



Report to the Council on the interim audit of
Auckland Council
for the year ending 30 June 2018

Key messages

Summary

We have carried out a high level assessment of the control environment, and have tested the Council's relevant key financial and non-financial systems. This work has been completed for the purpose of planning the most effective and efficient audit approach, in order to enable us to express an audit opinion on the Council's financial statements and the service performance information for the year ending 30 June 2018.

Based on our testing we are able to rely on the operation of financial system controls where it is efficient to do so. We are also satisfied that, for the purposes of our audit of the financial systems, the Council's information technology (IT) entity level controls and IT activity controls have remained effective. Therefore, we will place reliance on these IT controls where appropriate.

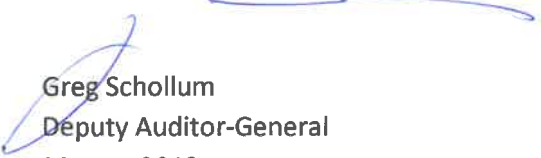
We have made a number of recommendations for improvement, particularly around the service performance systems used to measure the level of achievement for both building and resource consenting. This reporting is relevant to the Key Audit Matter wording that will be included in our audit report. If the Council is unable to address the matters raised in this report, we may not be able to conclude that reported performance against the processing time measures for consenting is materially correct. We will work closely with the Council to ensure we all have clarity about the year-end position at the earliest opportunity.

Specifically, we have recommended that the Council makes sure the approach to year-end reporting for building consents provides results that are fair and supportable and adequately discloses any limitations that have impacted on the accuracy of the reported performance. We have also recommended that the Council reviews its reported performance for resource consent processing times as a high error rate was evident from the testing we have completed to date.

We have included an update on prior year recommendations where progress has been made. Recommendations that we will follow up and report on at the completion of our final 30 June 2018 audit have been included for completeness.

Thank you

We would like to thank the Council and management and staff for their assistance during our interim audit. We look forward to your continued cooperation for the remainder of the audit.



Greg Schollum
Deputy Auditor-General
28 June 2018

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1 Introduction

Earlier this year we completed a review of the Council's interim financial statements for the six-month period ended 31 December 2017. We issued a separate management report following completion of this work on 20 April 2018. To get a full picture of our audit findings to date, the key findings and comments in this report should be considered together with the report issued following the review engagement.

We have now completed our second interim audit at Auckland Council (the Council) for the year ending 30 June 2018. This report sets out our audit findings for the Auckland Council parent.

During this visit our main focus was on:

- updating our understanding of the systems and controls the Council operates, including the monitoring of these controls, to ensure its financial and service performance information is fairly stated;
- assessing the effectiveness of these controls and of the Council's overall control environment; and
- maintaining an awareness of key issues impacting the Council.

2 Assessment of your control environment

We have performed a high-level assessment of the Council's control environment. This assessment was performed for the purpose of planning the most effective and efficient audit approach, in order to enable us to express an audit opinion on the Council's financial statements and the non-financial information. We considered the overall attitude, awareness, and actions of the Council and management in establishing and maintaining effective management procedures and internal controls.

2.1 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting, as well as compliance with significant legislative requirements. These internal controls are designed, implemented and maintained by the Council and management, but the ultimate responsibility for the effective design, implementation and maintenance of internal control rests with the governing body.

In performing our control environment assessment we considered both the "design effectiveness"¹ and "operational effectiveness"² of internal control. Both "design effective" and "operationally effective" internal control is important to minimising the risk of either fraud or misstatement occurring.

¹ Control is effective to either prevent or detect a material error in either the financial statements and/or service performance information and the control is "fit for purpose".

² Control has operated effectively throughout the period tested.

However, it is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify all matters in relation to internal control.

We reviewed the internal controls in place for your key financial and non-financial information systems, as detailed below.

