



**Report** 06.559  
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**Committee** Planning and Monitoring Subcommittee  
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## Internal Audit Programme

### 1. Purpose

To inform the Subcommittee on the Council's internal audit programme for the next three years.

### 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

Greater Wellington does not have an in-house internal audit function. In previous years the Audit Office has provided this function but this was stopped in 2005, due to the conflict between their internal and external audit functions. It is recommended practice that internal and external audits are carried out by different entities.

Following discussion with the Chair of the Subcommittee, officers have held discussion with PriceWaterhouseCoopers (PWC), regarding the development of an internal audit programme for Greater Wellington. The report from PWC is attached (**refer Attachment 1**).

### 4. Comment

Internal audit is primarily concerned with the management of risk for an organisation. Risk is regarded as anything that may materially impact on an organisation achieving its objectives. Therefore, risk is not simply financial risk, but covers the whole range of activities that the organisation undertakes.

The report by PWC does not attempt to define the risks at this stage that Greater Wellington faces. It does outline the process that needs to be undertaken to arrive at an internal audit programme/plan.

In particular the steps they outline are:

- Review key documents
- Carry out interviews with management.
- Summarise key business activities, process, systems and projects.
- Identify with management the key risks and the key mitigations to these risks.
- Produce a three year internal audit strategic plan along with a twelve month operational plan.

The process outlined by PWC is fairly standard although some of the terminology may not be.

It is considered an appropriate process for Greater Wellington to undertake to develop an internal audit programme.

## **5. PriceWaterhouseCoopers**

PWC was selected to undertake the first stage of this process due to:

- Their experience with developing internal audit programmes with other local government entities.
- PWC having undertaken a number of projects for Greater Wellington over a number of years.

## **6. Communication**

No communication is necessary at this stage.

## **7. Recommendations**

*That the Committee:*

- 1. **Receives** the report.*
- 2. **Notes** the content of the report.*
- 3 **Agrees** in principle to the development of an internal audit programme.*

Report prepared by:

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**Attachment 1:** PriceWaterhouseCoopers' report