

MINUTES	MEETING HELD ON	TIME
<b>AUDIT AND RISK SUBCOMMITTEE</b>	<b>TUESDAY 5 MAY 2015</b>	<b>10.00AM</b>

**MINUTES** of a meeting of the **Audit and Risk Subcommittee**, held in the Council Chambers, Ground Floor, 175 Rimu Road, Paraparaumu, on **Tuesday, 5 May 2015**, commencing at 10.00am.

<b>PRESENT:</b>	Cr	G	Welsh	Chairperson
	Cr	M	Bell	Deputy Chairperson
	Mayor	R	Church	
	Cr	M	Cardiff	Deputy Mayor
<b>IN ATTENDANCE:</b>	Mr	W	Maxwell	Group Manager Corporate Services
	Mr	M	de Haast	Financial Controller
	Mr	K	Currie	Group Manager Regulatory Services
	Mr	S	Mallon	Group Manager Infrastructure Services
	Mr	S	McArthur	Group Manager Strategy & Planning
	Ms	M	Brown	Manager, Financial Accounting
	Mrs	D	Andrew	Organisational Development Manager
	Ms	J	Dallinger	Health & Safety Advisor
	Mr	M	Bone	ICT Manager
	Mr	K	Black	Manager, Corporate Reporting
	Mrs	J	Nock	Executive Secretary, Corporate Services
	Mr	G	Taylor	Partner, Ernst & Young
	Mr	A	Sofo	Manager, Assurance, Ernst & Young
	Ms	A	McLaughlin	Democracy Services

The Chair welcomed everyone to the meeting.

ARS 15/05/49

**(a) APOLOGIES**

There were no apologies.

**(b) DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

There were no declarations of interest.

ARS 15/05/50

**PUBLIC SPEAKING TIME**

There were no public speakers.

ARS 15/05/51

**CONFIRMATION OF MINUTES**

**MOVED (Cardiff/Mayor)**

**That the Audit and Risk Subcommittee minutes of 12 February 2015 are accepted as a true and correct record.**

**CARRIED**

ARS 15/05/52

**MEMBERS' BUSINESS**

- (a) Public Speaking Time Responses  
None required.
- (b) Leave of Absence  
There were no leave of absence requests.
- (c) Matters of an Urgent Nature  
There were no matters of an urgent nature.

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ARS 15/05/53

**RISK MANAGEMENT FRAMEWORK UPDATE (CORP-15-1562)**

Mark de Haast, Financial Controller spoke to the report.

Members were comfortable with the contents of the Report but felt it did not capture Councillors' input and support governance from an operational point of view. Governance was influenced by political and community factors so requested this be included within the Framework.

Grant Taylor, Partner at Ernst & Young confirmed that most Councils around New Zealand had an Enterprise Risk Management (ERM) Framework in place. The overall cost to implement the ERM would be funded from the 2014/15 Annual Plan and the 2015-35 Long Term Plan.

**MOVED (Mayor/Bell)**

**That the Audit and Risk Subcommittee notes the update and endorses the revised Enterprise Risk Management Implementation Plan.**

**CARRIED**

ARS 15/05/54

**IT CONTROL ENVIRONMENT ASSESSMENT AND RECOMMENDATIONS REPORT (CORP-15-1533)**

Mr de Haast spoke to the report and introduced Marcus Bone, ICT Manager.

**MOVED (Mayor/Welsh)**

**That the Audit & Risk Subcommittee receives the Report on IT Control Environment Assessment and Recommendations from Ernst & Young, as detailed in Appendix 1 and notes that Council agrees with the five IT control recommendations noted.**

**That the Audit and Risk Subcommittee notes that a formal work programme has been implemented to remedy these control findings by 30 June 2015 and progress updates will be provided at each Audit and Risk Subcommittee meeting.**

**That the Audit and Risk Subcommittee note the progress made on the recommendations in Ernst & Young's report on IT Control Environment Assessment and Recommendations as per the Work Programme in Appendix 1 to this report Corp-15-1533.**

**CARRIED**

ARS 15/05/55

**AUDITOR-GENERAL'S REPORT ON THE RESULTS OF THE 2013/14 AUDITS OF LOCAL AUTHORITIES (CORP-15-1563)**

Mr de Haast spoke to the report.

