



Minutes

of the

Audit Committee

Ordinary meeting

Date 11 July 2014
Venue Council Chamber
515 Mackay Street
Thames

Present

LA Fox (Chairperson) MK McLean JP
HD Bartley
PA Brljevic

In attendance

Name	Item(s)
Steve Baker (Chief Financial Officer)	All Items
Angela Jane (Governance Support Manager)	All Items
Maree Procter (Audit New Zealand)	All Items

Apologies

Philip Jones

Meeting commenced 09:05

Adjournments and absences

Adjournment	Start	Finish	Reason
Chairperson	10:40	11:00	Morning Tea

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1 Meeting conduct

1.1 Apologies

Philip Jones was unable to attend the meeting because of mechanical problems with his vehicle.

Resolved

That the Audit Committee:

1. Receives the apology from Philip Jones.

Moved/Seconded by: Fox/McLean

1.4 Conflict of interest

The Chairperson invited notice from members of:

1. Any interests that may create a conflict with their role as an elected member relating to the minutes item(s) for the meeting; and
2. Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968.

No conflict of interests were declared by members.

1.5 Unconfirmed 16 April 2014 Audit Committee minutes

Resolved

That the Audit Committee:

1. Confirms the Audit Committee minutes - 16 April 2014.

Moved/Seconded by: Fox/McLean

2 Audits and reviews

2.1 31 May - Financial report for the eleven month period ended

The Chief Financial Officer provided the Audit Committee with cumulative financial information for the year to date to enable it to monitor the financial performance of the organisation. He noted that reporting against the new regulations had been incorporated.

Key Discussion Points

- An operating surplus was predicted but the magnitude was not yet known.
- The Chairman noted that assurance from the Infrastructure Committee and manager on completion of the capital works programme would assist the Audit Committee in understanding the year end results better.

Resolved

That the Audit Committee:

1. Receives the "31 May - Financial Report for the eleven month period ended" report (dated 1 July 2014).

Moved/Seconded by: Fox/Brljevich

2.2 Internal audit - draft request for proposal

The Chief Financial Officer requested feedback from the committee on the proposed request for proposal for Council's internal audit services.

Key discussion points

- The Committee discussed the advantages and disadvantages of providing independent internal audit services versus services conducted by staff.
- External assistance on new processes such as co-governance was seen as advantageous.
- Maree Procter from Audit New Zealand noted that getting assurance from managers that correct processes are occurring is good as most councils only have exception reporting now and having some independent consideration is a further level of assurance.
- The Chief Financial Officer noted that he would engage with the Chief Executive on a compliance programme which would interact with our risk management procedures and policies.
- Committee members suggested an alternative evaluation criteria as the request for proposal was part of a closed tender process which meant that professional qualifications and stability/experience of the team was largely assured. Client references and fees were to be increased.
- Communication between departments was noted as an area for improvement and it was requested that some form of monitoring be incorporated.

Resolved

That the Audit Committee:

1. Receives the "Internal audit - draft request for proposal" report, dated 4 July 2014.
2. Amends the evaluation criteria within the request for proposal to the following:

Professional qualifications and expertise	15%
Stability and relevant experience of the firm and the team	15%
Methodology, process, soundness of approach and understanding of the needs of TCDC	15%
Fees	30%
Client references	25%

Moved/Seconded by: Fox/Brljevich

The meeting was adjourned at 10.40am for morning tea and reconvened at 11.00am.

2.3 Draft Vehicle Policy

An updated vehicle policy was presented to the Committee which included rules for the use of the Council fuel cards.

Key discussion points

- Monitoring the use of fuel cards for inappropriate use was raised by Committee members.
- Councillor Fox suggested that Council could negotiate a better fuel discount.

Resolved

That the Audit Committee:

1. Receives the "Draft Vehicle Policy" report, dated 3 July 2014.
2. Notes the progress made to date.

Moved/Seconded by: Fox/Bartley

2.4 Remission of excess water in accordance with rates remission for miscellaneous purposes

Approval was sought from the Audit Committee to remit excess water consumption under the Remission of Rates for Miscellaneous Purposes Policy.

Key discussion points

- The delegation for this level of remission was questioned by the Committee. The Chief Financial Officer recommended that a committee decision gave a more consistent method of assessment and he predicted few decisions would be required based on the previous levels of applications.

Resolved

That the Audit Committee:

1. Receives the "Remission of excess water in accordance with rates remission for miscellaneous purposes" report, dated 25 June 2014.
2. Instructs staff to remit 100% of the excess water that occurred during cycle two 2014 for the application described in the report on the basis of fairness and equity.

Moved/Seconded by: McLean/Bartley

2.5 Summary of proposed amendments to the development contributions legislation

The purpose of the report was to inform the Audit Committee of the proposed changes to the Local Government Act 2002 (the Act) in relation to development contributions as contained in the Amendment Bill No. 3.

Vanessa Cooling, Financial Policy Analyst, reported that a revised Bill was released yesterday and the government had signalled that it would be enacted before the 2014 general elections. No timeframes had been altered which meant Commissioners were still to be appointed by 1 July; consultation on the revised development contribution policy was required by 1 December and all other provisions were to be enacted after royal assent of the Bill.