2.2 Key systems reviewed

We reviewed the adequacy of internal controls over the following key systems:

- expenditure;
- payroll;
- revenue;
- fixed assets;
- treasury (including accounting for derivatives);
- General Ledger (GL) reconciliations and journals.; and
- systems to capture and report service performance data for key Statement of Service Performance (SSP) measures.

The following summarises the results of our work on the financial systems and controls. The findings from our review of the SSP systems and controls along with the areas for improvement are reported on in section 4.

We tested the operational effectiveness of controls over expenditure, payroll and journals. Our testing found that the key controls have operated effectively to date. We plan to rely on these controls to gain audit assurance over these account balances for the year ended 30 June 2018.

We have also reviewed significant revenue systems, identified the key controls, and completed walkthroughs to ensure the systems were operating as described. We do not plan to test or rely on revenue systems and controls as it is more efficient to take a substantive audit approach.

We are satisfied that, for the purposes of our audit of the financial systems, the Council's information technology (IT) entity level controls and IT activity controls have remained effective. Therefore, we have placed reliance on these IT controls where appropriate.

In performing the above assessments we identified areas where we believe the internal controls and the control environment can be improved. All key matters noted are reported in the following sections of this report.

A summary of our recommendations has been included in Appendix 2 along with management's comments.

We will provide a further update on our assessment of the control environment in our final management report at the completion of the 30 June 2018 audit.

3 Control environment and internal control areas for improvement

3.1 New Charter

In April 2018, the Council management completed a review of its staff behavioural policies and implemented a new approach to behavioural policies referred to as Our Charter. Our Charter sets out expectations for the conduct of all employees in the Council and the Group. It is a principles based approach with six foundation principles, supported by a clear framework that includes the standards, guides, and processes.

We understand that this change comes on the back of a review completed by the Council of its staff behavioural policies where it was found that there were more than 200 corporate policies. Previously, each Council Controlled Organisation (CCO) had its own suite of policies, and there was no "Council family" approach to corporate behavioural policies.

We have sighted the interactive Charter on the Council's intranet, and noted that together with the new standards, guides and processes, these are readily available to staff. The Office of the Auditor-General's guideline on sensitive expenditure is also included as part of the guides.

We understand the Council is developing an embedding programme that includes compulsory Our Charter e-learning to introduce the Charter to its current employees, and this will also form part of the induction process for new employees. The successful implementation of the Charter will rely to a large extent on the culture of the organisation and staff understanding of what is and what is not acceptable behaviour.

The application of Our Charter to the Council group is being completed in stages. It is expected that all the high level principles in Our Charter and associated group standards will apply across the Council group in accordance with the revised Council Controlled Organisation Accountability Policy adopted by the Governing Body in February 2018.

The group policy and standards for money and assets/sensitive expenditure has been completed with further discussions underway to agree a group approach on the remaining five areas.

We recommend that the implementation of the embedding programme including training, awareness and understanding by staff of the new Charter be monitored to ensure it is effectively implemented across the Council and group.

3.2 Sensitive expenditure

Sensitive expenditure relates to areas that could be susceptible to waste and/or probity issues. We have commenced our testing of payments made to date in areas such as payroll, travel and P Cards. Further testing will be completed during our year-end audit.

Our testing so far has found that there is limited information available in the Concur system to support good documentation of the business reason for the expenditure incurred. Given the Council is moving towards a more principle based approach, it is even more important that all judgements are documented clearly, such as the business purpose and why it is considered to be in compliance with the Charter. Prior approvals, and supporting evidence for actual spending must also be retained.

We recommend that the Council enhances its training to staff on the requirements and importance of clear documentation in support of sensitive expenditure.

4 Service performance information – significant matters arising

We have reviewed the Council's systems and controls for reporting service performance information. We focused on understanding whether the Council has appropriate systems in place to accurately report against those measures we believe are key to understanding the Council's overall performance. Based on our work to date, we are planning to take a substantive approach to our audit of the Council's service performance reporting, either because we could not identify effective internal controls in the system or because it would be less efficient for us to rely on controls.

