

MINUTES	MEETING HELD ON	TIME
<b>AUDIT AND RISK SUBCOMMITTEE</b>	<b>THURSDAY 2 OCTOBER 2014</b>	<b>1.30PM</b>

**MINUTES** of a meeting of the **Audit and Risk Subcommittee**, held in the Council Chambers, Ground Floor, 175 Rimu Road, Paraparaumu, on **Thursday, 2 October 2014**, commencing at 1.30pm.

**PRESENT:**

Cr	G	Welsh	Chairperson
Mayor	R	Church	
Cr	M	Bell	Deputy Chairperson
Cr	M	Cardiff	Deputy Mayor

**IN ATTENDANCE:**

Mr	P	Dougherty	Chief Executive
Mr	W	Maxwell	Group Manager Corporate Services
Mr	S	McArthur	Group Manager Strategy & Partnerships
Mr	S	Mallon	Group Manager Infrastructure Services
Mr	T	Power	Senior Legal Counsel
Mr	M	de Haast	Financial Controller
Ms	J	Straker	Financial Accounting Manager
Mrs	J	Nock	Executive Secretary, Corporate Services
Mr	G	Taylor	Ernst & Young
Mr	Z	Hyder	Ernst & Young

The Chair welcomed everyone to the meeting.

ARS 14/10/24

**(a) APOLOGIES**

There were no apologies.

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

There were no declarations of interest.

ARS 14/10/25

**PUBLIC SPEAKING TIME**

There were no public speakers.

ARS 14/10/26

**CONFIRMATION OF MINUTES**

**MOVED (Welsh/Cardiff)**

**That the Audit and Risk Subcommittee minutes of 19 June 2014 are accepted as a true and correct record.**

**CARRIED**

An updated last page of the 19 June minutes was tabled showing that the public excluded Quarterly Update on Statutory Compliance Issues and Investigations report (SP-14-1173) was released into the public arena.

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## **MATTERS UNDER ACTION**

Wayne Maxwell, Group Manager Corporate Services spoke to matters under action including a supplementary paper (tabled) giving more information on the membership and monitoring of the Local Government Funding Agency (LGFA) and also the Shareholders' Council.

ARS 14/10/27

### **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.

ARS 14/10/28

### **CLOSING REPORT FROM AUDIT TO 30 JUNE 2014 (CORP-14-1333)**

Mark de Haast, Financial Controller gave a presentation showing:

- Summary of Financial Performance;
- Summary of Financial Position;
- Summary of Cash Flow;
- Due diligence undertaken by Council to assure themselves that the probability of LGFA defaulting on their loan repayments was low; and
- Summary of the Audit Close Report.

The meeting was stopped at 2.00pm as public speakers arrived in error to speak around the Trans-Pacific Partnership Agreement (TTPA) and the Chair advised they were welcome to speak or they could attend the next Corporate Business Committee (CBC) meeting when all Councillors would be in attendance. The speakers advised they would attend the next CBC meeting.

The Audit & Risk Subcommittee meeting resumed at 2.02pm.

Members questioned the need for valuing land under roads and Grant Taylor, Ernst & Young advised they were comfortable to see this valuation within Council's accounts.

Mr Taylor continued to speak to the presentation detailing the areas of audit focus and the issues they had noted in their report.

- Summary of Audit Adjustment.
- Audit Control Findings (showing the areas where improvements were needed).
- Council Management and Audit Adjustments to Financials (showing operating surplus, other comprehensive revenue and expense and net assets as reported at the Corporate Business Committee on 14 August 2014).

Members were informed that there would be a review of Council's Debt Collection Policy.

It was clarified that monitoring of Council spend on carryovers of capital expenditure was more a management reporting function and would be reported to the Corporate Business Committee.

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With regard to prudent benchmark reporting regulations, there were seven mandatory measures and two further non mandatory measures on rates affordability and debt affordability. It was advised that measures would be provided at the next Corporate Business Committee.

Wayne Maxwell, Group Manager Corporate Services advised that the benchmarks of the Office of the Auditor-General was annual benchmarks and would be reported to the Corporate Business Committee in due course.

**MOVED (Bell/Mayor)**

**That the Audit and Risk Subcommittee receive the Closing Audit Report from Ernst & Young and notes that there are no significant accounting issues that have not been agreed and adjusted in the Draft Annual Report.**

**That the Audit & Risk Subcommittee receives the Report on Control Findings from Ernst & Young and notes that Council agrees with the eleven internal control recommendations.**

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

**CARRIED**

ARS 14/10/29

**PUBLIC EXCLUDED RESOLUTION**

**MOVED (Welsh/Mayor)**

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

**PUBLIC EXCLUDED RESOLUTION**

**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:**

- Confirmation of Public Excluded Minutes: 19 June 2014**
- Quarterly Update on Statutory Compliance Issues and Investigations (SP-14-1312)**

**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:**

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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
Confirmation of Public Excluded Minutes 19 June 2014	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.
Quarterly Update on Statutory Compliance Issues and Investigations (SP-14-1312)	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 2.41pm.

*The meeting came out of public excluded session at 2.56pm.*

The report, appendices and resolutions to report SP-14-1312 was released into the public arena

**Quarterly Update on Statutory Compliance Issues and Investigations (SP-14-1312)**

**MOVED (Welsh/Bell)**

**That the Audit and Risk Subcommittee note there was one statutory compliance issue associated with legislative compliance declarations made to external auditors, Ernst and Young for the fourth quarter of the 2013/14 year.**

**That the Audit and Risk Subcommittee note the current status of the Ombudsman investigations.**

**That the Audit and Risk Subcommittee note the status of the Council's legal compliance for the fourth quarter of the 2014/15 year.**

**That this report, appendices and resolutions be released from public excluded business.**

**CARRIED**

The public session of the Audit and Risk Subcommittee meeting closed at 2.56pm.

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Chairperson

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Date