



Minutes

of the

Audit Committee

Ordinary Meeting

Date 20 October 2014
Venue Council Chamber
515 Mackay Street
Thames

Present

LA Fox (Chairperson)

MK McLean JP
HD Bartley
PA Brljevich
P Jones

In Attendance

Ben Halford, Steve Baker, Angela Jane, Glenn Leach, David Hammond, Marion Smith, Ben Day, Donna Holland, Michelle Baker

Meeting Commenced 09:02

Adjournment	Start	Finish	Reason
Chairperson	10:09	10:22	Morning Tea

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1 Meeting conduct

1.1 Apologies

All members were present and no apologies were noted.

1.4 Conflict of interest

No conflict of interests were declared by members.

1.5 11 July 2014 minutes for confirmation

Resolved

That the Audit Committee:

1. Confirms the Audit Committee minutes for 11 July 2014.

Moved/seconded by: Brljevich/McLean

2 Audits and reviews

2.1 Request to Audit Committee to endorse the audited 2013-2014 Annual Report

The Committee was presented with the 2013-2014 Annual Report in order for the Committee to provide recommendations to the Council at the 22 October 2014 meeting.

Key discussion points

- Staff explained there had been some minor amendments following recommendations from Audit New Zealand in the final week of the audit.
- Mr Ben Halford from Audit New Zealand noted that he would be issuing their opinion for the 22 October 2014 meeting. He provided the following feedback :
 - That the quality of work this year was much better with a shift towards using the Audit New Zealand model.
 - All staff had been very responsive and dealt with issues promptly. Most points listed in last years management letter had been resolved.
 - There is a weakness in payroll and expenditure areas and further substantive testing was required. No concerns were found however an electronic system for invoicing was required to remedy the current situation and until this was set up substantive testing would be required at each audit.
 - Mr Halford encouraged the Council to have assessments for earthquake-prone buildings completed.
- Mr Halford also provided guidance for the Long Term Plan which included:
 - The consultation document needed to address key issues; these issues need to be filtered at a governing level.

- The governing body's involvement needs to be apparent not just management.
- The consultation document needs to be clear and easy to read.
- Key areas that require focus are the infrastructure plan and council assets. Audit New Zealand sees this Council as a high risk for assets and would be sending a specialist asset auditor to look at this area.
- The Committee suggested appropriate wording be included in the summary Annual Report to explain the comparison of activities in the Long Term Plan budget against the year's actuals. The Committee sought clarification as to where the Council was lacking regarding its assets. Mr Halford confirmed that the issue was in the data held or in some cases there is no data held at all and therefore project planning is being based on asset data which is substantially lacking. The Committee requested an update on asset management be brought to the next meeting with a projected completion date.
- Staff provided an update on the earthquake assessments to be completed and advised that a high level assessment had been completed. The Thames office building did not meet the current assumed pass rate of 67% of new building standard (NBS). They had been holding off on getting detailed assessments until the government confirmed the percentage of the NBS that was required.
 - Concern was raised by the Committee that this should have been progressed based on the assumption of 67% as details of how this would be managed and budgeted is required for the Long Term Plan.

Resolved

That the Audit Committee:

1. Receives the report "Request to Audit Committee to endorse the audited 2013-2014 Annual Report", dated 6 October 2014.
2. The Audit Committee endorsed the audited 2013/14 Annual Report.

Moved/seconded by: Fox/Bartley

3 Risk management

No items were on the agenda.

4 Audit Committee work programme

4.1 Updated after 11 July 2014 meeting - Audit Committee action schedule

Staff provided the Audit Committee with an update to the Audit Committee action schedule following the 11 July 2014 meeting.

Key discussion points

- New items for the action schedule included:
 - investigating "Terms of trade" to enforce bad credit for returning debtors;
 - The special Power NZ reserve treatment to form part of the financial strategy;
 - resolution required for the unbalanced budget for 2014-2015;

Resolved

That the Audit Committee:

1. Receives the "Audit Committee action schedule" report, dated 16 April 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

4.2 October 2014 - External audit work programme and action schedule

To enable the Audit Committee to review actions and progress against recommendations contained within audit and process review reports previously submitted to the Committee.

