



# UNCONFIRMED minutes

of the

## Audit Committee

### Ordinary meeting

Date 2 March 2015  
Venue Council Chamber  
515 Mackay Street  
Thames

#### **Present**

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

#### **In attendance**

David Walker (Audit New Zealand), David Hammond, Steve Baker, Angela Jane, Michelle Baker

#### **Apologies**

Glenn Leach

**Meeting commenced** 9:03

<b>Adjournment</b>	<b>Start</b>	<b>Finish</b>	<b>Reason</b>
Chairperson Fox	11:20	11:42	Morning Tea

## **Table of contents**

---

<b>Item Business</b>	<b>Page No.</b>
<b>1 Meeting conduct</b>	<b>3</b>
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 5 December 2014 - Audit Committee minutes for confirmation	4
<b>2 Audits and reviews</b>	<b>4</b>
2.1 February 2015 - External audit action schedule	4
2.2 Audit Committee action schedule	4
<b>3 Reports</b>	<b>5</b>
3.1 31 January 2015 - Financial report for the seven month period	5
3.2 Members' reports	5
3.3 Letter to Office of the Auditor General	5
<b>4 Public excluded</b>	<b>6</b>

# 1 Meeting conduct

---

## 1.1 Apologies

An apology was received from Mayor Glenn Leach and the Audit New Zealand Director Ben Halford.

The Audit Committee wished to extend their thanks to Mr Halford in his role as Audit Director. Mr David Walker has taken over the role going forward as a result of reallocating another directors workload.

## 1.2 Public forum

There were no speakers at the public forum.

## 1.3 Items not on the agenda

### Resolved

That the Audit Committee accepts the following matters to be added to the agenda for the reasons stated:

Item	Description	Reasons not on the agenda
2.2	Audit Committee action schedule	Accidentally left off the agenda; schedule items relate to progress reports.
3.3	Letter to Office of the Auditor General	Received after agenda distributed and needs guidance prior to Long Term Plan consultation.
4.7	Mercury Bay sports complex	Elected member request that needs attention before Long Term Plan deliberations.

### Reason not on the agenda

2.2	Left off the agenda.
4.7	Matter of urgency, quote available now.
3.3	Only received within short time frame before meeting and needs guidance prior to Long Term Plan consultation.

Moved/seconded by: Fox/Bartley

## 1.4 Conflict of Interest

No conflicts were declared.

## 1.5 5 December 2014 - Audit Committee minutes for confirmation

### Resolved

That the Audit Committee confirms the 5 December 2014 Audit Committee minutes.

**Moved/seconded by:** Fox/Bartley

## 2 Audits and reviews

---

### 2.1 February 2015 - External audit action schedule

#### Key discussion points

- The electronic purchase order request for proposal was advertised last week. Staff were aiming to be in a position to start the new financial year with a electronic purchase order system.
- A developer at Matarangi was pushing forward with a subdivision. Staff were looking at the implications on the wastewater plant and whether the existing plant would be sufficient.
- Staff noted the consenting team may see some consents lapse and new consents applied for under the new development contribution policy.
- The Committee requested a report on the Council's procurement policy be brought to the next Audit Committee meeting.

### Resolved

That the Audit Committee:

1. Receives the 'February 2015 - External audit action schedule' report dated 16 February.
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

### 2.2 Audit Committee action schedule

The Committee requested a report on how identified risks are communicated to relevant parts of the organisation a report to the next Audit Committee meeting.

### Resolved

That the Audit Committee receives the 'Audit Committee action schedule' report dated 11 February 2015.

**Moved/seconded by:** Fox/Brijevich

## 3 Reports

---

### 3.1 31 January 2015 - Financial report for the seven month period

#### Key discussion points

- The Chief Financial Officer advised that once a month the Council's Strategy Team were reviewing the financials to look at areas of concern and undertake corrective action where required.
- The Chief Financial Officer also raised concerns regarding the capital expenditure underspend. The flow on effect would be that the works not completed would carry forward to next year and the Council's ability to achieve planned works would be compromised.
- Staff advised suggested business plans would show the resources needed to achieve the projects planned across the organisation.

#### Resolved

That the Audit Committee receives the '31 January 2015 Financial report for the seven month period' report dated 5 February 2015.

**Moved/seconded by:** Fox/Jones

### 3.2 Members' reports

#### David Walker

Mr Walker provided feedback from Audit New Zealand and the OAG Hot Review team on the Council's LTP consultation document. The document was considered a really good document, the best seen to date, it was very transparent with good disclosures.

#### Resolved

That the Audit Committee receives the members' report from David Walker.

**Moved/seconded by:** Fox/Brljevich

### 3.3 Letter to Office of the Auditor General

A letter had been received by the Office of the Auditor General (OAG) noting concerns with Council's recent decisions on wastewater debt. The response from the OAG was tabled. The response directed the letter writer to submit on the topics raised as part of the Council's Long Term Plan consultation.

#### Resolved

That the Audit Committee receives the tabled document 'Letter to Office of the Auditor General and their response'.

**Moved/seconded by:** Fox/McLean

## 4 Public excluded

### Resolved

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

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of the resolution</b>
Public excluded - 5 December 2014 - Audit Committee minutes for confirmation	<b>(7)(2)(i)</b> – Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	<b>(48)(1)(a)</b> – 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 November 2014	<b>(7)(2)(g)</b> – Maintain legal professional privilege. <b>(7)(2)(c)(i)</b> – 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.	<b>(48)(1)(a)</b> – 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 2015	<b>(7)(2)(g)</b> – Maintain legal professional privilege. <b>(7)(2)(c)(i)</b> – 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	<b>(48)(1)(a)</b> – 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.

	supplied.	
Public excluded - Updated after 5 December 2014 - Audit Committee action schedule	<b>(7)(2)(c)(i)</b> – 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.	<b>(48)(1)</b> – 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:  <b>(48)(1)(a)</b> – 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.
Audit New Zealand - Reports to Council on the external audit for the year ending 30 June 2014	<b>(7)(2)(f)(ii)</b> - Maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment.	<b>(48)(1)(a)(i)</b> – 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 - Deloitte payroll audit review	<b>(7)(2)(c)(i)</b> – 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.  <b>(7)(2)(f)(ii)</b> - Maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment.  <b>(7)(2)(h)</b> – Enable any local authority holding the	<b>(48)(1)(a)(i)</b> – 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.

	information to carry out, without prejudice or disadvantage, commercial activities.	
Insurance programme	<p><b>7(2)(b)(ii)</b> – Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p><b>(7)(2)(h)</b> – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p>	<p><b>(48)(1)(a)</b> – 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><b>(48)(1)(a)</b> – 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>
Mercury Bay multisports complex	<b>(7)(2)(a)</b> - Protect the privacy of natural persons, including that of deceased natural persons.	<b>(48)(1)(a)</b> – 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/McLean

**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.

<b>Item</b>	<b>Description</b>
4.1	Public excluded minutes
4.2	Council risk register
4.3	Public excluded Audit Committee action schedule
4.4	Audit New Zealand - External audit reports
4.5	Internal Audit - Deloitte payroll review
4.6	March 2015 insurance programme
4.7	Mercury Bay multisports complex

**Moved/seconded by:** Fox/Brljevič

**Meeting closed at 12:50pm**

The foregoing minutes were certified as being a true and correct record of the meeting of the Audit Committee held on 2 March 2015.

**Chairperson** \_\_\_\_\_ **Date** \_\_\_\_\_