



Minutes

of the

Audit Committee

Ordinary Meeting

Date 16 April 2014
Venue Council Chamber
515 Mackay Street
Thames

Present

LA Fox (Chairperson) MK McLean JP
HD Bartley
PA Brljevich
P Jones

In Attendance

Name	Item(s)
Larissa Doherty (Community Coordinator)	All Items
Steve Baker (Chief Financial Officer)	All Items
Ben Halford (Audit New Zealand)	All Items

Apologies

Nil

Meeting Commenced 09.07am

Adjournments and Absences

Adjournment	Start	Finish	Reason
Chairperson	10.40	11.00	Morning Tea

Absences	Start	Finish	Item
Nil			

Table of Contents

Item Business	Page No.
1 Meeting Conduct	3
1.1 Apologies	3
1.2 Public Forum	3
1.3 Items not on the Agenda	3
1.4 Conflict of Interest	3
1.5 Audit Committee Minutes 18 February 2014 and 11 March 2014 Workshop Notes	3
2 Audits and Reviews	4
2.1 Financial Report for the Eight Month Period Ended 28 February 2014	4
2.2 LATE - Audit New Zealand Letter of Proposal - Audit Committee April 2014	5
2.3 LATE - Request to Endorse Audit New Zealand Audit Arrangements for the Financial Results for the Year Ended 30 June 2014	5
3 Risk Management	6
3.1 April 2014 - External Audit Work Programme and Action Schedule	6
4 Audit Committee Work Programme	7
4.1 Updated after 18 February 2014 Meeting - Audit Committee Action Schedule	7
4.2 Proposal for an Internal Audit of Council Rates Setting Process	7
5 Reports	8
5.1 Members' Reports	8
6 Public Excluded	9

1 Meeting Conduct

1.1 Apologies

All members were present.

1.2 Public Forum

No public attended the meeting.

1.3 Items not on the Agenda

Resolved

That:

1. The following matter(s) requiring urgent attention be added to the agenda.

Item	Description
------	-------------

- | | |
|-----|---|
| 2.2 | Audit New Zealand Letter of Proposal - Audit Committee April 2014 |
| 2.3 | Request to Endorse Audit New Zealand audit arrangements for the financial results for the year ended 30 June 2014 |

Reason Not on the Agenda

Reports were not available before the Order Paper was completed.

Reason Cannot be Delayed

The next Audit Committee meeting is scheduled after 30 June 2014.

Moved/Seconded By: Fox/McLean

1.4 Conflict of Interest

No conflicts of interest declared.

1.5 Audit Committee Minutes 18 February 2014 and 11 March 2014 Workshop Notes

To present to the Audit Committee the 18 February 2014 minutes for confirmation and the 11 March 2014 workshop notes to be received.

Resolved

That the Audit Committee:

1. Confirms the following minutes
Audit Committee Minutes - 18 February 2014.
2. Receives the following notes:
Audit Committee Workshop Notes - 11 March 2014.

Moved/Seconded By: Jones/Bartley

2 Audits and Reviews

2.1 Financial Report for the Eight Month Period Ended 28 February 2014

To provide the Audit Committee with cumulative financial information for the year to date to enable it to monitor the financial performance of the organisation

Key Discussion Points

- Request from the Committee that the attachments to this report are in colour.
- March budget revisions are under way.
- Operating Expenditure is \$2.7m under budget.
- Chief Financial Officer believes there will be a number of carry forward requests in the March budget review.
- This will have the effect of moving the capital works budget back towards \$27m.
- Activity Managers need to consider that the time that things other than projects take up when scheduling capital works.
- Need to build into proposals that involve the Reserve Management Act that there are likely to be objections which can delay a project.
- Reporting requests:
 - Include the reasons behind any variances plus or minus 10% and any consequences on funding
 - Add an explanation for any that have a red or orange light against them.
 - Add the impact of projects that are debt funded on the forecasted next 12 months.
 - Include a Cash Flow Statement or Balance Sheet to provide the financial position.(Finance to provide two sets of financials with the abbreviated report going to Council and the more in depth to Audit.)
 - A report on compliance with financial benchmark performance measures to come to the next Audit Committee meeting.
 - Requested that a different word from 'completed' used for projects that are no longer having work done but aren't actually finished.
- The Committee has signalled that staff should be prepared to justify any requests for carry forwards including the risks of not doing a project.

Resolved

That the Audit Committee:

1. Receives the report.

Moved/Seconded By: Fox/McLean

2.2 LATE - Audit New Zealand Letter of Proposal - Audit Committee April 2014

To seek Audit Committee approval for the Audit New Zealand Letter of Proposal for the years ending 30 June 2014, 2015 and 2016.

