



Report 06.260
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Committee Planning and Monitoring Subcommittee
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Review of Audit issues from the 2005 Audit

1. Purpose

To review the matters raised in the 2005 Audit Management letter.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3) (b) of the Local Government Act 2002.

3. Background

Every year the Audit Office provides a letter outlining areas that management should consider for further review. This report outlines the actions taken over the year to address the issues raised.

4. Financial and Service Performance Management

4.1 Review process of rates collection

Audit Issue

GWRC should undertake a review of the rates collection process employed by Territorial Authorities (TAs).

Management Action

Rates are reconciled monthly with all the TAs. Any discrepancies are followed up. Full year reports will be run from each TA rates system at year end for additional review by GWRC.

4.2 Monthly Reconciliations and Journals

Audit Issue

A review of month end reconciliations, including an independent review of manual journals.

Management Action

Monthly reconciliations are completed and up to date. A full review of journal procedures has been carried out. Divisional Accountants are responsible for providing accurate financial information for their division and can only input

journals of their own division. Where the Divisional Accountants themselves have prepared a journal, it is not appropriate for that journal to be reviewed by Finance. It is unlikely that Finance will have sufficient knowledge to adequately review those journals. However, the monthly financial information is reviewed by Divisional Management along with the Chief Executive/Chief Financial Officer.

4.3 Employee payroll and master files

Audit Issue

Payroll master file change reports are not filed.

Management Action

The Employment Relations manager notes on the payroll preparation sheet that the report has been reviewed. The report is not kept due to its size, but can be run again if required.

Audit Issue

We noted while reviewing payroll expenditure that not all the employee files tested have been kept current. We were unable to find some signed remuneration review letters.

Management Action

The Employee Relations reviews and approves alterations to all remuneration changes.

All managers have been reminded to ensure individual employee documents are sent to Employee Relations for appropriate record keeping. We are satisfied this matter has now been resolved.

4.4 Fixed Assets

The review of data entered from the fixed asset module to the general ledger was not up to date.

Management Action

A full review and reconciliation between the asset register and the general ledger is carried out monthly, and is up to date.

4.5 Policies and procedures

Audit Issue

Development of a central location for all policies and guidelines so they are easily accessible by all staff. We understand that this project is already underway.

Management Action

A policy register has been initiated in conjunction with the new Greater Wellington Intranet Project. "Gwennie" which is due to go live at the end of June.

A policy on GWRC policies has been developed and has been approved by the Executive Management Team. The policy register will be available on "Gwennie" with links to each approved policy.

The Secretariat will be responsible for reviewing and updating the register and advising staff of any new, updated or deleted management policies.

Procedure documents that support the policies will also be available on “Gwennie” The procedure documents will be updated as required by the department / division responsible.

The new staff induction programme includes information on policies and how to access them.

4.5.1 Fraud Policy

Audit Issue

We noted during our review that the Council does not have a stand alone documented fraud policy or a fraud response plan.

Management Action

A fraud policy has been drafted and is with the Executive Management Team for consideration.

4.5.2 Entertainment expenditure policy

Audit Issue

Further guidance to be included in the entertainment policy as to what, constitutes reasonable expenditure.

Management Action

An entertainment policy has been developed and approved based on an Audit Office model. Reasonable expenditure will often depend on the people and event in question. All entertainment expenditure is signed off by the employees manager to ensure the expenditure is reasonable.

4.6 Compliance with legislative requirements

Audit Issue

A technical breach relating to the timing of the submission of WRC Holdings Limited Statement of Intent to its shareholder GWRC, was identified during our audit. This breach was recorded in the subsidiary’s financial statements.

Management Action

Compliance dates and meeting dates have been reviewed to ensure all compliance dates can be met.

4.7 Members interest declarations

Audit Issue

We recommend that Councilors complete interest declarations on a regular basis in line with Council policy.

Management Action

Staff have been reminded to ensure complete and accurate declarations are received from Councillors.

4.8 Members hearing claim fee forms

Audit Issue

While reviewing the remuneration of Councillors for disclosure in the notes to the financial statements, we noted five instances where the correct procedure for claiming these fees appears not to have been followed.

Management Action

Staff have been reminded to ensure complete and accurate claims are received. We are satisfied this matter has now been resolved.

4.9 Annual Leave Balances

Audit Issue

Some leave balances remain high and we will review this next year.

Management Action

The collective agreement allows up to 46 days of leave to be accumulated. Leave balances are specifically reported to the Chief Executive each quarter. In addition each manager gets a report on excess leave balances each month.

5. Communication

No communications are necessary.

6. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

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