



Report 08.392
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File CFO/04/03/01

Committee Finance, Evaluation & Risk Committee
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Internal Audit framework

1. Purpose

To update the Committee on the development of Greater Wellington's internal audit framework.

2. Significance

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

At their December meeting, the Committee received two reports outlining:

- The principles and attributes underlying Greater Wellington's internal controls; and
- Greater Wellington's risk management framework.

Subsequently, the Committee indicated they wished to consider the development of an internal audit programme.

Greater Wellington has engaged Quorum to carry out a review and to recommend an internal audit framework.

4. Quorum

Quorum is a small consultancy firm whose principals, Peter Robertson and Peter Cowper have extensive business experience.

Copies of their CVs are attached (refer **Attachment 1**).

5. Quorum's approach

- Interview key parties (Chairperson, Chairperson of Finance, Evaluation & Risk Committee, CEO and CFO) to clarify:
 - Perceptions as to the key areas of exposure for the organisation.
 - Expectations with respect to the nature and level of assurance sought.
- Establish and summarise understanding of:
 - Greater Wellington's key operation areas.
 - The systems and processes which underpin these operations and the nature of these systems and processes in so far as that might influence the risks faced by the organisation.
 - The status of the risk management framework and processes in place today.
 - The level of assurance and various 'audits' currently in place actually provide.

This would involve interviews with relevant tier 2 and 3 managers who are actively engaged in the systems and processes in question. In this way Quorum will be able to establish an unequivocal picture of the way things are actually working.

- Consider the current 'audit' activities in relation to key operational areas, systems and processes, and the management framework with a view to identifying gaps.
- Identify any accepted common practice with respect to independent assurance in local government.
- Recommend an overall approach to the provision of assurance for Greater Wellington. Specifically, this would incorporate recommendations concerning:
 - any process changes that might serve to improve assurance
 - an audit framework; and
 - a high level, multi-year audit programme.

This recommendation would reflect:

- The extent to which the function should be internally or externally resourced (and appropriate combinations of the two approaches).
- The nature of resourcing requirement inherent in the recommended framework and high level programme. The nature of the audit resource required will reflect the breadth and level of skills demanded, and an estimate of the hours of effort required to complete the recommended annual programme.

6. Communications

No communications are necessary at this time.

7. Recommendations

That the Committee:

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

Report prepared by:

Report approved by:

Barry Turfrey
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David Benham
Chief Executive

Attachment 1: CVs of Peter Robertson and Peter Cowper.