Key Discussion Points

- More information on what is audited and the process generally was requested.
- Staff to provide a schedule of the internal audit programme to the next Committee meeting.

Resolved

That the Audit Committee:

1. Receives the report.
2. Approves the Letter of Proposal for the audit of Councils annual report for 2014, 2015 and 2016.

Moved/Seconded By: McLean/Fox

2.3 LATE - Request to Endorse Audit New Zealand Audit Arrangements for the Financial Results for the Year Ended 30 June 2014

To seek the Audit Committee approval of the Audit New Zealand audit arrangements for the financial results for the year ended 30 June 2014.

Key Discussion Points

- The Strategy Team is working to ensure the timetable slippages that happened last year are not repeated.

Resolved

That the Audit Committee:

1. Receives the report.
2. Approves the audit arrangements letter for the financial results for the year ended 30 June 2014.

Moved/Seconded By: Fox/Brljevich

3 Risk Management

3.1 April 2014 - External Audit Work Programme and Action Schedule

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

Key Discussion Points

- Project Management on the whole is improving within Council.
- It is expected that most items currently on the schedule will be completed by the end of the year.

Resolved

That the Audit Committee:

1. Receives the report.
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/Jones

4 Audit Committee Work Programme

4.1 Updated after 18 February 2014 Meeting - Audit Committee Action Schedule

To provide the Audit Committee with an update to the Audit Committee Action Schedule following the 18 February 2014 meeting.

Key Discussion Points

- Members to send the Chief Financial Officer any issues from the Action Schedule by close of business 24 April 2014.

Resolved

That the Audit Committee:

1. Receives the report.

Moved/Seconded By: Fox/Brljevich

4.2 Proposal for an Internal Audit of Council Rates Setting Process

To seek approval from the Audit Committee to undertake an internal audit on Councils legislative compliance in regard to the setting of rates.

Resolved

That the Audit Committee:

1. Receives the report.
2. Approves securing the services of Simpson Grierson to undertake an internal audit of Thames-Coromandel District Councils rate setting process.

Moved/Seconded By: McLean/Brljevich

5 Reports

5.1 Members' Reports

The Chairperson invites members to provide a brief verbal report on activities undertaken and meetings attended in the period since the last meeting.

Written reports and Minutes of meetings attended are presented below.

Key Discussion Points

- Councillor Bartley - Congratulated the Chair on his pursuit of excellence in the discharge of the duties of the Audit Committee. Feels that it is important that elected members and staff continue to work as a team.
- Councillor Fox - Would like to have the 360 Terms of Reference questionnaire out in July and completed by August. To be added to the September Order Paper and Work Programme.
- The Committee would like to organise another workshop between now and the next meeting to carry on the discussion about the 2015 Revenue and Financing Policy. Feels that Council should develop the Policy, then the Audit Committee discuss it and provides feedback to Council. The Chief Financial Officer will look at programming the work required and inform the Committee as soon as possible.
- The Committee would like to note Elizabeth Brands work with the Audit Committee and wish her well for the future.

Resolved

That the Audit Committee:

1. Receives the Members' Reports.

Moved/Seconded By: Brijevich/McLean

6 Public Excluded

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987.

Resolved

That the public:

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

Item	Business
6.1	18 February 2014 - Public Excluded - Audit Committee Minutes
6.2	Updated after 18 February 2014 - Audit Committee Action Schedule
6.3	Council Risk Register - March 2014 Update
6.4	Briefing on the march 2014 - Funding and Interest Rate Strategy

2. Also resolved that:

The following person be permitted to remain at this meeting after the public has been excluded because of their knowledge to the following. This knowledge, which will be of assistance and is relevant to the matters discussed:

Name: Ben Halford
Company: Audit New Zealand
Items: 6.1, 6.2, 6.3, 6.4
Business: 18 February 2014 Public Excluded Audit Committee Minutes, Updated after 18 February 2014 Audit Committee Action Schedule, Council Risk Register March 2014 Update, Briefing on the March 2014 Funding and Interest Rate Strategy
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 - 18 February 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 - 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 February 2014	(7)(2)(g) – Maintain legal professional privilege. (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) – 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.
Briefing on the September 2012 Funding and Interest Rate Strategy	(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.

Moved/Seconded By: Fox/Bartley

Resolved

That the public be re-admitted to the meeting and resolutions taken with the public excluded be confirmed in the public session.

Moved/Seconded By: Fox/McLean

Meeting Closed at 13.14

The foregoing Minutes were certified as being a true and correct record of the meeting of the Audit Committee held on 16 April 2014.

Chairperson _____ **Date** _____