Key discussion points

- Staff advised that the work programme would be updated again as part of the current audit.

Resolved

That the Audit Committee:

1. Receives the "October 2014 - External audit work programme and action schedule" report, dated October 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/Brljevich

5 Reports

5.1 Long Term Plan update 10 October

Staff provided an update to the Committee on the 2015-2025 Long Term Plan project relevant to the role of the Audit Committee.

Key discussion points

- Staff advised there was a more rigorous peer review process happening for projects this year and project managers were being made to provide justification around budgets to reign in any surplus budgets.
- Draft Infrastructure and Financial strategies will be provided at the next Council workshop.
- A further Audit Committee meeting would be required early in 2015 to look at Long Term Plan outputs to assess compliance and to make recommendations on prudent financial management.

Resolved

That the Audit Committee:

1. Receives the LTP update report, dated 10 October 2014.

Moved/seconded by: Fox/Brljevich

5.2 2009 - 2014 Comparison of Council's Statement of Comprehensive Income

Staff provided the Audit Committee with a comparison of Council's Statement of Comprehensive Income over the period 2009 - 2014.

Key discussion points

- It was noted that numbers were transposed for depreciation and personnel costs and this would be corrected.
- Council was required to pass a resolution when adopting an Annual Plan with an unbalanced budget. Staff would provide a suitable report to the next available Council meeting.

Resolved

That the Audit Committee:

1. Receives the "Comparison of Council's Statement of Comprehensive Income 2009 - 2014 - Briefing" report, dated 5 October 2014.
2. Requests that the report be annotated with the corrected figures which were transposed.

Moved/seconded by: Fox/Jones

5.3 Year ending June 2014 Rates remission and postponement report

Staff reported on the rates remission and postponement for the year ended 30 June 2014.

Resolved

That the Audit Committee:

1. Receives the "Rates Remission and Postponement Report for the Year ending June 2014" report, dated 8 October 2014.

Moved/seconded by: Fox/Bartley

5.4 Members' reports

Councillor Brljevich

Councillor Brljevich noted there was a concern that some Opus contracts were being signed off when the work was not up to standard. This was being looked at by

the Infrastructure Committee and an update would be provided to the Audit Committee and Council .

Recommendation

That the Audit Committee:

1. Receives the member report.

Moved/seconded by: Fox/McLean

6 Public excluded

Resolution to exclude the public

That the public:

1. Be excluded from the following parts of the proceedings of this meeting namely:

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
6.1 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.
6.2 Public excluded - updated after 11 June 2013 - 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 should continue to be supplied.	(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.
Council risk register - Update September 2013	(7)(2)(g) – Maintain legal professional privilege. (7)(2)(c)(i) – Protect information which is subject to an obligation of confidence or	(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

	<p>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.</p>	<p>reason for withholding would exist.</p>
<p>Council's debtors aged trial balance as at 30 June 2012 - briefing</p>	<p>(7)(2)(i) – Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<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.</p>
<p>Internal audit - Councils rate setting process</p>	<p>(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.</p> <p>(7)(2)(f)(ii) - Maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment.</p> <p>(7)(2)(h) – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p>	<p>(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.</p>

Moved/seconded by: Fox/Bartley

Resolved

That the Audit Committee requests the external auditor Mr Ben Halford from Audit New Zealand remain for the public excluded part of the meeting as he has specialist knowledge of local authority business.

Moved/seconded by: Jones/Fox

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	Description
6.1	Public excluded minutes
6.2	Public excluded - Updated after 11 June 2014 - Audit Committee Action Schedule
6.3	Council Risk Register - Update September 2014
6.4	Council's debtors aged trial balance as at 30 June 2014
6.5	Internal Audit - Council's rate setting process

Moved/seconded by: Fox/Brljevich

Meeting closed at 12:30pm

The foregoing minutes were certified as being a true and correct record of the meeting of the Audit Committee held on 20 October 2014.

Chairperson _____ **Date** _____