As a result of our interim work to date, we would like to bring the following specific matters to your attention:

4.1 Consenting activities

We updated our understanding of the service performance systems for measuring the Council's compliance with statutory timeframes for resource and building consent processing.

The Council reports its performance against these statutory timeframes within the Statement of Service Performance. We have assessed this aspect of performance as material to the public, given the importance of the consenting function in enabling housing and other development activities.

From the testing performed to date we have found inaccuracies in the Council's systems for recording processing times for both resource and building consents, which have been confirmed with management. As in prior years, we could not find effective controls to ensure accuracy of reporting these processing times.

We continue to recommend that the Council improve the processes, systems and controls in place over consent processing and document management in order to enhance the

reliability of the consenting data used for monitoring and reporting performance. Our specific findings from this year's audit are as follows.

4.1.1 Building consent applications processed within 20 working days

In response to our previous findings and to new guidance released by the Ministry of Business, Innovation and Employment (MBIE), in the current year the Building Consents department has reassessed its processes and confirmed that statutory clock start and stop dates for initial lodgements and suspensions were being incorrectly recorded. We understand that there were two main reasons for incorrect recording of statutory clock dates:

- the Council was starting the clock after vetting consents to check if they were complete. The vetting period was generally two days. While the Building Act does allow a vetting period, MBIE has clarified that where applications are confirmed to be complete on receipt, the vetting period must be included in the statutory days; and
- where processing was put on hold following requests for information, there were often unexplained time lags between receiving the information back from applicants and restarting the clock.

These processes have been rectified for consents received from 1 February 2018 onwards. The department has also implemented training and independent checks to ensure the processes are being consistently applied from this date.

However, the processing time for consents issued prior to this date have not been retrospectively corrected. Without retrospective correction, it is highly likely that reported results for the period from 1 July 2017 to February 2018 are materially incorrect. To illustrate this, in our testing of the period to February, we found over 40% of the consents we tested had breached the statutory time frame of 20 days but were recorded as having met this time frame.

At this time we have been unable to test the accuracy of reporting from February onwards as the results are not yet available. We intend to carry out testing over this reporting in our next interim visit in June 2018.

We understand the Building Consents department is currently working with the Corporate Performance and Reporting team to determine how to accurately report performance at year end, given the unreliability of information for the first seven months of the year.

We recommend that the Council makes sure the approach to year-end reporting for building consents provides results that are fair and supportable and adequately discloses any limitations that have impacted on the accuracy of the reported performance. The Council needs to carefully consider how to accurately report the results of processing times recorded prior to February 2018. If the Council is unable to resolve this matter, it is unlikely we will be able to conclude that reported performance is materially correct.

Given the importance of this measure, we recommend that the planned approach to reporting is reviewed and approved by senior management at the earliest opportunity. We will work closely with the Council to ensure we all have clarity about the year-end position at the earliest opportunity.

4.1.2 Resource consent applications processed within 20 working days

While conducting our interim testing of resource consents processed within the statutory timeframe, we found 10% of the consents we tested had breached the statutory time but were recorded as having met this time frame. This was explained to us as being due to processing errors.

This error rate is above the threshold of what we consider to be a material error for this measure.

In light of the errors found, we recommend that the Council reviews its reported performance for this measure, with this review to be completed prior to our next audit visit in June 2018. If this review is not carried out, it is unlikely we will be able to conclude that reported performance is materially correct, based on the results of our audit testing to date.

We also continue to recommend the Council review its systems and controls for recording processing times for resource consents. We suggest additional training and guidance be provided to ensure all staff and contractors understand the Council's expectations.

4.2 Food hygiene grades

In previous years, following testing of the performance measure "Percentage of D/E graded food premises re-inspected within one month", we reported issues with how food hygiene grades were calculated. Since then, systems for reporting against this measure have improved, and the Council has successfully obtained ISO accreditation for its food verification programme.

