

MINUTES	MEETING HELD ON	TIME
<b>AUDIT AND RISK SUBCOMMITTEE</b>	<b>THURSDAY, 5 MAY 2016</b>	<b>10.01AM</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 2016**, commencing at 10.01am.

**PRESENT:**

Cr	G	Welsh	Chairperson
Cr	M	Bell	Deputy Chairperson
Cr	M	Cardiff	
Mr	W	Tuck	Appointed Member
Mayor	R	Church	

**IN ATTENDANCE:**

Mr	P	Dougherty	Chief Executive
Mr	W	Maxwell	Group Manager Corporate Services
Mr	M	de Haast	Financial Controller
Ms	D	Andrew	Organisational Development Manager
Ms	J	Dallinger	Health and Safety Advisor
Ms	A	Horn	Manager, Financial Accounting
Mrs	J	Nock	Executive Secretary, Corporate Services
Cr	J	Elliott	
Cr	D	Scott	
Cr	M	Scott	
Mr	M	Henry	Ernst & Young
Mr	A	Sofo	Ernst & Young
Ms	M	Macdonald	PricewaterhouseCoopers

The Chair welcomed everyone to the meeting.

ARS 16/05/98

**(a) APOLOGIES**

There were no apologies.

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

There were no declarations of interest.

ARS 16/05/99

**PUBLIC SPEAKING TIME**

Dale Evans

Mr Evans tabled a paper that spoke about:

- the Health and Safety report; and
- Auditor General report and results.

ARS 16/05/100

**MEMBERS' BUSINESS**

**(a) Public Speaking Time Responses**

In response to Mr Evans' questions, it was advised that:

- the Council did not carry out random drug testing of their workers although they did continue to conduct pre-employment drug and alcohol testing for all safety sensitive roles and reasonable cause. There was zero tolerance for drugs and alcohol within the workplace;
- a person falling from a ladder – minor surgery took place and the ladders had been replaced with an anti-slip surface work platform;

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- Mr Tuck, the appointed member, did have full voting rights and was appointed through full Council. Members of the Subcommittee had voting rights and other Elected Members were able to attend the Subcommittee but would not be able to vote. The appointed member was in accordance with best practice, as confirmed by the Office of the Auditor General;
- future loan payments, risk profile for such loan payments and debt servicing would be available through the quarterly report at the next Corporate Business Committee;
- percentage of wages was available through Council's Annual Report; and
- the information to compare the percentage with other Councils would be available through the respective Council's Annual Reports.

The remaining question would be responded to through Council's Official Information Request process.

- (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 16/05/101

**HEALTH AND SAFETY QUARTERLY REPORT (CE-16-1884)**

Jill Dallinger, Health and Safety Advisor spoke to the report.

It was confirmed that the:

- Strategic Health & Safety Plan would be completed in June 2016;
- area where the serious harm incident took place had now been made safe; and
- appropriate health and safety training would be given to all current and future councillors.

**MOVED (Bell/Mayor)**

**That the Audit and Risk Subcommittee notes the Health and Safety Quarterly Report for 1 January 2016 – 31 March 2016, included as Appendix 1 to Report CE-16-1884.**

**CARRIED**

Members gave their thanks for a good report.

ARS 16/05/102

**AUDITOR-GENERAL'S REPORT ON THE RESULTS OF THE 2014/15 AUDITS OF LOCAL AUTHORITIES (Corp-16-1883)**

Mark de Haast, Financial Controller spoke to the report.

**MOVED (Bell/Cardiff)**

**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 2014/15 Audits'.**

**CARRIED**

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ARS 16/05/103

**REGULAR PROGRESS UPDATE ON 2014/15 KEY AUDIT FINDINGS (Corp-16-1878)**

Mr de Haast spoke to the report and responded to Members' questions.

Members congratulated staff on the report.