**MOVED (Mayor/Welsh)**

**That the Audit and Risk Subcommittee note the matters raised by the Office of the Auditor-General in its report on the 'Results of the 2013/14 Audits'.**

**CARRIED**

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ARS 15/05/56

**PUBLIC BENEFIT ENTITY ACCOUNTING STANDARDS IMPACT ASSESSMENTS  
(CORP-15-1559)**

Mr de Haast spoke to the report and confirmed there would be minimal changes to this year's Annual Report. Melissa Brown, Manager, Financial Accounting was introduced to the Subcommittee.

**MOVED (Mayor/Bell)**

**That the Audit & Risk Subcommittee receives the report on guidance and advice on the impacts of transitioning to Public Benefit Entity Accounting Standards from Ernst & Young, as attached in Appendix 1.**

**That the Audit and Risk Subcommittee note that a formal work programme is in progress to ensure the implementation of the financial reporting changes is reflected in the annual report for the year ended 30 June 2015.**

**CARRIED**

*The meeting adjourned at 11.25am and reconvened at 11.38am.*

ARS 15/05/57

**REGULAR PROGRESS UPDATE ON CLOSING 2013/14 KEY AUDIT FINDINGS  
(CORP-15-1564)**

Mr de Haast spoke to the report.

**MOVED (Welsh/Bell)**

**That the Audit and Risk Subcommittee note the progress made on the recommendations in Ernst & Young's Report on Control Findings for the year ended 30 June 2014 as per the Work Programme in Appendix 1 to this report Corp-15-1564.**

**CARRIED**

ARS 15/05/58

**HEALTH & SAFETY QUARTERLY REPORT (CE-15-1529)**

Dianne Andrew, Organisational Development Manager and Jill Dallinger, Health and Safety Advisor spoke to the report.

It was confirmed that the Council continues to conduct pre-employment Drug and Alcohol testing for all safety sensitive roles. The Drug and Alcohol Policy remains in place and under this policy, there was a robust provision for 'reasonable cause' testing.

**MOVED (Bell/Mayor)**

**That the Audit and Risk Subcommittee notes the Health and Safety Quarterly Report for 1 October 2014 to 31 December 2014.**

**CARRIED**

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ARS 15/05/59

**UPDATE: INDEPENDENT MEMBER APPOINTMENT**

Mr de Haast updated Members on the progress of the Independent Member appointment to the Audit and Risk Subcommittee.

ARS 15/05/60

**PUBLIC EXCLUDED RESOLUTION**

**MOVED (Mayor/Welsh)**

**That the Audit & Risk Subcommittee move into a Public Excluded meeting:**

<b>PUBLIC EXCLUDED RESOLUTION</b>		
<p>That, pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987, the public now be excluded from the meeting for the reasons given below, while the following matters are considered:</p> <ul style="list-style-type: none"> <li>• Public Excluded Minutes: 12 February 2015</li> <li>• Matters Under Action</li> <li>• Ernst &amp; Young Audit Plan</li> </ul> <p>The general subject of each matter to be considered, while the public are excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987, for the passing of this resolution are as follows:</p>		
<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Grounds under Section 48(1) for the passing of this resolution</b>
<b>Confirmation of Public Excluded Minutes: 12 February 2015</b>	<p>Section 7(2)(a) – to protect the privacy of natural persons.</p> <p>Section 7(2)(f)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty.</p>	48(1)(a): That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
<b>Matters Under Action</b>	Section 7(2)(a) – to protect the privacy of natural persons.	48(1)(a): That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

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General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
<b>Ernst and Young Audit Plan</b>	Section 7(2)(a) – to protect the privacy of natural persons.	48(1)(a): That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

**CARRIED**

The meeting went into public excluded session at 12.06pm

*The meeting came out of public excluded session at 12.54pm.*

The public session of the Audit and Risk Subcommittee meeting closed at 12.54pm.

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Chair

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Date