We followed up on an issue raised in the media about incorrect grades given to food premises, to assess whether this was symptomatic of a larger issue. Based on discussions with council staff, we understand this was a result of an administrative error, and a subsequent internally-conducted audit found only a very small number of incorrect grades issued. Our own testing of food grading re-inspections is still in progress and we will report our findings in our report to the Council following the final audit for the year ending 30 June 2018.

5 Other matters

5.1 Pro-forma financial statements

We have completed our initial review of the pro-forma financial statements and have provided management with feedback which they are currently considering. We are expecting an updated version in mid-May with finalisation still expected at the end of May.

5.2 Holidays Act Compliance

During the 2017 financial year, issues were identified with the way the Council's shared services payroll system calculates leave payments in certain circumstances. This is an issue that was identified in a large number of organisations across New Zealand.

Following an enforceable undertaking from the Ministry of Business, Innovation and Employment, the Council engaged Ernst and Young (EY) to perform a detailed review of the Council's compliance issues with the Holidays Act. The review covered current and former employees of the Council parent, ATEED, RFA, Panuku and ACIL in the period since amalgamation.

As at 30 June 2017 the Council made a provision for Holiday pay of \$16 million for the parent and a further \$2 million for other group entities. This provision did not change for the interim financial report. However, we understand the Council is expecting to make the first pay-out, which will go to current employees prior to 30 June. Past employee pay-outs will not occur until the new financial year.

We expect the year-end provision to be significantly lower following the pay-out to current employees. We also expect the Council to have assessed the level of uptake expected by past employees, as experience at other entities indicates that not all past employees will claim their holiday pay.

We recommend the Council review the year-end holiday pay provision to ensure it accurately reflects the expected payments to be made post 30 June 2018.

We will follow up on progress during our final audit.

5.3 Early adoption of PBE IFRS 9

The Public Benefit Entity International Financial Reporting Standard 9 Financial Instruments (PBE IFRS 9) becomes effective for reporting periods beginning 1 January 2021. We understand that the Council plans to early adopt this standard for the reporting period ending 31 December 2018.

The Council is currently assessing the impact of PBE IFRS 9. As changes adopted will need to be implemented from 1 July 2018 we recommend that this assessment be completed and provided to us as soon as possible.

6 Prior period recommendations

There has been a fairly short time period between the issuing of the management reports following completion of the 30 June 2017 audit, the review of the interim financial statements as at 31 December 2017 and the issuing of this report. Therefore, there has not been significant progress against a large number of the recommendations. We have included an update in Appendix 2 of those prior year recommendations where progress has been made. A full update will be included in the reports issued following completion of our final audit for the year ending 30 June 2018.

Appendix 1: Summary of recommendations

Paragraph reference	Recommendation	Management comment
3.1	New Charter	
	<p>We recommend that the implementation of the embedding programme including training, awareness and understanding by staff of the new Charter be monitored to ensure it is effectively implemented across the Council and group.</p>	<p><i>Monitoring and reporting of the embedding activity for Council is being developed and will be implemented by 31 December 2018.</i></p> <p><i>The group approach has been completed for money and assets/sensitive expenditure policy and discussions are progressing towards a group policy/standard for each of the other five areas in Our Charter. A group wide working group is working collaboratively on this to achieve a proposal.</i></p>
3.2	Sensitive expenditure	
	<p>We recommend that the Council enhances its training to staff on the requirements and importance of clear documentation in support of sensitive expenditure.</p>	<p><i>The money and assets component of Our Charter (including Sensitive expenditure) is included in the mandatory e-learning module for all staff to be rolled out end June/ early July 2018.</i></p> <p><i>New guidance for staff has been developed as part of the Our Charter project addressing process and other key expectations concerning sensitive expenditure. The guides include spending money, conflicts, gifts, p-cards, travel. A communications plan to support the roll out this guidance is being implemented.</i></p> <p><i>Further deeper dive e-learning modules on conflicts, procurement and face to face training are being developed to raise understanding and awareness.</i></p> <p><i>Improvements of online reporting systems for conflicts and gifts are also being implemented.</i></p>