**MOVED (Bell/Mayor)**

**That the Audit & Risk Subcommittee notes the progress made against the action plans developed to remedy the control findings arising from the 2015 audit, as set out in Appendix 1 of report Corp-16-1878.**

**That the Audit & Risk Subcommittee notes the progress made to address the Information Technology General Control issues raised by Audit, as set out in Appendix 2 of report Corp-16-1878.**

**CARRIED**

*Cr Elliott left the meeting at 10.37am and returned at 10.39am*

ARS 16/05/104

**ERNST & YOUNG AUDIT PLAN FOR THE YEAR ENDED 30 JUNE 2016 (Corp-16-1882)**

Mr de Haast introduced Marcus Henry, Audit Partner of Ernst & Young.

Mr Henry explained the key issues around their Audit Plan, clarified that it was the final version and responded to Members' questions.

**MOVED (Welsh/Tuck)**

**That the Audit & Risk Subcommittee receives the Ernst & Young Audit Plan for the audit of the 2015/16 annual report.**

**CARRIED**

*Adjourned at 11.02am and reconvened at 11.11am*

ARS 16/05/105

**INLAND REVENUE COMPLIANCE REVIEW (Corp-16-1888)**

Mr de Haast spoke to the report and introduced Michelle McDonald from PricewaterhouseCooper.

*The Mayor and Mr Tuck joined the meeting at 11.12am.*

Ms McDonald gave a brief summary of Council's past and present tax compliance reviews and explained about the current risk review questionnaire received from the Inland Revenue.

It was clarified there were no legal implications arising from the report as there were no statutory changes or legal challenges to the work carried out. A tax training programme was being explored for the Finance Team and Budget Managers.

It was confirmed there would be regular Tax Compliance Review updates reported back to the Audit & Risk Subcommittee.

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**MOVED (Cardiff/Welsh)**

The Audit and Risk Subcommittee notes the findings of the tax compliance review completed by PricewaterhouseCoopers as attached in Appendix 1 to this report (Corp-16-1888).

The Audit and Risk Subcommittee notes that a decision from the Inland Revenue Department regards undertaking a formal tax audit is subject to their consideration and assessment of Council's pre-notification taxation errors.

The Audit and Risk Subcommittee notes that the total cost of additional taxes payable to IRD and PricewaterhouseCoopers professional fees is unbudgeted and estimated to be approximately \$147,000 and will be recognised as operating expenditure for the year ended 30 June 2016.

The Audit and Risk Subcommittee receives a regular report on the progress made on implementation of the tax compliance review recommendations.

**CARRIED**

ARS 16/05/106

**CONFIRMATION OF MINUTES: 11 February 2016**

**MOVED (Welsh/Cardiff)**

That the Audit and Risk Subcommittee minutes of 11 February 2016 are accepted as a true and correct record.

**CARRIED**

ARS 16/05/107

**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:

- Update on Statutory Compliance Issues, Investigations and the Status of Council Bylaws for 1 July 2015 to 31 March 2016 (SP-16-1827)

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
<b>Update on Statutory Compliance Issues, Investigations and the Status of Council Bylaws for 1 July 2015 to 31 March 2016 (SP-16-1827)</b>	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, or any persons to whom section 2(5) of this Act applies, in the course of their duty.	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 Audit and Risk Subcommittee moved into Public Excluded at 11.48am

The Audit and Risk Subcommittee came out of Public Excluded at 12.32pm.

The following report (including appendices) and resolutions were released from the public excluded part of the meeting:

**Update on Statutory Compliance Issues, Investigations and the Status of Council Bylaws for 1 July 2015 to 31 March 2016 (SP-16-1827)**

**MOVED (Bell/Mayor)**

**That the Audit and Risk Subcommittee note there was one statutory compliance issue associated with the ‘key’ acts identified by the Council’s external auditors in the first, second and third quarters of the 2015/16 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 first, second and third quarters of the 2015/16 year.**

**That this report, appendices (A and B) and resolutions be released from public excluded business.**

**CARRIED**

The Audit and Risk Subcommittee meeting closed at 12.32pm.

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Chair

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Date