



UNCONFIRMED Minutes

of the

Audit Committee

Ordinary Meeting

Date 25 May 2015
Venue Council Chamber
515 Mackay Street
Thames

Present

LA Fox (Chairperson) HD Bartley
PA Brljevic
P Jones
P French

In attendance

David Hammond, Steve Baker, Sam Napia, Donna Holland, Carole McKinley, Ariana Wickliffe and Michelle Baker.

Apologies

Murray McLean and David Walker.

Meeting commenced 9:04am

Adjournment	Start	Finish	Reason
Chair Fox	10:10	10:30	Morning Tea
Chair Fox	12:30	13:00	Lunch

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1 Meeting conduct

1.1 Apologies

Apologies were received from Councillor Murray McLean and Audit NZ Director David Walker.

Resolved

That the Audit Committee receives the apologies, from Councillor McLean and David Walker.

Moved/seconded by: Fox/Brljevich

1.2 Public forum

There was no attendance in the public forum.

1.3 Items not on the agenda

No additional items were received.

1.4 Conflict of interest

No conflicts of interest were declared.

1.5 2 March 2015 - Unconfirmed Audit Committee minutes

Resolved

That the Audit Committee confirms the minutes of the meeting held on 2 March 2015 as a correct record of proceedings.

Moved/seconded by: Fox/Bartley

2 Audits and reviews

2.1 April 2015 - External audit work programme and action schedule

Electronic purchase order

Staff highlighted that the new Electronic Purchase Order system would go live on 11 June 2015 and was currently in the process of being tested across the organisation.

Supporting budget documentation

The Committee Chair queried if the lack of documentation for capital budgets had been included on the Council risk register. Staff advised that the majority of the capital expenditure projects with outstanding budget evidence had been recorded on the risk register. Staff reinforced the organisation was still in the early stages of moving into a better space in project management.

Resolved

That the Audit Committee:

1. Receives the 'April 2015 - External audit work programme and action schedule' report dated 21 April 2015.
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: Brljevich/Bartley

3 Audit Committee work programme

3.1 Audit Committee action schedule - updated after 2 March 2015 meeting

Communication of risk

The Committee Chair requested an update from staff regarding the action schedule item regarding 'communication of risk'.

- Staff advised that Katherine Quinn, an external consultant, was working with staff on a risk strategy, looking at Council existing policy and how risk could be better communicated across the organisation.
- The Chief Financial Officer was to present to the Community Boards and Council a package on communication of risk.
- A Committee member sought clarification around strategy versus policy, as their understanding was that strategy should be an overarching of what we want to achieve and the policy is how we would go about it achieving it. Staff agreed with the definitions and explained the policy being considered was historic and staff were now going back to the strategy and would align the policy.

Debt collection

The Committee Chair queried whether there was an appetite for asking for payment before service to help reduce the need for debt collection.

- Staff responded that this would likely cause a negative backlash from the community. The current perception from some within the community is that a minor debt of less than \$100 is not worth the Council bothering to chase.
- The Chair wanted to make sure that someone with an outstanding debt receive no further service until that existing debt was cleared.
- A Committee member also queried what other councils were doing in this space; staff were unaware at present but would enquire.

Resolved

That the Audit Committee:

1. Receives the 'Audit Committee action schedule' report dated 30 April 2015.
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

4 Reports

4.1 Financial reporting implications of the transition to International Public Sector Accounting Standards

The purpose of the report was to bring to the Committee's attention the impact of the transition to International Public Sector Accounting Standards (IPSAS) for financial reporting purposes.

- Staff clarified that the changes would be shown in a note in the Long Term Plan rather than on the face of it.
- The Committee Chair confirmed from staff that these changes did not require platform changes. Staff further explained that the change was to align with international accounting standards.
- The Committee discussed that Council should be pushing for a public sector accounting reporting standards/summary reports for public sector however this should be coming from SOLGM and LGNZ.
 - Philip Jones would find out who he could approach at SOLGM and LGNZ on this and the Committee requested feedback back on how this progressed.

Resolved

That the Audit Committee receives the 'Financial reporting implications of the transition to International Public Sector Accounting Standards' report dated 30 April 2015.

Moved/seconded by: Fox/Jones

4.2 Council Controlled Organisation draft Statement of Intent and six monthly reports

Council was a shareholder in two Council Controlled Organisations (CCOs), namely Local Authority Shared Services Limited (LASS) and the New Zealand Local Government Funding Agency Limited (LGFA). Both of these CCOs had provided Council with their six-monthly reports and draft Statements of Intent (SOI) in accordance with the requirements of the Local Government Act 2002 (LGA).

Resolved

That the Audit Committee:

1. Receives the 'Council Controlled Organisation Draft Statements of Intent and Six Monthly Reports' report dated 30 April 2015; and
2. Receives the Six Monthly Report to Shareholders for the period to 31 December 2014 and the Draft Statement of Intent 2015/16 of Local Authority Shared Services Limited; and
3. Receives the Six Monthly Report to Shareholders for the period to 31 December 2014 and the Draft Statement of Intent 2015/16 of the New Zealand Local Government Funding Agency Limited.

Moved/seconded by: Fox/Bartley

4.3 Members' reports

Councillor Brljevich raised there had been a deputation to the Coromandel-Colville Community Board last week from a lawyer and ex-Community Board Chair who had been looking over the Sugar Loaf budget. The Chief Financial Officer advised he had not yet seen the budgets. Councillor Brljevich requested feedback on the budgets at a future meeting for the Community Board on the issue.

Resolved

That the Audit Committee receives Councillor Brljevich's members' report.

Moved/seconded by: Fox/Bartley

5 Public excluded

Resolved

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

Item	Business
5.1	Public Excluded minutes
5.2	Council Risk Register
5.3	Internal audit - Deloitte payroll audit review recommendations action schedule
5.4	Internal audit - consideration of tenders
5.5	Application for remission of fixed charges 400 Queen Street SH25 Thames
5.6	Leaky homes update
5.7	TaxTeam - Report to Council on PAYE tax compliance review
5.8	Reserve Contributions - members report

<i>General subject of each matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) Under section 48(1) for the passing of the resolution</i>
Public excluded Audit Committee minutes for confirmation	(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 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.
Internal Audit - Councils payroll process	(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. (7)(2)(h) – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	(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>Council Risk Register</p>	<p>(7)(2)(g) – Maintain legal professional privilege.</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>(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>Audit New Zealand - Reports to Council on the external audit for the year ending 30 June 2014</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>(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>
<p>Insurance Programme</p>	<p>7(2)(b)(ii) – 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>(7)(2)(h) – Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</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>Public excluded members report</p>	<p>(7)(2)(g) – Maintain legal professional privilege.</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>(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>

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 except for the following items which are to remain in the Public Excluded minute book.

Item Description

- 5.1 Public Excluded minutes
- 5.2 Council Risk Register
- 5.3 Internal audit - Deloitte payroll audit review recommendations action schedule
- 5.4 Internal audit - consideration of tenders
- 5.5 Application for remission of fixed charges 400 Queen Street SH25 Thames
- 5.6 Leaky homes update
- 5.7 TaxTeam - Report to Council on PAYE tax compliance review
- 4.3.1 Public excluded member's report

Moved/seconded by: Fox/Bartley

Meeting closed at 16:09

The foregoing minutes were certified as being a true and correct record of the meeting of the Audit Committee held on 25 May 2015.

Chairperson _____ **Date** _____