Paragraph reference	Recommendation	Management comment
4.2	Holidays Act Compliance	
	We recommend the Council reviews the year-end holiday pay provision to ensure it accurately reflects the expected payments to be made post 30 June 2018.	<i>The Council will review the Holiday Pay provision and the provision in the 2017/18 Annual Report will accurately reflect the expected payments to be made post 30 June 2018.</i>
4.1	Consenting activities	
	We continue to recommend that the Council improve the processes, systems and controls in place over consent processing and document management in order to enhance the reliability of the consenting data used for monitoring and reporting performance. Our specific findings from this year's audit are as follows:	
4.1.1	Building consent applications processed within 20 working days	
	<p>We recommend that the Council makes sure the approach to year-end reporting for building consents provides results that are fair and supportable and adequately discloses any limitations that have impacted on the accuracy of the reported performance. The Council needs to carefully consider how it can accurately report the results of processing times recorded prior to February 2018.</p> <p>Given the importance of this measure, we recommend that the planned approach to reporting is reviewed and approved by senior management at the earliest opportunity.</p>	<p><i>The building consents team have implemented several steps to ensure the accuracy of all reported timeframes for consents received after 1 February 2018</i></p> <p><i>This has involved procedure change and training for staff to apply the new rules. The reporting methodology within SAP has also needed to be changed to take the new interpretation from MBIE into account.</i></p> <p><i>We have done a thorough set of testing of the process and the results since February for every line entry and are able to measure the difference in result to that which was previously recorded.</i></p> <p><i>Our plan is to apply these learned variances in a logical manner to the reported result for the seven months ending January 2018. We will ensure accurate reporting to the new rule where this is identifiable, and will take a conservative approach to any remaining entries in favour of removing any "on hold time". The net result of these changes will give a combined measure for 12 months which will be materially correct.</i></p>

Paragraph reference	Recommendation	Management comment
		<p><i>Prior to the data being provided to Audit NZ for testing, Internal Audit will audit the results to give us absolute confidence in the integrity of the data.</i></p> <p><i>We will draft a proposed disclosure for the Annual Report which will in substance articulate:</i></p> <ul style="list-style-type: none"> • <i>the basis on which the pre 1 February data has been compiled and the reasons for; and</i> • <i>the basis on which the post 1 February data has been presented – outlining the nature of the control enhancements.</i>
4.1.2	Resource consent applications processed within 20 working days	
	<p>We recommend that the Council reviews its reported performance for this measure, with this review to be completed prior to our next audit visit in June 2018.</p> <p>We also continue to recommend that the Council reviews its systems and controls for recording processing times for resource consents. We suggest additional training and guidance be provided to ensure all staff and contractors understand the Council's expectations.</p>	<p><i>The resource consents team has a number of initiatives in place to review the current year's data and to establish improved controls going forward. These steps will ensure greater accuracy with statutory clock related data fields.</i></p> <p><i>Key initiatives in place include:</i></p> <ul style="list-style-type: none"> • <i>a further audit sample completed to determine accuracy of the current year's data set;</i> • <i>providing additional training to all users;</i> • <i>establish dedicated data cleansing resource to review and cleanse current data issues;</i> • <i>routine validation of monthly data by each of the teams;</i> • <i>ensure new data and document quality assurance checklist steps are in place for all completed consents;</i> • <i>on-going quality assurance reporting to highlight data and process gaps; and</i> • <i>finalise the specific data cleansing that is to occur for the premium consents (Includes SHA consents.</i>

Paragraph reference	Recommendation	Management comment
5.3	Early adoption of PBE IFRS 9	
	The Council is currently assessing the impact of PBE IFRS 9. As changes adopted will need to be implemented from 1 July 2018 we recommend that this assessment be completed and provided to us as soon as possible.	<i>Council has completed the assessment of the impact of PBE IFRS 9 and provided this to Audit New Zealand in early June 2018.</i>

