procurement Performance Metrics
- Technology and Systems

- Training

Activity

9. Procurement Policy and Guide: Evaluate the adequacy and adherence to established procurement policy and guide, ensuring they align with industry best practices and regulatory standards.
10. Procurement Procedure: Assess the effectiveness of procurement processes, including:
 - a. Planning: needs assessment, demand forecasting, and budget alignment, plan in accordance with the procurement request.
 - b. Request: list of procurements categorized (type of form, period, suppliers, amounts range -close to threshold-, approvals, owners, business units). Attached documentation analysis: quotes, invoices, contracts. Forms analysis: blank fields in procurement forms (% of the total). Rationale. Accuracy. Integrity.
 - c. Approval: timeline, delegation, conflict of interest.
11. Suppliers Selection and Evaluation: Review the criteria and processes for selecting and evaluating vendors, ensuring fairness, transparency, and adherence to ethical standards. Compliance of the method of procurement according Procurement Policy.
12. Cost and Budget Management: Examine cost controls and cost-effectiveness in procurement processes, identifying opportunities for savings and efficiency improvements. Analysis of Whole Life Spend and its correct calculation.
13. Risk Management: Ensure assessing risk management practices within the procurement function. Treatment plans.
14. Procurement Performance Metrics: Review the measurement and reporting of key performance indicators (KPIs) related to procurement to ensure alignment with council goals.
15. Technology and Systems: Assess the utilization and effectiveness of technology and systems supporting procurement processes, including procurement software and data security measures.
16. Training: Evaluate the training programs and initiatives in place to enhance the skills and knowledge of procurement personnel.

Property Assets Management Analysis

Purpose

The purpose of this internal audit is to systematically assess and enhance the efficiency, effectiveness, and compliance of the Property Assets Management system within the Council. The audit aims to provide assurance that property assets management practices, maintenance activities, and operational processes align with the Council's goals, legal requirements, and industry best practices. Additionally, the audit seeks to identify opportunities for improvement in managing the Council's property portfolio.

Scope

The scope of this internal audit covers a comprehensive examination of the Property Assets Management within the Council, encompassing but not limited to:

- Policy and Regulatory Compliance
- Property Maintenance Practices
- Impacts in Other Units
- Technology Integration
- Contract Management for Maintenance Services
- Performance Metrics and Reporting

Activity

1. Accuracy and Integrity Verification: Verification of data accuracy and completeness in the Property Assets Management System.
2. Policy and Regulatory Compliance: Evaluate the adherence of property assets management to local and central laws, regulations, and ethical standards.
3. Property Maintenance Practices: Assess the practices and processes related to the maintenance of Council-owned properties, ensuring proper upkeep, safety, and compliance with building codes.
4. Impacts on Other Units: Assess the accuracy and integrity of the impact of the property assets management in other units, like insurance management, capitalisations, finance, etc.
5. Technology Integration: Evaluate the integration of technology in property management, maintenance, and operations, including the use of property management software, maintenance tracking systems.
6. Contract Management for Maintenance Services: Assess the management of contracts related to property maintenance services, ensuring compliance with terms, cost-effectiveness, and quality of service. Cost in Agreements vs Payments.
7. Performance Metrics and Reporting: Evaluate the measurement and reporting of key performance indicators (KPIs).
8. Vandalism against QLDC P&I.

4 Other Assurance Activities

Long Term Plan 2024-34 Assessment

The purpose of this internal audit is to critically assess the draft Long-Term Plan (LTP) 2024-34 of the Council. The audit aims to ensure compliance with regulatory requirements (LGA). Additionally, the audit seeks to identify areas for improvement, contributing to the production of a robust and effective Long-Term Plan.

Consultancy Work

Conduct responsive consultancy work unknown at the time of planning, as directed by senior management and including the provision of advice & information.

At the time of planning, some of the consultancy tasks are:

- Sensitive Expenditure Policy Review
- Debt Management Policy Review
- P-Cards Policy Review
- Retention-Contractor's procedures review
- POs under \$10k Analysis.
- Update Fraud Policy
- Update Protected Disclosures (Protection of Whistleblowers) Policy
- Etc.

Follow up Work

Allowance to monitor and report on the implementation of agreed actions.

Fraud Investigations

Refer to Fraud Control Plan