



Greater Wellington Regional Council

Business Assurance

May 2017

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Business Assurance within Greater Wellington

Purpose of this document

This paper provides an overview of the suggested focus and workplan for the newly established Business Assurance function within Greater Wellington. It provides an outline of the basis by which an initial 18 month programme of work was developed and a short description of the intended focus of each of the specific reviews anticipated.

Context and background

In March 2017 a discussion paper was tabled with the Finance Risk and Audit Committee (FRAC) that established the purpose and mandate for an Internal Audit function (called 'Business Assurance') within Greater Wellington.

The purpose of this function is to provide an independent objective assurance and advice designed to add value and improve GWRC's operations. It is designed to help GWRC accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

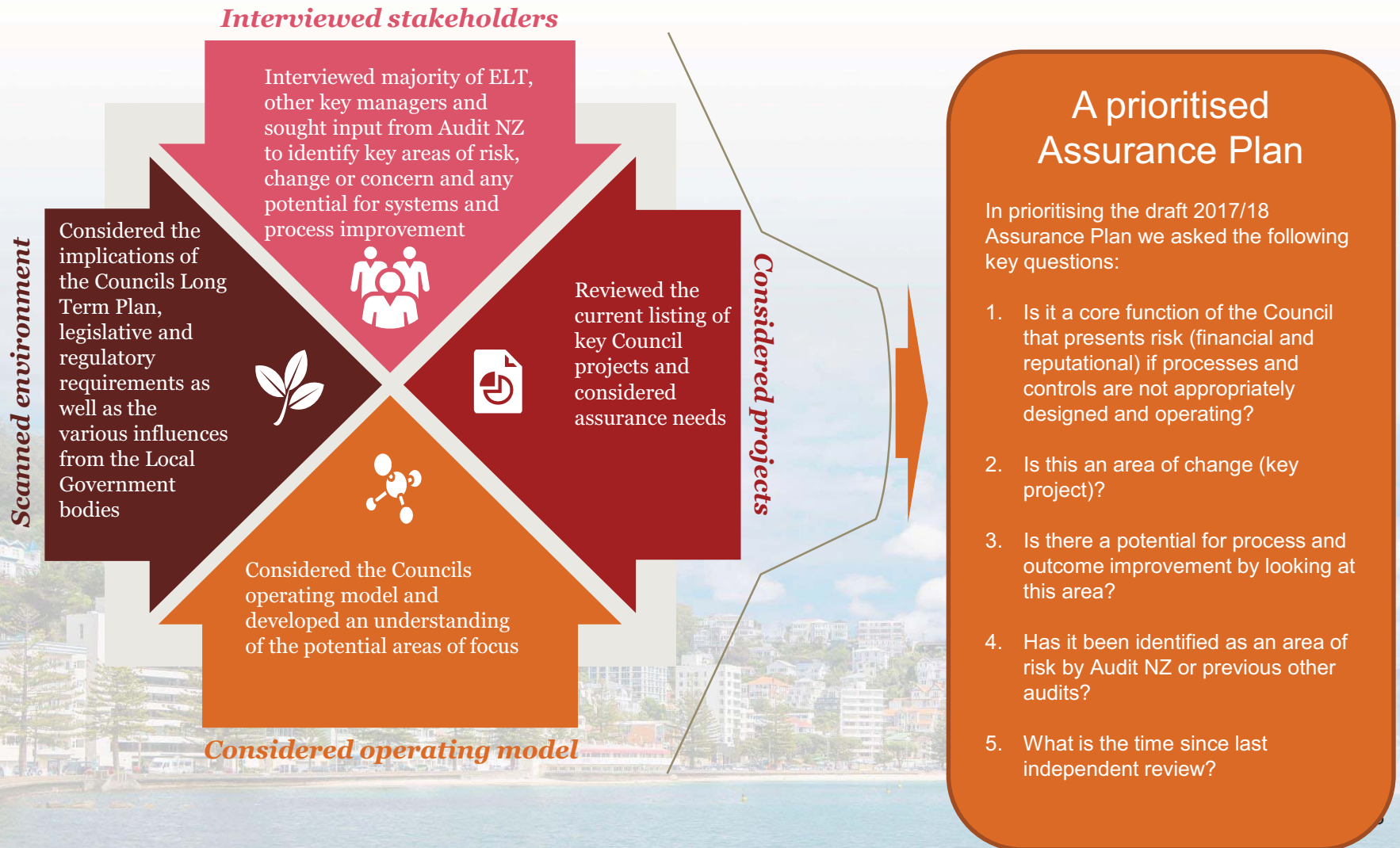
To date we have:

- Developed the Business Assurance Charter describing the authority and mandate of the function
- Developed a Working Protocol describing how Business Assurance will operate within the Council and the lifecycle of specific reviews from planning to reporting

We discussed the two items above with ELT in January 2017.