Appendix 2: Summary of prior year recommendations

Matters with a current status of “in progress”

Recommendation	Current status	Management comments
Consenting activities - system improvements (17J)		
<p>We recommend that the Council continue to work on improving the processes, systems and controls in place over consent processing and document management in order to enhance the reliability of the consenting data used for monitoring and reporting performance.</p>	<p>In progress</p> <p>Refer to section 4.1 above.</p> <p>We understand from discussions with management that there are still limitations in the SAP systems for accurately recording processing times for building consents. These are currently being addressed by manual work-arounds. We understand a business case is in being prepared for the SAP improvements needed to address the system issues.</p>	<p><i>The current rules applied from 1st February 2018 are accurately recording the statutory days. However the method of manually adjusting the dates for each consent after the initial entry is done is labour intensive and therefore costly. It is also more open to initial errors as there are more steps involved.</i></p> <p><i>A revised system has been documented and explained to our IT Team. As yet there is no planned date for implementation due to priorities in the SAP development program.</i></p>
Consenting activities: NewCore reporting and migration (17J - interim)		
<p>We recommend the Council identify and resolve all reporting and data problems related to consenting activities in the NewCore system well in advance of year end. As part of this, we would expect the Council to perform checks to verify the quality of the financial and service performance information in NewCore related to the consenting activities prior to our final audit.</p>	<p>In progress</p> <p>We understand from discussions with management that there are still limitations in the SAP systems for accurately recording processing times for building consents. These are currently being addressed by manual work-arounds. We understand a business case is in being prepared for the SAP improvements needed to address the system issues.</p> <p>Refer to section 4.1 above.</p>	<p><i>See above.</i></p>

Matters with a current status of outstanding

Recommendation	Current status	Management's proposed action
Payroll systems and controls – monitoring (16J interim)		
<p>We recommend that management regularly reminds staff of the importance of applying controls and compliance with policy. Additional training may also be required for some staff.</p>	<p>Outstanding</p> <p>We noted during our interim audit that independent employee masterfile changes are still performed by a staff member who has access to make changes to the masterfile. As there is no segregation of duties, there is still a risk that fraudulent or erroneous changes to the masterfile can be made.</p>	<p><i>These risks are controlled via:</i></p> <ul style="list-style-type: none"> • <i>a report that checks that the team member completing the PA40 action is a different team member to the one who checks this in the ZI Audit; and</i> • <i>the team leader checking any bank account change in PA30 by a team member.</i> <p><i>In June 2018 we are implementing Employee Central (part of Success Factors) which will result in a large reduction of data entry by the Data Management team as employees will enter their own changes to personal information directly. This will therefore reduce the need for QA. The remaining QA responsibility will also shift into the Payroll team.</i></p>
Payroll systems – termination processes (16J interim)		
<p>We recommend that further guidance and training should be provided to line managers on their responsibilities to follow standard procedures when staff leave.</p> <p>We also recommend that the Council ensures all reasonable steps are taken to identify and recover erroneous payments made to staff after they have left the Council's employment.</p>	<p>Outstanding</p> <p>As at the time of our review of payroll systems, no effective controls had yet been implemented to reduce the risk of staff members being paid past their termination date. This still relies on the employees' Manager correctly initiating the termination process.</p>	<p><i>Current controls we have in place are:</i></p> <ul style="list-style-type: none"> • <i>upskilling our managers through knowledge articles on our Intranet and through a Manager Guideline document for new people leaders.</i> • <i>an off-boarding checklist in the HR CRM system (ServiceNow platform called Awhina) for all managers.</i> • <i>Provisional Payroll reports are provided to all managers every pay</i>