Key discussion points

- The Chief Financial Officer noted that staff were ready to act on the Bill if it was enacted prior to the general election. He acknowledged the good work of Vanessa Cooling and Richard Elgie in preparing the updated policy and background work.

Resolved

That the Audit Committee

1. Receives the "Summary of proposed amendments to the development contributions legislation" report, dated 29 May 2014.

Moved/Seconded by: Fox/Bartley

3 Risk Management

3.1 July 2014 - External audit work programme and action schedule

Resolved

That the Audit Committee:

1. Receives the "July 2014 - External audit work programme and action schedule" report, dated 3 July 2014.
2. Notes the progress made to date; and
3. Confirms that the items indicated as complete be removed from the action schedule.

Moved/Seconded by: Fox/McLean

4 Audit Committee Work Programme

4.1 Audit Committee action schedule

Key discussion points

- Councillor Brljevich would follow up with Bruce Hinson, Group Manager Infrastructure on the risk assessment/analysis for projects over \$5 million.
- New items for the action schedule included carryovers from the Infrastructure committee and the RFP for internal audit review.

Resolved

That the Audit Committee:

1. Receives the "Audit Committee action schedule" report, dated 21 June 2014.

Moved/Seconded by: Fox/Bartley

5 Reports

5.1 Members' reports

The Chairperson invited members to provide a brief verbal report on activities undertaken and meetings attended in the period since the last meeting. Members had no items to report.

6 Public excluded

Resolution to exclude the public

Resolved

- That the public be excluded from the following parts of the proceedings of this meeting namely:

Item	Business
6.1	Public excluded minutes
6.2	Public excluded - Audit Committee Action Schedule
6.3	Application for rates remission for 2 nd set of charges - 181 Buffalo Beach Road, Whitianga
6.4	Application for remission of 2nd set of charges - 113 The Square, Whangamata
6.5	Internal audit - Council's rate setting process

- That the following person be permitted to remain at this meeting after the public has been excluded because of their knowledge in relation to the following.

Name	Maree Procter
Company	Audit New Zealand
Item	6.1, 6.2, 6.3, 6.4, 6.5
Reason	Business Knowledge

The general subject of each matter to be considered while the public is 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:

General Subject of each matter to be considered	Reason for passing this Resolution in Relation to Each Matter	Ground(s) Under Section 48(1) for the Passing of the Resolution
Audit Committee minutes public excluded - 16 April 2014	7)(2)(i) – Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	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.
Public excluded - Audit Committee Action Schedule	(7)(2)(c)(i) – Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information	(48)(1) – Subject to subsection (3) of this section, a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the following grounds: (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.

General Subject of each matter to be considered	Reason for passing this Resolution in Relation to Each Matter	Ground(s) Under Section 48(1) for the Passing of the Resolution
	should continue to be supplied.	
Application for remission of 2nd set of charges - 181 Buffalo Beach Road, Whitianga	7(2)(a) – Protect the privacy of natural persons, including that of deceased natural persons (7)(2)(c)(i) – Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.	(48)(1)(a)(i) – 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. Where the local authority is named or specified in the First Schedule to this Act, under section 6 or section 7 (except section 7(2)(f)(i) of this Act.
Application for remission of 2nd set of charges - 113 The Square, Whangamata	7(2)(a) – Protect the privacy of natural persons, including that of deceased natural persons (7)(2)(c)(i) – Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.	(48)(1)(a)(i) – 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. Where the local authority is named or specified in the First Schedule to this Act, under section 6 or section 7 (except section 7(2)(f)(i) of this Act.
Internal audit - Council's rate setting process	(7)(2)(c)(i) – Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied. (7)(2)(f)(ii) - Maintain the	(48)(1)(a)(i) – 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. Where the local authority is named or specified in the First Schedule to this Act, under section 6 or section 7 (except section 7(2)(f)(i) of this Act.

General Subject of each matter to be considered	Reason for passing this Resolution in Relation to Each Matter	Ground(s) Under Section 48(1) for the Passing of the Resolution
	effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment. (7)(2)(h) – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	

Moved/Seconded by: Fox/Brijevich

Resolved

That the public be re-admitted to the meeting and resolutions taken with the public excluded be confirmed in the public session except for the following items which are to remain in the Public Excluded Minute Book.

- | Item | Business |
|-------------|--|
| 6.1 | Public excluded minutes |
| 6.2 | Public excluded - Audit Committee Action Schedule |
| 6.3 | Application for rates remission for 2nd set of charges - 181 Buffalo Beach Road, Whitianga |
| 6.4 | Application for remission of 2nd set of charges - 113 The Square, Whangamata |
| 6.5 | Internal audit - Council's rate setting process |

Moved/Seconded by: Fox/Brijevich

Meeting closed at 11:55

The foregoing minutes were certified as being a true and correct record of the meeting of the Audit Committee held on 11 July 2014.

Chairperson _____ **Date** _____