- Since then we have worked with the Risk Manager and wider Council management to develop this initial 18 month workplan, and this document provides a summary of our current status.

How we developed the 2018 Internal Audit Plan



Planning principles we followed

In addition to the prioritisation criteria above, we applied four core planning principles:

Principle 1: A balance between value protection and value enhancement

We sought to achieve an appropriate balance of reviews focused on:

- **Value protection:** Base-level compliance assessments focused on providing fundamental assurance over core elements of the internal control environment (e.g. business processes, projects and systems)
- **Value enhancement:** Formative reviews designed to comment on the effectiveness of Council functions, processes and activities.



It is important to focus on the **core systems and controls** and also to provide assurance over the **design of new processes**.

Planning principles we followed (cont.)

Principle 2: Appropriate balance between depth and breadth of coverage

We sought to achieve a reasonable balance between:

Depth: A comprehensive assessment of an area focusing on end-to-end processes and the design and operation of internal controls (both manual and embedded within supporting IT systems)

Breadth: Broad coverage across the Council or a targeted follow-up of known issues of control weaknesses.

Principle 3: Achieving effective assurance delivery within budget and resources available

- The extent of Internal Audit activities undertaken annually is driven by the resources available
- It is assumed that the cost of non-core and project specific assurance engagements will be funded through individual project or business unit budgets.

Principle 4: Developing an appropriate planning horizon

We have developed an 18 month rolling assurance plan that provides certainty of focus for the next six months, and an indication of the likely focus over the following six months, and an indication of suggested reviews in year two. This means that the plan can be reassessed and reconfirmed every six months to ensure that it remains relevant.

Definite

Likely

Suggested

Jul – Dec 17

Jan – Jun 18

Jul – Dec 18

Summarised 18 month rolling Internal Audit plan

<i>Definite (Jul – Dec 17)</i>	<i>Est. effort & sponsor</i>	<i>Likely (Jan – Jun 18)</i>	<i>Possible (Jul – Dec 18)</i>
Core financial controls – assessing the design of processes and controls over core financial processes (Procurement, purchasing, payment, revenue, reconciliations, month end reporting). This assessment will form part of the design for the ERP refresh and the indicative areas above represent the initial phase of Business Assurance activity.	12 – 16 days* Dave Humm	NZTA - assessing the governance structures and associated controls to ensure compliance with key NZTA funding arrangements, and preparedness for NZTA audits. (10 – 15 days)	Council Controlled Organisations – assessing governance structures to facilitate compliance with Companies Act, Constitutions, SOI's etc.
Discretionary expenditure – assessing the design of controls and performing data analytics over P-Cards and other expense claims to profile spend and identify unusual activity for detailed testing.	5 - 7 days Dave Humm	Indirect Tax – ensuring that the Council has appropriate systems, processes, procedures and controls to facilitate compliance with IRD requirements (6-9 days)*	PTOM* – assessing processes and controls in place to ensure accurate and complete recognition of bus fare revenue.
Project management / governance - Review of the project governance and management structures in place to support the delivery of key Council projects and initiatives, including an assessment of adherence to the updated policy	5 - 8 days Dave Humm	Risk management - assessing the councils framework against best practice and the needs of council. (6 – 8 days)	Land Management invoicing , including the application of subsidies from MPI and other agencies.
Policy framework - Assess the policy framework within the Council to ensure that it is fit for purposes, considers legislative requirements and is embedded in the way that the council conducts its business	3 days Dave Humm	Annual / long term plan development – assessing the planning processes against best practice	Harbour management – assessing council processes that ensure compliance with the Port and Harbours safety code
PTOM - assessing the extent to which suppliers are compliant with the public transport operating model (PTOM) to ensure accurate and complete reporting of key KPI's and revenue collection. Initial focus will be on Transdev (Bus will be considered once new contract is in place)	10 – 15 days* Charlotte Vaughan	<div style="border: 1px solid black; padding: 5px; background-color: #f4a460; color: white;"> <p>The Likely and Possible reviews will be reconfirmed in December 17 and June 18 respectively. This allows for flexibility in the programme, and ability to respond to the changing risks and needs of the Council</p> </div>	

*Funded outside of Business assurance budget

Appendix A – Business Assurance Protocol

Core Principles:

- Operates with approved mandate (Business Assurance Charter) covering Governance, Risk Management and Control
- Aligns with risk and assurance needs of the business
- Mandate for direct access to Executive Leadership Team (ELT) and the Finance, Risk and Assurance committee (FRAC), open collaboration and regular dialogue with management
- Dynamic 18 month rolling Business Assurance Work Plan, reconfirmed every six months to reflect changing risk and assurance needs in the business
- The external provider will deliver reports issued to GW and be the face of Business Assurance to the business