Recommendation	Current status	Management's proposed action
		<p><i>period. This report shows who is being paid in the respective pay run and managers are reminded of the necessity to check this report each period. Finance reporting is also available for managers to review their salary expenditure lines.</i></p> <ul style="list-style-type: none"> • <i>in respect of overpayments, we contact the ex-employee three times before the case is passed to debt collectors. Previously only one team member was responsible for this action but now all payroll employees are charged with recovering overpayments.</i> <p><i>We will also shortly be putting in place further controls:</i></p> <ul style="list-style-type: none"> • <i>with SuccessFactors (a cloud based HR system) due to be implemented in June 2018, a further control will be put in place. This software will no longer let managers stack positions (multiple incumbents loaded against one role). This means managers will not be able to hire new employees into a position occupied by an existing employee. This will provide a further prompt for managers to terminate exiting employees if they wish re-hire into that position. We will also work closely with security following Success Factors' go live in June 2018 to ensure terminations match up that is if someone is</i>

Recommendation	Current status	Management's proposed action
		<i>returning equipment and ending access that they have also been off boarded correctly.</i>

Matters that have been resolved

Recommendation	Outcome
Outdated IT policies in place (17J)	
<p>We noted that IT policies related to IT security and change management have not been revised within the last three years. We acknowledge that efforts have been made to revise the IT security policies but these have yet to result in a final document.</p> <p>Having up to date documents that set out the Council expectations regarding IT security and change management ensures that users of IT systems within the Council are aware of these and behave in a manner that contributes to the protection of the Council's systems and data.</p> <p>The IT security and change management policies should be reviewed and updated to reflect any changes resulting from system changes and/or changes in methods used by malicious external parties to attempt to access the Council's systems and data.</p>	<p>The Council has gone through a review of its policy framework and has launched their new charter which is the overarching document setting out expectations for behaviour. In support of this there are a number of guidelines for each of the foundation principles. IT security falls under the "We look after our information" principle and the following supporting guidelines have been published:</p> <ul style="list-style-type: none"> • acceptable use of Council information systems; • using personally owned devices; • using mobile computers; • telephones and mobile data; • passwords; and • accessing the Council's information systems. <p>In terms of the change control process the Council has recently implemented a new service desk tool (Service Now) and are in the process of finalising revised process documentation to support the new system. Draft documents have been prepared and are subject to project governance ratification. This is anticipated to be completed before the end of the financial year.</p>

Recommendation	Outcome
NewCore Benefits Realisation Plan (17J)	
<p>We would like to remind the Council of the importance of ensuring the Benefits Realisation Plan for the NewCore project is finalised and approved.</p> <p>We recommend that responsibility for tracking and realising benefits is clearly defined once the project is closed. This is needed to ensure that the Council achieves the benefits that the investment in the programme was based on.</p>	<p>The NewCore project completion report was presented to the Finance and Performance Committee in July 2017.</p>
Development contributions (17J)	
<p>We recommend the Council seek advice as to whether it has a legal right to retrospectively invoice unbilled development contributions.</p> <p>We recommend that management consider whether its financial exposure to unbilled development contributions extends beyond the small number of instances identified.</p> <p>We also recommend that further work is performed to ensure consistency of processes and procedures at all relevant sites, and to implement and monitor controls to reduce the risk that code of compliance certificates are issued without a development contribution being invoiced or paid.</p>	<p>As at November 2017, we have confirmed that the Council were able to recoup some of the funds from significant developers. The Council had written off the remainder of the under-collections amounting to less than \$100k. We were advised that this was due to the legal costs far exceeding the benefits of collection.</p> <p>We have determined that this issue is now closed.</p>
Long Term Plan (LTP) 2018-28 (17J)	
<p>We recommend that the Council finalise the project plan and milestones for the upcoming CD and LTP as soon as possible to ensure clarity about what steps need to be completed, by who and by when.</p>	<p>The CD phase of the LTP audit is complete and we continue to work with the Council as management work on a project plan and associated milestones for the final LTP. Please see our CD management letter for our comments on required improvements to the LTP project management framework.</p>

